LIC HFL
LIC HOUSING FINANCE LTD

Solid foundation. Sustainable future.

Annual Report 2021-22

WHAT'S INSIDE

SOLID FOUNDATION. SUSTAINABLE FUTURE.

The surrounding landscape keeps changing. The determination doesn't.

To download this report or to read online, please log on to
www.lichousing.com/annual-report

DATE OF ANNUAL GENERAL MEETING

29th September, 2022

Time: 03:30 PM

Through Video Conference ('VC')/ Other AudioVisual Means ('OAVM')

DATE OF E-VOTING

Start Date: 26th September 2022 (09:00 AM)

End Date: 28th September 2022 (05:00 PM)

When it comes to housing finance in India, LIC Housing Finance Limited (LICHFL) is among the undisputed leaders within the Indian landscape. This is the result of our visionary approach, which very early on, understood the vast potential in India. We enjoy an enviable footprint in the key gateway cities of India and the smaller towns, with a unique approach to value creation.

Today, we are strategically poised for growth, given India's rising population and an integral and basic need for home ownership. Despite a challenging environment during the past two years, we remained rock-solid, sturdy and confident about our solid foundation. In fact, it was in this challenging period that we reported our best-ever year in history in terms of total disbursement.

Today, our resolve to emerge as India's leading housing finance company fulfilling customers' needs and setting new benchmarks of excellence remains as strong as ever. Backed by our solid foundation and sturdiness, we are firmly and rapidly building a sustainable future for ourselves, and further consolidating our industry leadership. And what gives us the confidence to achieve this are our reduced cost of funds, improved asset mix, ability to source low-cost liabilities, higher yield productivity, liability management, credit appraisal & risk mitigation mechanisms and our strong fundamentals.

Our experience, goodwill and financial strength has placed us in an inflection point in our journey – a point from where we have the potential to fuel our growth sustainably. With our value-based approach, we continue to be an institution which focusses on its commitment to long-term and consistent value creation for all the stakeholders.

33 YEARS OF NURTURING RELATIONSHIPS

A SOLID FOUNDATION AND A SUSTAINABLE FUTURE

LIC Housing Finance Limited is one of India's largest housing finance companies in India with 33 years of experience and expertise. Over the years, we have grown stronger and built a huge base of around 30 lakh proud home owners, with an outstanding loan book of ₹ 2.52 lakh crore.

ENDEAVOURING TO STAY AHEAD OF THE CURVE

We are a long-term player with a track record and reputed for our strong business foundation and proven industry experience. Our key objective is to provide long-term finance to individuals for purchase/construction of house/flat for residential purpose.

CREATING LONG-TERM VALUE FOR STAKEHOLDERS

We have differentiated ourselves strategically, aligning to our customers' needs, being innovative in our approach and emphasising on quality business, thus emerging as a dominant player in the financial sector.

EXTENSIVE DISTRIBUTION NETWORK

We have an expansive reach to address the home loan needs of prospective borrowers with a well-trained and well-spread network of 282 marketing offices, around 10,000 marketing intermediaries, and our own distribution company, and our representative office in Dubai.

KEY NUMBERS THAT DEFINE US

₹2,51,120 CRORE
Up 8% YoY
Outstanding Loan Portfolio

₹61,848 CRORE
Disbursement

18.08%
Capital Adequacy Ratio

30 LAKH
Number of Customers

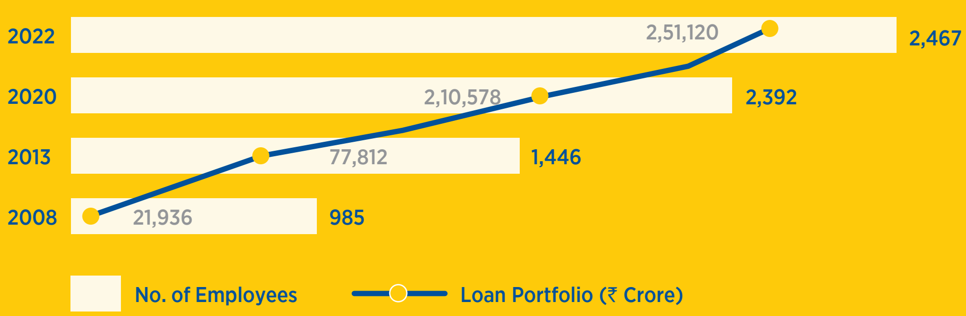
4.64%
Gross NPA

5.10%
Incremental Cost of Funds

2.29%
Net Interest Margin

₹92.73 LAKH
Profit Per Employee

IMPROVING EFFICIENCIES



NURTURING HOPES AND HAPPINESS

OUR JOURNEY OF EVOLUTION

1989
- Year of incorporation
- Lending commences from first office in Delhi

1994
- Launched IPO of ₹ 120 Crore

2002
- Achieved Credit Rating (AAA)
- Set up Dubai office, marking first overseas presence

2004
- Loan portfolio crosses ₹ 10,000 Crore
- First HFC to do GDR issue; the US$ 29 Mn GDR issue was over-subscribed

2009
- QIP of US$ 135 Mn over-subscribed 6 times

2012
- Received award for Best HFC from CNBC-TV18
- Received award “Best in Home Finance” from Construction Industry

2014
- Received Best HFC Award from ABP News

2015
- Loan portfolio crosses ₹ 1,00,000 Crore
- Won Best Housing Finance Company award by BFSI Awards
- Won award for Best Data Quality in HFC by CIBIL

2016
- Received Outlook Money Awards for Best HFC
- Won Best HFC by ABP News
- Won Asia Pacific Entrepreneurship Award
- Power Brands Award by Franchise India

2017
- Crossed ₹ 1,50,000 Crore in assets
- Won Best HFC Award by Outlook Money
- Won BFSI Best CEO Award from Business Today

2018
- Profiled in India’s Leading BFSI Companies 2018 by Dun & Bradstreet

2019
- Crossed ₹ 2,00,000 Crore in assets
- Voted as the Brand of the Decade 2019 by BARC Asia

2020
- Ranked as the Best Private Issuer 2019 on Electronic Bidding Platform by National Stock Exchange
- Received Data Quality Award by Transunion CIBIL in the Housing Finance Company category at the TU CIBIL Annual Conference 2019
- Awarded the ‘Best Housing Finance Company’ at the National Real Estate Congress Leadership & Awards, 2019
- Listed as ‘The Outperforming Housing Finance Company 2019’ by Outlook Business
- Featured amongst the Top 10 Most Consistent Wealth Creators according to the “Motilal Oswal 24th Annual Wealth Creation Study, 2019”

2022
- Global CSR, Excellence & Leadership Award 2021-22
- Recognised as one of the “The Best Organisation for Women” by Economic Times
- Economic Times awarded LIC HFL as one of the “Best Brands for 2021”
- Recognised by Kendriya Sainik Board for valuable contribution in the past to Veer Naaris

AN EVER-EXPANDING REACH

Map not to scale. For illustrative purposes only.

9
Regional Offices

Representative Office in Dubai

24
Back Offices

Coverage of over
450
Centres

282
Marketing Offices

2,467
Employees

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

The world, as we knew it, remarkably changed, two years back. Today, the pandemic and its overwhelming impact is not new to us, and we knew how it disrupted the world. Maintaining stability and growth during turbulent times demonstrates our resilience and agility. Even during the times of pandemic, we underwent digital transformation and remained singularly committed to delight our customers with cutting-edge products and new industry benchmarks.

As we complete 33 years of remarkable journey of nurturing relations with our borrowers, we are set to capitalise on the conducive market. Even during the turbulent times of the past two years, we have displayed our solid foundation and a strong resilience for a sustainable future and remarkable growth.

With the dream of home ownership being an overarching aspiration for every Indian today, we are serving and facilitating 30 lakh customers realise their inherent dreams. Through our key objective and single-minded vision, we are powering India's progress by enabling every Indian to own a home and driving transformative change.

As a long-term participant and with a strong track record and industry experience, we have experienced several financial and economic cycles, and always endeavoured to stay ahead of the curve. Over the years, we have grown stronger and built a huge base of 30 lakh customers with an outstanding loan book of ₹ 2.52 lakh crore, laying a strong foundation for sustained business growth.

Enthused by our business metrics, our parent company Life Insurance Corporation of India (LICI) having made a capital infusion of ₹ 2,335.51 crore into the Company. This demonstrates their confidence in the Company and adds credibility to our balance sheet. The capital infusion has strengthened the capital adequacy and helped us become adequately capitalised.

WHAT DIFFERENTIATES US

We have differentiated ourselves strategically aligning with customer needs, being innovative in our approach and laying an emphasis on quality business, and creating long-term value for our stakeholders and investors. Today, about 78% of our outstanding loan portfolio comprises of the salaried class. With an asset-liability mix that is conducive to manage an increasingly higher rate environment and an increasing loan portfolio, we are growing stronger each day. We continue to be in a position of strength to increase our market share and consolidate our leadership.

BEING SMART AND EFFICIENT

Despite monetary tightening, we reduced our cost of funds by 41 basis points in the year. Our incremental cost of funds was 5.10%. Our weighted average cost of funds on total borrowed funds reduced from 8.49% in FY2019 to 6.93% in FY2021 and further to 6.52% in FY2022. We maintain one of the lowest cost of funds with AAA rating by all rating agencies since 2001-02, remaining better placed on liabilities front. Our Asset-Liability mix is conducive to manage a high-rate environment. The ability to source low-cost liabilities from strong fundamentals and effective liability management ensures that despite rising rates, we managed to reduce cost of funds.

Over the years, our liability profile has gradually altered. From a higher portion of Non-Convertible Debentures (NCD), the liability portion of banks, deposits and National Housing Bank has increased. Continuous negotiation on the liability side and proactive liquidity management led to further reduction in cost of funds.

Better asset-liability mix, strong recovery and improved collection efficiency helped us leverage good Net Interest Margins (NIM). Our margins were stable in the range of 2.20 to 2.40% in FY2021 to 2.29% in FY2022. Our borrowings are a mix of fixed and floating, with a substantial amount into fixed rates, which helps maintain ratios and stabilise NIMs.

With a strong passion to help millions of people in owning their homes, we are today a trusted financial services company with a strong business foundation, an extensive distribution network, and proven industry expertise, with 30 lakh prudent home owners. Till date, we have transferred the benefit of Prime Minister Awas Yojana to 1.5 lakh borrowers, amounting to a total disbursement of ₹ 3,800 crore. We were also the recipient of the **Prime Minister Awas Yojana Empowering Award** during the year under review.

HIGHER FOCUS ON PRODUCTIVITY

We maintained a strong emphasis on higher yield productivity with proper due diligence to mitigate risk. Our "per branch business" has increased and "per employee productivity" is higher today. Despite COVID-19, we reported a steady performance during the year. Our customer retention was also the highest this year – the best in the last 10 years. We experienced better market outreach, product innovation and seamless delivery of products. We also focussed on improving our market share, and also on product improvement and consolidating our market position. We garnered the highest deposit mobilisation in this tough year. Further, we utilised the opportunity to revamp our front and back-end for the retail deposit programme.

KEY GROWTH DRIVERS

The turn in India's real estate cycle helped in faster project resolution. Real estate prices too have become stable. There is improved demand for houses as security and asset creation assumes priority in the backdrop of COVID. Work from home and online college/schools is also making people buy bigger houses and modify or renovate existing houses. Affordability of houses too has increased. Developers too are now coming forth to offload their inventory. Across cities, their inventory level is reducing – which is a positive feature of the real estate sector.

OUTLOOK IN FY2023

India is racing to become a US$ 5 trillion economy and the macro environment is also improving. With housing being a basic necessity, there is growth in real estate despite the pandemic, which demonstrates the underlying demand for housing. Estimates are that the housing finance market is set to double between 2021-2026, and demand is visible across sector and loan segments. Small towns and affordable loans taken a lead. The need for a secured asset has significantly increased. These specific trends which have emerged during the pandemic ensure that demand will remain strong for several years.

Growth in housing sector during the pandemic demonstrates the underlying demand and the need for better and bigger houses. With the economy improving, sector looking up and demand growing, it paves way for a more optimistic outlook for the Company. At LIC Housing Finance, we are positive on intrinsic demand for housing to be strong and are set to capitalise on a conducive market, working on growing our portfolio to ₹ 3 lakh crore. We are also targeting to increase our "high-yielding" portfolio, including Project Finance and non-core loans, to further improve margins.

We are well positioned to capitalise on the resurgence in opportunities and tap into economy's potential. With the economy reviving fast, and with strong channels and good spread in all geographies, and with more focus on affordable housing, we expect to register good growth in disbursements.

STRONG FOUNDATION AND SUSTAINABLE FUTURE

We continue to live our dream of building a roof for every Indian by supporting affordable housing, and also continue to serve new home buyers and complementing, Housing for All. As a long-term participant, seen several, economic cycles and always endeavoured to stay ahead of the curve.

Over the years, we have built a huge base of customers and a growing outstanding loan book. Being innovative in approach and by laying emphasis on quality business, we have differentiated ourselves strategically, aligning ourselves strongly to customers' needs.

Despite COVID-19, we reported a steady performance during the year. Our customer retention was also the highest this year – the best in the last 10 years. We experienced better market outreach, product innovation and seamless delivery of products.

Our Company's culture, management and other qualities make LIC Housing Finance an exceptional workplace.

Moving forward, we have set the stage for future growth and have a strategic vision to emerge as the leading housing finance company in the affordable housing finance sector. We will improve our market share and consolidate our leadership position in the industry by seizing opportunities to strengthen our customer relationships, advancing on tech-enabled customer service and delivering long-term value to all stakeholders.

Further, we are also creating a strong environment and people-focussed approach within the organisation – one where everyone feels valued and cared for.

IN CONCLUSION

I take this opportunity to thank all our stakeholders for their support and patience. I thank our customers for believing in us and our team. I am confident that by working together, we will achieve greater success.

Thank you and stay safe.

M. R. Kumar

Chairman

FROM THE MANAGING DIRECTOR & CEO'S DESK

Dear Shareholders,

The onset of the COVID-19 pandemic has taught us a lot, and these learnings will help evolve for the better. The pandemic unleashed a new world order in which agility and digital adoption emerged as the new norms. At LIC Housing, we stood up to the challenge and quickly adapted to the challenging conditions to support our business operations.

With a vintage of 33 years, we have seen various credit and economic cycles and have come out unscathed and stronger than ever. We had a satisfying year with a rising loan book, while we maintained profitability, asset quality and solvency, and had the ability to negotiate challenges – moving from strength to strength. Today, we take pride in having a credible portfolio and being a tech-driven company with tech-centric business model, innovation strategy and growth. Both these are our strategic differentiators over the medium-to-long term.

Despite the tough macro environment, a healthy growth on disbursements was witnessed, especially in the individual home loan segment. A strong business traction led to strong disbursement and AUM growth. The outstanding portfolio grew, retail disbursements rose, and net interest income benefited. We worked out a strategy to grow the business and improve asset quality with a strong focus on collection efficiency. Our GNPA dropped quarter on quarter this year (QoQ), giving us the leverage in maintaining good Net Interest Margin at 2.29%.

FY2022 IN BRIEF

The year witnessed us helping our customers battle the COVID-19 disruptions and engaging with them to weather the tough situation. At LICHFL, we followed the RBI restructuring norms in helping borrowers reorganise their business by offering moratorium and restructuring the loans. However, our underwriting practices during COVID-19 and post that were stringent enough to weed out any delinquencies.

During the pandemic, as people saved money for unforeseen circumstances, liabilities took a backseat. Hence, we enabled our customers to take advantage of the Emergency Credit Line Guarantee Scheme (ECLGS), in view of the economic distress caused by the pandemic. Through this, we helped the MSME sector with small working capital to tide over short gaps, operational liabilities and restart the business impacted.

We interacted with the affected borrowers to guide them on the moratorium offered by the government, besides also counselling them on how best to avail these benefits. We also offered the benefit of one-time loan restructuring (OTR) to eligible borrowers, in line with the regulatory norms. We opened various touchpoints to help customers and provided them with options. We also offered them to make part-payment so that inconvenience to borrowers was minimised. Further, we trained the staff on ways to interact with the borrowers and developed educational material. With schemes and waivers to borrowers, nearly 2.76% of our loan portfolio was under OTR.

PERFORMING DESPITE A CHALLENGING ENVIRONMENT

Despite the COVID-19 disruptions and a turbulent environment, this has been a remarkable year for LICHFL. We have become India's one of the leading housing finance company in terms of book size. During the year, we recorded the highest and all-time high disbursement in our history ever – at ₹ 61,848 crore, and covered good ground across locations. The Individual home loan disbursement stood at ₹ 53,662 crore, up 14% from the earlier year.

Our Outstanding Portfolio grew 8% to ₹ 2,51,120 crore, while our individual home loan portfolio expanded 13% to ₹ 2,04,230 crore. Profit After Tax registered a 16% drop in net profit at ₹ 2,287.28 crore, from ₹ 2,734.34 crore. Collection efficiency for March 2022 stood at 99%. During the year, our Board approved a dividend of ₹ 8.50 per share on an equity share of ₹ 2.00 per share. This amounts to a dividend of 425% for the year.

Regarding our operational performance, all the nine regions contributed better to our business this year, with an increased contribution from the southern states of Tamil Nadu, Kerala and Telangana. Of our 282 marketing offices, 230 offices achieved their targets.

A CUSTOMER-CENTRIC APPROACH

Customer centricity has been at the core of our initiatives – ranging from a contemporary product suite, affordable interest rates, simplified processes and transparency in operations. Through our well-trained network of 282 marketing offices, around 10,000 marketing intermediaries and our distribution company, LICHFL Financial Services, we have an expansive reach to address the home loan needs of prospective borrowers.

As we embarked upon an expansion strategy, we identified key focus geographies where we have enhanced our distribution footprint and build a strong consumer understanding for specific micro-markets. Our overall penetration has increased over the years. There was good penetration across Tier 2/3 cities with 58% business. Segment-wise, 70% of the business came from the salaried class. As part of our extended outreach, we plan to further expand our operations to markets in Tier 3 centres and beyond, where housing demand remains unmet. We are tirelessly working to provide last-mile accessibility to unserved areas and demographics.

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ASSET LIABILITY MIX

During the year, we brought about changes in our asset-liability mix and reduced our overall weighted average cost of funds. We are gradually stepping up project finance lending and increasing the share of this disbursement, given the upturn in real estate cycle during the year under review. Our plan is to double our performance this year in project loans and increase our book level from 5% this year. We also revamped our processing centres, besides entering into strategic tie-ups and creating a pool of digital connectors to further strengthen our "Feet on Street" team.

INCREASING DEMAND

Post-COVID, demand for housing is back with positive tailwinds, especially in smaller towns. People are keen to buy their own homes as a safety net apart from a sense of social security. The changing customer preferences have aided the demand for bigger and better homes. Existing home owners too are remodelling and updating existing ones. The demand from non-metro centres has also surged, owing to the emergence of smart cities, satellite towns and the overall infrastructural development happening in the country.

As we celebrate Azadi ka Amrit Mahotsav in India's 75th year of Independence, we are well-positioned to capitalise the resurgence in opportunities and tap into the potential of the ever-growing Indian economy.

OUTLOOK FOR FY2023

The turn in real estate cycle has improved the climate for resolution of real estate projects facing an issue in execution and cash flows. At LICHFL, we entered the next financial year on a positive note. Despite the recent monetary tightening and hardening interest rate scenario, we are projecting a positive economic environment and stable growth, and expect to register incremental growth in disbursement. We will continue to have more focus on affordable housing, which is at the cusp of long-term secular growth owing to revival in residential real estate, favourable macros and improved affordability.

We expect this to be a year of consolidation at LIC Housing, with an ambitious purpose and an improved digital footprint. We will continue to scale our granular book in the cross-segment of affordable and mid-segment. Given our powerful performance, we remain confident of a sustainable future and of emerging with even greater strength, paving, way for a sustainable future.

I take this opportunity to thank all our stakeholders – customers, bankers, regulators, Marketing Intermediaries and particularly, our employees for their extraordinary efforts and performance during this difficult period.

With a very strong and able team having considerable past experience I am confident that this year, team LICHFL is going to put up a far better show.

Thank you.

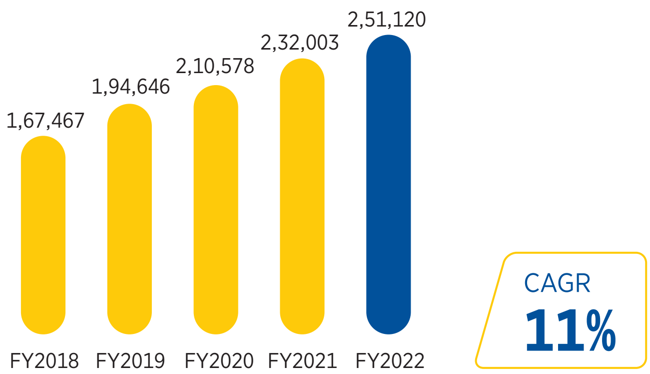
Warm Regards,

Y. Viswanatha Gowd

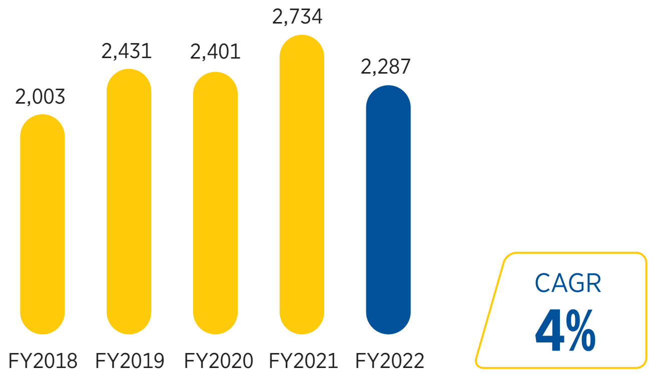
MD & CEO

PERFORMING DESPITE ALL ODDS

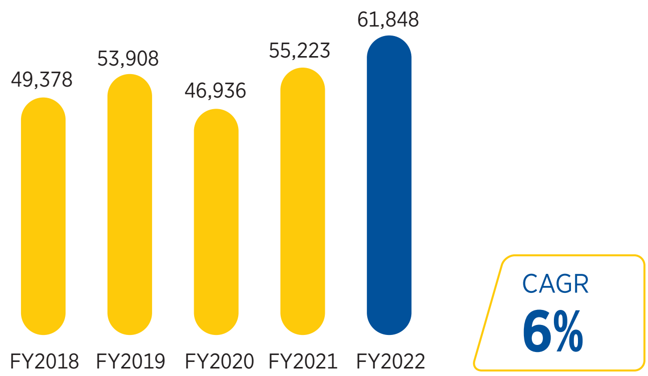
OUTSTANDING LOAN PORTFOLIO
(₹ Crore)



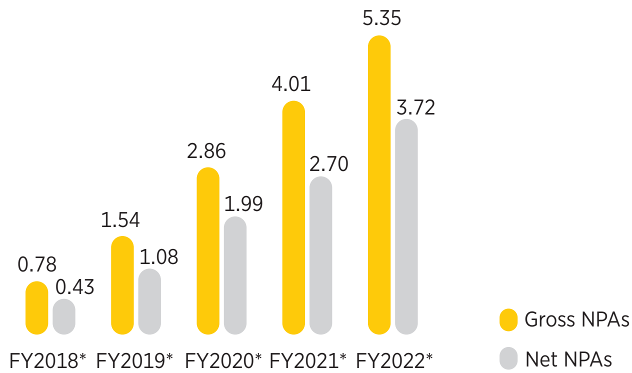
PROFIT AFTER TAX
(₹ Crore)



DISBURSEMENT
(₹ Crore)

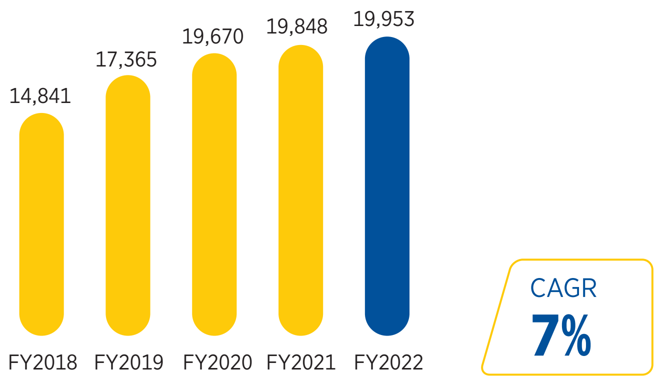


GROSS AND NET NPAs
(%)

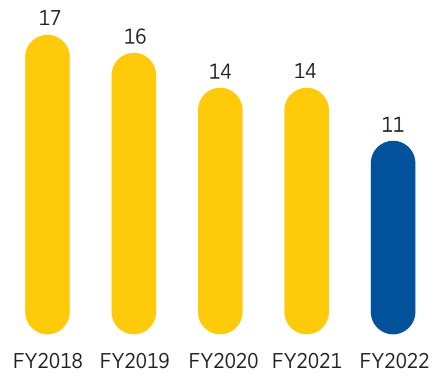


*The figures are under IGAAP

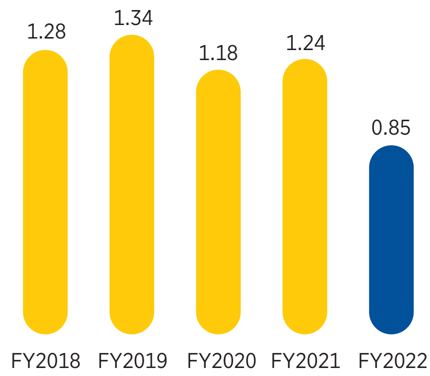
INCOME
(₹ Crore)



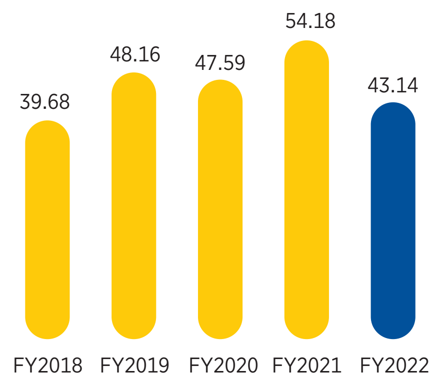
RETURN ON EQUITY
(%)



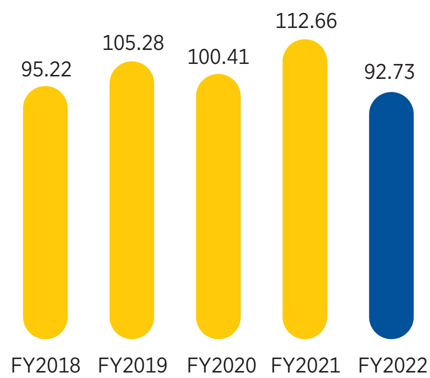
RETURN ON AVERAGE LOAN ASSETS
(%)



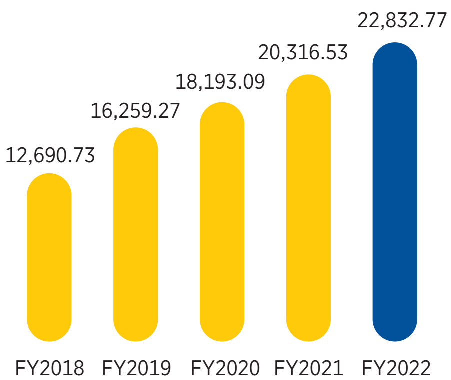
EARNINGS PER SHARE
(₹)



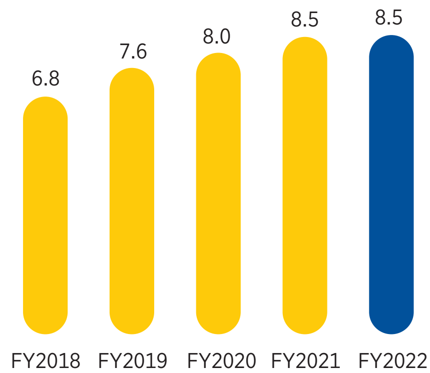
PROFIT PER EMPLOYEE
(₹ Lakh)



NET WORTH
(₹ Crore)



DIVIDEND PER SHARE
(₹)



MASTERING THE ART OF CREDIT APPRAISAL

Robust underwriting, stringent monitoring and appraisal mechanisms for disbursements has led to our emergence amongst the top players in the affordable housing finance space. Our digitised credit appraisal process helps improve the turnaround time and enhance risk management.

A credit appraisal in a home loan is an important part of the loan eligibility evaluation process and evaluating the credit worthiness of the potential borrower.

Our robust underwriting and monitoring mechanism and digitised credit appraisal is aptly suited for our target consumer segment. Having kickstarted video KYC in the earlier year, we also commenced VPD (Video Personal Discussion) this year with our customers to understand their credit worthiness.

REVISITING OUR CREDIT NORMS

Immediately on announcement of lockdown, we revisited the credit norms considering impact of COVID-19 on the earnings of new applicants. Disbursement mechanism were strengthened to rule out the loan being disbursed for stalled projects. More focus on customer profiling, credit worthiness of the new applicants were some key steps adopted.

We also have internal Audit system which helps us take corrective steps wherever required. With a strong internal audit system, quarterly audits were conducted and credit appraisal was assessed by the internal Audit Department, which helped clear systemic issues. Further, quality control visits are conducted across the corporate office, regional offices and back offices to check if quality is maintained.

ROBUST CREDIT APPRAISAL

Our robust in-house Credit Appraisal team carries out appraisals on the basis of well-defined Standard Operating Procedures (SOPs). Various risk factors such as Credit Risk and Fraud Risk are assessed at the appraisal stage.

Internal Risk Management department conducts monthly meetings of the Risk Management Committee (RMC) in which points pertaining to Credit Risk form a key agenda for discussion.

The RMC comprises HODs from various verticals with a combined average experience of more than 25 years in the operations of the Company. Together they bring in a holistic approach to the Risk management process which helps in formulation of well-rounded risk mitigation plans.

We remained empathetic to the needs of our customers and to tide over the challenging times, and remained in touch with our customers on a regular basis.

Apart from this, the Board-level Committee is responsible for formulation and modifications in Credit Policies on recommendation of the concerned department.

Our Early Warning Signals threw light on the vulnerable accounts on stress and helped us remain vigilant on new borrowers, take utmost care in appraising them and adopt corrective actions. Credit risk being the main risk, we conduct regular Risk Management Committee meetings, attended by the heads of all our verticals.

Our Back Offices or Appraising units follow SOPs available for this purpose. These SOPs are updated in the form of guidelines issued from time to time. Regular review meeting with the Back Office appraisal team takes place. Internal audit system ensures irregularities, if any, from the Back Offices are rectified. The Company also conducts training programmes for the appraising offices at regular intervals. Officials at the Back Offices have been given enhanced powers based on their cadre.

STRENGTHENING BACK OFFICES

We follow a Hub-and-Spoke model with 24 Back Offices and Business Processing Centres serving them in making credit decisions on sanctions and disbursements. With this, we are empowering cadres with quick decision making. Our employees are sensitised on decision-making without compromising on quality of underwriting. With no dilution in operational activities, this further strengthens TAT. We also conduct regular training sessions for executives engaged in credit profiling, maintaining checks and controls.

ADDRESSING ASSET QUALITY ISSUES

Historically, we are reputed for having the best asset quality in the housing finance space in India. About 87% of our portfolio belongs to individual home loans. With support from our back office, corporate office and regional office, we maintained high collection efficiency. To ensure a robust system recovery vertical, we shaped up Special Task Forces to imbibe a sense of accountability in the borrowers. We also set up an NPA warrior team for stringent monitoring and regular follow-ups and to sustain our asset quality. The Task Forces and NPA Warriors also helped in hand-holding the borrower.

We remained empathetic to the needs of our customers and to tide over the challenging times, and remained in touch with our customers on a regular basis. Further, we also provided early warning signals to our customers to make them aware of their pending dues. We also helped the borrowers understand the importance of repayment, and also considered special cases impacted, despite warning signals, to make their instalment payment. We did not penalise the customers on failing to pay their loan instalments.

SMART FOUNDATION AND SUSTAINABLE FUTURE WITH LEAD @ 33

Entering our 33rd year of operations, we are laying a strong foundation for sustained business growth. Our key differentiator is a strong emphasis on quality business. We remain well positioned to capitalise on the resurgence in opportunities and tap into India's growing potential.

We are India's one of the leading housing standalone home finance company – on a journey to delight customers with cutting-edge products and setting new industry benchmarks. We continue to live up to our brand promise of helping dreams come true, helping our stakeholders in superior value creation.

Having entered into our 33rd year of operations, we are taking several initiatives on customer products, network and resources to scale higher. Through Lead@33, we chalked a strategy for sustained growth. We plan to add 3,000 agents during the year, taking the total to 13,000 agents to bring in more business.

India has a vision of developing 100 Smart Cities as satellite towns of larger cities and by modernising the existing mid-sized cities. LICHFL is present in almost all these cities and looks forward to participating and playing a role in propagating home ownership in these cities.

ABILITY TO SOURCE LOW-COST LIABILITIES

We are extremely competitive in the market in terms of pricing. Our strong parentage, AAA rating and inherent negotiation skills gives us a competitive edge and allows us to raise funds most cheaply in the market, which helps us become one of the lowest cost players in the business. Reduced cost of funds also leads to better margins. We have diversified liability sources through Commercial Paper, Refinancing by NHB and Growth in retail fixed deposits. Being market trendsetters with competitive rate of interest led us, to have all-time high disbursement of ₹ 55,000 crore during the year.

IMPROVING OUR PRESENCE

While we have a strong presence in Tier 1 and 2 cities, our presence in Tier 3 and 4 cities has been expanding, which contributes 58% of our loan book. We are the 2nd highest in our key focus area of affordable housing. We are expanding our distribution network. Our 12,000 market intermediaries helped us with Feet on Street and expand rural housing. Our identified Business Processing Centres constantly look for potential in and around rural areas to provide loans and procure more business. We are also augmenting our digital presence.

STRENGTHENING THE DISTRIBUTION NETWORK

We have a strong network of 282 Marketing Offices, 24 Back Offices and 8,000 Feet on Street Executives – which is our key differentiator in the marketplace today. In addition to this, our alternative business channel – Direct Marketing Intermediaries (DMI) and Institutional Distributors – helped increase our penetration by contributing about 8-10% of the total business. In the next few years, our plan is to further strengthen our distribution network by adding 1,000 more DMIs.

These DMIs handhold our customers during their cycles of credit, assist in recovery and also help in maintaining relationships with customers in the initial years and also during the time of recovery. Our loyal distributors and agents, who serve the Company with great pride, are rewarded well. We also provide them with the benefit of wealth creation.

MAINTAINING STRONG COLLECTION EFFICIENCY

With improvement in economic activities and focussed efforts on recovery, we managed to control our delinquencies quarter on quarter this year. Our collection efficiency from regular accounts improved from 98% in the earlier year to 99% this year, with significant recoveries. We contacted borrowers through e-mode, offered options for online payment and popularised e-NACH. Project Red helped us focus on vulnerable accounts, while Feet on Street helped us go door-to-door, build data and understand the ground realities of borrowers. Our significant efforts on recovery also led to Net Interest Margin stabilising around 2.29% and asset quality improving.

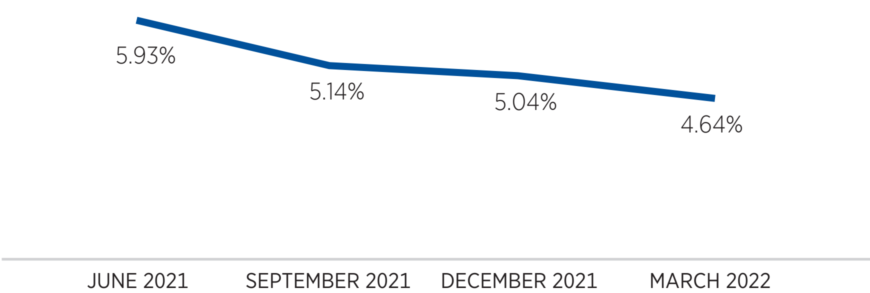
PRODUCT INNOVATION

Our innovative product offerings are gaining good traction. The Griha Varishtha scheme for pensioners, a special home loan product which covers individuals under the Defined Benefit Pension Scheme till attainment of 80 years age or for maximum of 30-year tenure, is performing well. The disbursement in this unique product segment has been around 8%.

Griha Suvidha was another unique product launched in the year, whereby we catered to a specific category of borrowers, with guarantee from Indian Mortgage Guarantee Corporation (IMGC). These are self-employed customers with a CIBIL score of less than 600. Through this product, we serve a segment which is otherwise under-served. From 9,000 loans disbursed to this segment of borrowers during the year, we plan to increase the number to 15,000 loans in the next financial year.

DECLINING GROSS NON-PERFORMING ASSETS

(%)



DRIVING DIGITAL TRANSFORMATION ON MULTIPLE FRONTS

From a position of strength of being one of the largest HFCs in India, we are focussing on technology adoption to build an institution through empowerment of people. We are further fine-tuning our robust systems and procedures to merge efforts on deeper outreach and greater business volumes.

COVID-19 has been the single biggest driver of technology adoption and transformation. Our Project RED (Reimagining Excellence through digital transformation), launched in 2020, is aimed at improving efficiencies at every level of the organisation.

Through Project Red, we are reimagining excellence with digital transformation – bringing about differentiated loan journeys to borrowers right from onboarding, approvals and post disbursement servicing, and resulting in zero customer complaints.

Project RED generates more stakeholder value and expands geographies, thereby contributing to India's economic growth. The ultimate objective of this project is to organise and automate every facet of customer interaction and deliver elevated customer experience.

21 MONTHS OF PROJECT RED

Two years down the line, Project RED continues to bring transformational changes by organically linking our work culture, strengthening processes across all verticals, deepening customer engagement and adopting best-in-class technology to build capacity. It is improving customer journeys and productivity, and reducing turnaround time (TAT). It is aimed at creating value across the entire spectrum of stakeholders that includes employees, shareholders, business associates, existing and potential customers. With our Early Warning Signals process, we identify risky and delinquent customers and aim at reducing our default rates due to our focussed approach and with the help of technology.

OPTIMISING NEW LEVELS OF EFFICIENCY

We are working on optimising new levels of efficiency with 11 new initiatives in FY2022. Our omni-channel experience serves across the value chain. Our customer profiling during onboarding helps identify risk parameters. Loan documentation, treasury automation and credit e-appraisal are some other digital processes we follow. The GL Application from SAP is currently in advanced stages and Video KYC helps our officers conduct fully-compliant KYC process. Through our CRM helpline – WhatsApp and Chatbot – we help customers. Our training operations are also fully digitised using AI&ML.

We are all set to launch a major overhaul in deposit mobilisation and administrative process through our new tech platform. This will significantly reduce TAT and improve customer service, and will be available on the mobile app. We are also working on a Credit Scoring Model for lending borrowers to understand credit worthiness and objectively identify their credit scores. This is likely to be implemented in FY2023.

IMPACT ANALYSIS IN FY2022 W.R.T. DIGITAL LENDING

	No. of customers	Value of loans
Applied	**90,000**	**₹ 22,000 Cr**
Sanctioned	**63,000**	**₹ 14,911 Cr**
Disbursed	**58,000**	**₹ 12,385 Cr**

VISION 2025

We are working on increasing our cloud footprint and intend to aggressively continue our digital journey in the areas of loan applications and underwriting. Our IT-enabled systems help in gathering authentic data which further helps in faster decision-making and swifter response to our customers. Being an IT-enabled company, we have eliminated the usage of paper, which also makes us a socially responsible corporate.

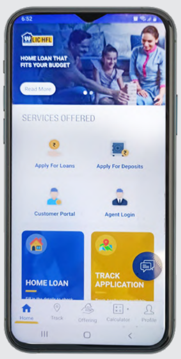
We are Ideating to use more AI/ML to develop our business intelligence further. To gain digital security, we are working on getting certification for our data centres to give our customers the comfort that their primary documents are safe and secure, and implementing digital mechanisms. Our future plan is also to use more of third-party tools for verification – hence we are doing more digital integration with third-parties for PAN, Aadhaar and EPFO validation. This also helps in increasing productivity per employee and facilitating employees in engaging in core activities.

ACCENTUATING DIGITAL THROUGH HOMY

In the previous year, we embarked on our digital journey with the launch of HOMY app, which delivers home tech-enabled loan products at home. We have received 1 million downloads. From 3% in FY2021, 20% of our total disbursement happened through HOMY during the year, and more than ₹ 14,000 crore has been underwritten through HOMY.

The HOMY App has eased the process of applying for loans and sanctions and in ensuring last-mile connectivity and reach. Through HOMY, we are accelerating our digital capabilities and re-skilling distribution to support remote onboarding. With transformation from our legacy solution to new lending suite, we have seen a reduction of 70-80% in turnaround time (TAT).

Home Distribution of Home Loans (HDHL), which helped distribute ₹ 60,000 crore of loans during the year, led LICHFL to make a significant shift towards digitalisation. Having firmed up our digital infrastructure, we also conducted several digital campaigns all through the year. We are adopting tech-led processes and collaborating our insights with that of our customers to strengthen asset quality.



AWARDS & RECOGNITION

Recognised by Kendriya Sainik Board for valuable contribution in the past to Veer Naaris

Recognised as one of "The Best Organisation for Women" by Economic Times

Global CSR, Excellence & Leadership Award 2021-22

Economic Times awarded LIC HFL as one of the "Best Brands for 2021"

CORPORATE INFORMATION

BOARD OF DIRECTORS

M.R. Kumar	: Chairman
Raj Kumar	: Director
Jagdish Capoor*	: Director
Dharmendra Bhandari	: Director
V. K. Kukreja	: Director
Ameet N. Patel	: Director
P. Koteswara Rao	: Director
Kashi Prasad Khandelwal	: Director
Sanjay Kumar Khemani	: Director
Akshay Kumar Rout	: Director
Jagennath Jayanthi	: Director
Ravi Krishan Takkar	: Director
Y. Viswanatha Gowd	: Managing Director & CEO

* Term ended on 23.05.2022

CHIEF FINANCIAL OFFICER

Sudipto Sil

COMPANY SECRETARY & COMPLIANCE OFFICER

Varsha Hardasani

SENIOR EXECUTIVES

Patanjali Dhar	: General Manager (Credit Appraisal)
J S Tolia	: General Manager (Marketing)
T Mathews	: General Manager (Accounts, Subsidiary Monitoring, OS & Estates)
A K Verma	: General Manager (Legal, Audit & Vigilance)
K K Ghoshal	: General Manager (Recovery)
Meenakshi Kumar	: General Manager (CRM, Document Management & HR)
Angel Johnson	: General Manager (IT) & Chief Information Officer
K R Ramesh	: Chief Risk Officer
N Mahesh	: Joint General Manager (Marketing, PR & Publicity)
D R Muralidharan	: Chief Compliance Officer & Joint General Manager (CSR)
Jayshri Waman Wartak	: Joint General Manager (Audit)
V Krishna Mohan	: Chief Manager (OS)
J Sangameswar	: Chief Manager (Recovery)
Hitesh B Talreja	: Chief Technology Officer
R Murali	: Chief Manager (Recovery - Legal)
Roby Joseph Valolickel	: Associate Chief Manager (Taxation)

REGIONAL MANAGERS

Shubhashish Dasgupta	: Central Region
Ramesh Chandra Khora	: East Central Region
Suparno Chakrabarti	: Eastern Region
Gurmel Singh Parmar	: North Central Region
Vidhya Ratan Shukla	: Northern Region
V C Lathika	: South Central Region
Jaya Prakash Babu D	: South Eastern Region
M Govindaraju	: Southern Region
Subrata Ghoshal	: Western Region, Mumbai

AUDITORS

Joint Statutory Auditors (JSAs)*

M/s. M.P. Chitale & Co.,
Chartered Accountants, Mumbai

M/s. Gokhale & Sathe,
Chartered Accountants, Mumbai

*The term of the above JSAs would conclude at the ensuing AGM.

BANKERS

Allahabad Bank (Now Indian Bank)
Axis Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Corporation Bank (Now Union Bank)
DBS Bank
Federal Bank
HDFC Bank
HSBC
Indian Bank
Karnataka Bank Ltd
Kotak Mahindra Bank Ltd.
Oriental Bank of Commerce (Now Punjab National Bank)
Punjab National Bank
Shinhan Bank
State Bank of India
Syndicate Bank (Now Canara Bank)
The Jammu and Kashmir Bank
UCO Bank
Union Bank of India

REGISTERED OFFICE

Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai - 400 001.
Phones: 022- 2204 0006,
2204 9682 & 2204 9919
Fax: (022) 2204 9839
CIN: L65922MH1989PLC052257

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083
Phones : 022 - 28515606, 28515644
Fax : (022) 22641349
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

CORPORATE OFFICE

131 Maker Tower, "F" Premises,
13^{th} Floor, Cuffe Parade,
Mumbai – 400 005.
Phones: 022-22178600,
22178700 & 22178610
Fax: (022) 22178777
CIN: L65922MH1989PLC052257
Email: lichousing@lichousing.com/
secretarial@lichousing.com
Website: www.lichousing.com

DEBENTURE TRUSTEE

Vistra ITCL (India) Limited
Plot C-22, G-Block,
Bandra-Kurla Complex,
Bandra East, Mumbai – 400051.
Phone : 022-26533333
Fax : 022- 26593038
Email: info@ilfsindia.com
Website : www.ilfsindia.com

Axis Trustee Services Ltd.
Axis House, 2^{nd} Floor,
Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai – 400025.
Phones: 022-24255215 / 24255216
Fax: 022-24254200
Email: debenturetrustee@
axistrustee.com
Website: www.axistrustee.com

SBICAP Trustee Company Ltd.
Mistry Bhavan, 4^{th} Floor,
122 Dinshaw Vachha Road,
Churchgate, Mumbai – 400 020.
Phone : 022 4302 5500/5566
Fax: 022-22040465
Email: nazer.kondkari@
SBICAPTRUSTEE.COM

Catalyst Trusteeship Limited
GDA House, First Floor, Plot No. 85
S. No. 94 & 95, Bhusari Colony (Right),
Kothrud, Pune - 411038
Phone: 022-249220555
Fax: 022-249220505
Website: www.catalysttrustee.com
Email:
ComplianceCTL-Mumbai@ctltrustee.com

APPEAL TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies through electronic mode. The companies can now send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register their e-mail addresses at enotices@linkintime.co.in, in respect of holdings in dematerialised mode with the Depository through their concerned Depository Participants. Those holding shares in physical forms are requested to send their e-mail address directly to the Company or to Registrar & Transfer Agent where various notices / documents can be sent through electronic mode.

Date of Annual General Meeting	:	**29^{th} September, 2022**
Time	:	**3.30 PM**
Venue	:	Through Video Conference ('VC') / other audio visual means ('OAVM') in compliance with the applicable provisions of The Companies Act, 2013 read with MCA General Circular No. 14/2020, dated 8^{th} April, 2020, MCA General Circular No. 17/2020, dated 13^{th} April, 2020, MCA General Circular No. 20/2020, dated 5^{th} May, 2020; 22/2020 dated 15^{th} June, 2020; 33/2020 dated 28^{th} September, 2020 and 39/2020 dated 31^{st} December, 2020, Circular No. 10/2021 dated 23^{rd} June, 2021 and Circular No.02/2022 dated 5^{th} May, 2022.
Date of Remote E-Voting:		
Start Date	:	26^{th} September, 2022 (09:00 AM IST onwards)
End Date	:	28^{th} September, 2022 (up to 05:00 PM IST)

BOARD OF DIRECTORS

Shri M.R. Kumar

Chairman, (Nominee Director from LIC of India)

Shri M.R. Kumar, took charge as Chairman, LIC of India on March 14, 2019. He joined LIC of India in 1983 as a Direct Recruit Officer. In a career spanning more than three and a half decades, he has had the unique privilege of heading three Zones of LIC of India, viz., Southern Zone, North Central Zone and Northern Zone, headquartered at Chennai, Kanpur and Delhi, respectively. His rich experience working pan India, in different zones and in different streams of insurance management has given him a deep insight into the demographics and insurance potential of the country.

He also Chairs the Boards of domestic and international subsidiaries of LIC of India viz. LIC Housing Finance Ltd, LIC Mutual Fund AMC, LIC Pension Fund Ltd, LIC Cards Services Ltd. as well as the Joint ventures on foreign soil viz. LIC (International) B.S.C.(c), Bahrain, LIC Lanka Ltd, LIC Nepal Ltd and LIC Singapore Pte. Ltd.

He is also Director on the Board of the Kenindia Assurance Ltd, which is Life and Non life Insurance Company, based at Kenya.

Shri Raj Kumar

Non Executive Director (Nominee Director from LIC of India)

Born in the year 1962, in Nabha Town of Punjab, graduated in Science from D.A.V. College, Jalandhar in 1981, Shri Raj Kumar joined the Corporation as a 13th Batch Direct Recruit in the year 1984. He has put in 37 years of dedicated service in LIC of India.

Presently, he is the Managing Director of Life Insurance Corporation of India. He currently, also holds the following prestigious positions:

- Non-Executive Chairman on the Board of LIC HFL Asset Management Co. Ltd.
- Non-Executive (Nominee) Director on the Board of LIC Housing Finance Ltd.
- Non-Executive Director on the Board of LIC (Lanka) Ltd.
- Non-Executive (Nominee) Director on the Board of Grasim Industries Ltd.
- Non-Executive (Nominee) Director on the Board of IDBI Bank Ltd.
- Trustee of LIC Golden Jubilee Foundation
- Trustee of LIC of India Provident Fund No.1
- Member of the Governing Board of the National Insurance Academy, Pune

Previously he had, also been Directors on the Board of the following Companies:

- Non-Executive Chairman on the Board of LIC HFL Care Home Ltd.
- LIC of Bangladesh Ltd., Dhaka
- LIC Mutual Fund Asset Management Ltd., Mumbai
- Rajasthan Financial Corporation, Jaipur
- High Energy Batteries Ltd., Chennai
- Reliance Naval Ltd., Mumbai
- Member of the Governing Body of Insurance Institute of India (III)

He was conferred with "Most Influential Human Resource Officer in Asia"- Award by CHRO, Asia in the year 2015-16 and "Hinditar Bhashi Samman" by Madhya Pradesh Rashtra Bhasha Prachar Samiti, Bhopal in the year 2016-17.

He has, previously, handled several significant assignments, in various capacities in LIC of India, such as Chief Executive Officer of LIC Mutual Fund Asset Management Ltd., Zonal Manager of Central Zone, Bhopal, Executive Director of Estate & Office Services, Human Resource Development and International Operations. He has, also, held additional charge as Director of Management Development Centre, Borivali and Vigilance Department of LIC of India. He was also Chief Public Information Officer and Appellate Authority, under Right to Information, of LIC of India. He has, also, served in LIC of India as Chief (Personnel) and Chief (Customer Relationship Management). He has, also, headed two prestigious Divisions of LIC i.e. Gorakhpur and Jaipur.

Shri Raj Kumar has attended various training programs at IIM-Ahmedabad, ISB-Hyderabad, National Insurance Academy-Pune, Delhi Productivity Council-Delhi, LIC's Management Development Centre-Mumbai, Third World Development Centre-Delhi, National Institute of Advance Studies-Bangalore etc.

Shri Raj Kumar is an avid reader and his areas of interest are spirituality, music and science.

Dr. Dharmendra Bhandari

Independent Director

Dr. Dharmendra Bhandari served as a member of the Faculty of Commerce in the University of Rajasthan, Jaipur. He has a PhD in Commerce and is also a qualified Chartered Accountant. He has more than 30 years of academic and professional experience in the financial sector.

Dr. Bhandari has served as the Sole Consultant to the Joint Parliamentary Committee (JPC) that was set up by the Government of India for Enquiry into Irregularities in Securities and Banking Transactions (1992-93), where he assisted in writing the report, strengthening the systems and fixing accountability. In 1994, he was appointed as Officer on Special Duty (1994–95) with the Reserve Bank of India, Mumbai. He was also a member of the Central Council of the Institute of Chartered Accountants of India.

Dr. Bhandari has served as Director of Dena Bank, Bank of Maharashtra and Bank of Baroda, JP Morgan Mutual Fund (India) Pvt Ltd, SBI Capital Markets, Barclays Investments & Loans (India) Ltd etc. He was also on the Board of several companies such as Tata Timken, Birla Corp, etc.

Apart from his academic pursuits in the fields of economics and finance, Dr. Bhandari has also authored several books, prominent among them being R K Laxman – The Uncommon Man, Mosaic of Faith – Places of Worship in India and Nani Palkhivala, God's Gift to India (Biography by a friend).

Shri V. K. Kukreja

Independent Director

Shri V.K. Kukreja, is a Chartered Accountant by profession with a vast experience in the area of accounts, finance, fund management, portfolio management, risk management and information technology. He has held various coveted and responsible positions throughout his career and has always added value to his erstwhile job role before moving on to the next position in order to continue to add value to his next job role.

He started his career as an Accounts Officer and worked for National Textile Corporation (DPR) Ltd Malout and Central Electronics Limited Sahibabad (A Unit of Ministry of Science and Technology) respectively in brief tenures. He joined Life Insurance Corporation of India (LICI) as Direct Recruit Officer (CA Batch) in Jan 1983. By 1996, he had been elevated to the post of Dy. General Manager in LIC Mutual Fund. He had been posted in three zones of LIC as Regional Manager (finance and accounts). In the year 2005, he was made Chief (Investment operations) in the Mumbai Head office of LIC where he managed Equity, Debt and G-Secs Portfolios and also managed the entire treasury operations. He also rose to become the Executive Director (Investment-RMR) in 2009 and established new Dept. Risk Management and Research.

Shri Kukreja appeared as a speaker on namely pertaining to LIC 'Why Insurance My Insurance' on CNBC TV 18 in 2009, Convention on "Exploring investment opportunities in Orissa 2007" held in Delhi on Infrastructure Issues.

Shri V.K. Kukreja has also been Nominee Director on the boards of various companies in sectors such as Power Generation & Distributions, Commodity Exchange, Co-operative Housing Finance and Brokerage. He was also a committee member on committees of various companies/funds, in sectors such as Private Equity, Infrastructure, IRDA, etc. He retired from LIC of India in Sept 2012 as Executive Director (F&A).

Global exposure: -

Shri Kukreja participated in various international conference like Deutsche Bank international credit market conference 2005 South Africa, 2nd Treasury offsite Macau, Hong Kong 2009 Birla Sunlife AMC.

Shri Kukreja visited Bahrain in 2008 and formulated investment policy for LIC Bahrain office.

Shri Kukreja was a keynote speaker at Indian Private Equity IQ Middle East Conference Dubai 2007.

Shri Kukreja visited Sri Lanka and Nepal in 2012 to review internal control systems in the area of finance and accounts in LIC (Lanka) Ltd and LIC (Nepal) Ltd respectively.

Shri Ameet N. Patel

Independent Director

Shri Ameet Patel was appointed as Independent Director of LIC Housing Finance Ltd. on August 19, 2015. Presently, he is serving the 2nd term as independent director of the company. He qualified as a Chartered Accountant in 1986 with a rank at the all India level and has been in private practice since then. He did his articleship with a reputed firm – S.V. Ghatalia & Associates. Currently, he is a partner at Manohar Chowdhry & Associates. He has spent a large part of his professional career dealing with taxation matters and in the past few years, he has focussed on tax matters of FIIs, Banks, Mutual Funds, AIFs, and FPIs as also on audit of portfolio management schemes and AIFs.

His core practice consists of tax planning, appeals and representations and Information Technology related issues. He has also advised several foreign companies who have set up subsidiaries in India. He has keen interest in technology and has a large network on social media. He is currently studying the concept of cryptos and virtual digital assets closely to understand its nuances.

He is a member of the Finance & Taxation Panels of CII's Maharashtra Region. He is also chairman of Technology Initiatives Committee and member of Taxation Committee of Bombay Chartered Accountants' Society (which is a voluntary body of CAs with about 8,500 members from across India). He headed this organisation as its President in the year 2009-10.

He is an Independent Director and also the Chairman of the Audit Committee of SBM Bank (India) Ltd.

He has been a regular speaker at various seminars and conferences organised by the ICAI, BCAS, KSCAA, LCAS, Assocham, CII, private banks such as Kotak Mahindra Bank, income-tax department's Regional Training Institutes, Rotary Clubs and other bodies.

He is a co-author of following publications of the Bombay Chartered Accountants' Society:

"Calculators to Computers – a Paradigm Shift"

"Shares And Securities - Taxation & Accounting"

"Tax Deduction at Source"

"FAQs on e-TDS"

"Reporting under the New Format in Form 3CD – A specimen"

His articles have appeared in various magazines and websites such as Money Outlook, MoneyLife, CNBC's moneycontrol.com, Taxsutra, Journals of the BCAS & ICAI. He has also appeared on several programs on national television and his views are regularly quoted in newspapers and websites and is very active on various social and professional media networks. He has also travelled extensively across the world and has spoken at international forums too.

Shri P. Koteswara Rao

Non-Executive Director

Shri P Koteswara Rao is a Fellow member of Institute of Chartered Accountants of India with Bachelor's Degree in Commerce from Sri Venkateswara University, Tirupati (AP). He has experience in the area of Accounts, Finance, Fund Management, Portfolio Management, Office Services, etc. He is also NSE Certified Market Professional. Shri P Koteswara Rao joined LIC of India as Direct Recruit Officer (CA Batch) in the year 1986. He has held various responsible positions in senior cadres throughout his career spanning 30 years in various capacities in LIC of India and always added value to his job role. He worked as Marketing Manager and Senior Divisional Manager of Machilipatnam Division of LIC of India in Andhra Pradesh. He also worked as Regional Manager (OS) in the Western Zonal Office, Mumbai, as Regional Manager (F&A) in Southern Zone, Chennai and also as Regional Manager (F&A) in Northern Zone, Delhi. For a brief period of one year, Shri P Koteswara Rao was General Manager in LIC Housing Finance Limited in charge of Credit Appraisal and Project Finance before moving to LIC of India as Chief (Investment/ Operations), Central Office, Mumbai.

He had served On the Board of SKS Trust (Private) Ltd. as nominee Director for more than three years.

His hobbies include reading books.

He has attended a programme on Strategic leadership at Indian School of Business, Hyderabad.

Global exposure: Shri P Koteswara Rao participated in training programme on Fixed Income Instruments at Asian Institute of Management, Manila, Philippines.

He was one of the speakers in the seminar conducted by Insurance Institute of India on ERM in June 2019 on Risk Management. After retiring from the services of LIC of India as Chief (Investment) in 2016, he has joined Insurance Institute of India, Mumbai, as Faculty (life) and continues to be faculty member. He has given faculty support on Insurance subjects, including Insurance Regulatory Matters, Investment, Risk Management, etc.

He has visited Bhutan and Armenia on academic assignments.

Shri Kashi Prasad Khandelwal

Independent Director

Shri Kashi Prasad Khandelwal is Chartered Accountant by profession for last 43 years. He was appointed as Financial Audit Consultant by World Bank, Washington, USA in August 2010 for the Emergency Monrovia Urban Sanitation (EMUS) Project, funded for Monrovia City Corporation, Govt. Of Liberia.

Shri Kashi Prasad Khandelwal is associated as Independent Director with Kesoram Industries Ltd. and Birla Tyres Ltd – B.K. Birla Group of Companies, GPT Infra Projects Ltd. and GPT Healthcare Limited - Tantia Group of Companies, LIC Housing Finance Limited, and a Director with Cygnet Industries Ltd – wholly-owned subsidiary of Kesoram Industries Ltd.

Shri Kashi Prasad Khandelwal was Member of the Central Council of The Institute of Chartered Accountants of India during 1998-2001, 2004-2007 and 2007-2010. During the period, he was Chairman, Vice-Chairman and member of various standing and non-standing Committees of ICAI. He was also member of 1st Quality Review Board. He was member of EIRC of the ICAI during 1985-88 and 1988-92. Honorary Secretary, Vice Chairman and Chairman for the year: 1986-87, 1987-88 and 1988-89 respectively. He was Member of SAFA Center of Excellence on Ethics and Independence of Auditors, SAFA Working Group on Best Corporate Governance Practices in South Asian Countries and Committee on Accounting and Auditing Standards of South Asian Federation of Accountants (SAFA) (2009).

He was President of the Association of Corporate Advisors and Executives during the year 1994-95. During the year 1995-96, he was President of the Institute of Internal Auditors, Kolkata Chapter. Also he was President of Direct Taxes Professionals Association and also Avantika for year 2014-15 and 2015-16 respectively.

Shri Kashi Prasad Khandelwal has been Hony. Secretary of the Institute of Internal Auditors – India (an affiliated body with its Head Quarter at Florida, U.S.A.). He was associated with Public Sector Banks, Insurance Companies and Public Sector Undertaking like: UCO Bank, LIC of India., Indian Oil Corporation Ltd. etc. as Central Statutory Auditors & Statutory Auditors. He has been Internal Auditors of Reliance General Insurance Company Limited, Bajaj Allianz Limited, ICICI Limited and DLF Limited etc.

Shri Kashi Prasad Khandelwal has been a faculty for training programmes organised by the Ministry of Textiles and Ministry of Company Affairs, Government of India. Also a prolific speaker on prime subjects such as Union Budget, Service Tax, Accounting, Auditing, Corporate Laws, Corporate Governance, Professional Ethics, Information Technology and Income Tax matters.

He is actively involved with various social organisations. He has to his credit recognition as a Past President and District Cabinet Secretary of Lions Club of Kolkata (Park Street), Dist. 322B and awarded certificate of appreciation from Lions Clubs International. He is Life member of Nagrik Swasthya Sangh, a social service organisation. He is also associated with Friends of Tribals Society (FTS), a leading organisation carrying out various social activities.

Shri Kashi Prasad Khandelwal awarded SAMAJ BHUSHAN by Khandelwal Vaisya Mahasabha.

Shri Sanjay Kumar Khemani

Non-Independent Director

CA Sanjay Khemani, aged 54 years, is a Practicing Chartered Accountant. He stood first in the Western Region in CA intermediate exam and was all India first in CA final exam and was awarded gold medal and adjudged as the best student of the year. He is also a qualified Company Secretary. He has done his Diploma in System Audit from ICAI and also certification course from ICAI on Forensic Accounting & Fraud Prevention and on Valuation. He is IBBI registered valuer for Securities and Financial Assets class.

He is senior partner of M/s M M Nissim & Co LLP, Chartered Accountants. He is heading the BFSI practice of the Firm since last more than 20 years and have been involved in providing assurance, taxation, risk consultancy, management consultancy services to large public sector as well private sector entities in the BFSI sector. He also possesses rich experience of conducting forensic audits as well as special monitoring of large projects on behalf of lenders.

He is an independent director on the Board of YES Bank Limited and is the Chairman of their Audit Committee.

He has addressed various seminars on professional subjects and has been contributing to ICAI on technical matters.

He has been the Chairman of Executive Committee of the ARCIL, a premier asset reconstruction company set up by SBI, ICICI, PNB and IDBI for about 4 years and has also been Audit Committee Chairman of the ARCIL for 6 years.

Shri Akshay Kumar Rout

Independent Director

Akshay Rout completed 38 years in civil service (IIS) in February 2019, when he relinquished charge as Director General in Swachh Bharat Mission, Ministry of Drinking Water and Sanitation, Government of India. He is a leader in development management, social mobilisation, communication and public campaigns, institution building, training, academic and capacity development, and CSR implementation besides having senior level experience in programme and project implementation.

Akshay Rout is currently Senior Adviser, KPMG, supporting urban water and sanitation missions in Government of India and Director on the Board of LIC Housing Finance Limited. He is a member of the National Focus Group on Adult Education under the new National Education Policy and member of the Outreach Committee of Insurance Regulatory and Development Authority (IRDAI). Akshay Rout was till recently Senior Adviser with UNICEF (COVID response in schools) for Ministry of Education and visiting Professor at the Central University of Odisha. During 2019-20, he served UNICEF and UNOPS to assist India and other national governments in scaling up safe water and sanitation programmes. Rout was Senior Adviser, India Renewable Energy Development Agency (IREDA) under Ministry of New and Renewable Energy during 2019-21.

As Director General, Akshay Rout contributed to strategy, implementation, communication, and consolidation in Swachh Bharat Mission (deemed as world's largest) covering about 6 lakh villages that has culminated in an Open Defecation Free India. He set out models of involving crores of Indians, particularly the weaker and marginalised sections, women, youth, and children, while also collating resources from corporate and non-government sectors, for a self-empowering sanitation movement, that led to better health, higher livelihood, and dignified living conditions.

From 2009 to 2014, as Director General in Election Commission of India, Shri Akshay Rout led initiatives that yielded significant increase in enrolment and record turnout of voters in all elections. Towards this, Shri Rout effectively put together a network of partnerships involving government agencies, civil society, educational institutions, youth outfits, corporate and media organisations. He is associated with interventions like SVEEP (Systematic Voters' Education and Electoral Participation) and NVD (National Voters' Day), now acclaimed and adopted worldwide.

Shri Akshay Rout laid the foundation of India International Institute of Democracy and Election Management (IIIDEM), a global knowledge and resource centre to meet the critical need for capacity development in election management both at home and abroad; and was its first Director General. He was invited to observe national elections in Mexico, Tanzania, Russia, Australia, and South Korea under various international programmes.

Shri Akshay Rout has made distinguished and sustainable contribution to mass media development and broadcast practices in India. His short tenures as I/C Director General and Addl. Director General in Doordarshan News were marked by a series of structural reforms and content interventions. He represented AIR and DD in Southeast Asia and Bangladesh from 2000 to 2003.

Shri Akshay Rout is a triple Masters: in English literature from Utkal University; in Economics and Management from University of Manchester; and in Public Policy and Sustainable Development from TERI University. He speaks, writes and mentors extensively on development and social sector; water, sanitation, and hygiene; elections and democracy, public participation and communication and mass media.

Shri Akshay Rout is associated with two historic achievements in recent times: the sustained increase in voters' registration and turnout in Indian elections & the fulfilment of the Swachh Bharat Mission – both globally celebrated examples of behaviour change.

Smt J Jayanthi

Independent Director

Smt J Jayanthi is a Post Graduate in Commerce from University of Madras, ICWAI (Inter) and Fellow of Insurance Institute of India.

She started her career as direct recruit officer with The New India Assurance Co Ltd, in the year 1985. She has risen to the rank of General Manager and superannuated in November 2020. In her career spanning 35 years, she worked in various places across the country. She was heading a Division as Senior Divisional Manager & as Chief Regional Manager in charge of Large Corporate and Broker Office, Chennai, she handled corporate as well as retail customers besides Brokers. As Deputy General Manager, she was in charge of Chennai Regional Office, one of the leading flagship offices of her organisation and on her promotion as General Manager she was posted to Head Office Mumbai and in charge of various technical departments like Fire, Engineering, Motor, Crop Insurance (PMFBY).

During her voyage of over three decades and a half in her career, she handled challenging scenarios and environments, associating with people within and outside the organisation in which she worked with diverse capabilities and culture. Her working style, people orientation, quick decision-making & sound technical knowledge has resulted in success in each of her assignments.

She has qualified for the post of Independent Director in the examination conducted by IICA. Smt J Jayanthi is also an Independent Director in Policybazaar Insurance Brokers Private Ltd since June 2021.

Shri Ravi Krishan Takkar

Independent Director

Shri Ravi Krishan Takkar is a commerce graduate from Shri Ram College of Commerce, New Delhi and obtained law degree from Delhi University. He started his banking career with Oriental Bank of Commerce (now amalgamated with Punjab National Bank) in 1979. Worked in various capacities as branch head, Regional Manager and Administrative Head of various departments in Head Office. He has wide and varied experience in operations, credit, merchant banking . He was promoted as General Manager in November 2010. Shri Takkar was appointed as Executive Director of Dena Bank (now amalgamated with Bank of Baroda) by MOF, Govt of India on February 1, 2014. He was elevated as MD & CEO of UCO Bank w.e.f November 2, 2015 and superannuated from UCO Bank on November 1, 2018. Shri Takkar has attended various seminars and conferences in India and abroad including Advanced Leadership Programme of CAFRAL, Leadership Development for corporate excellence of Kellogg and NIBM, SIBOS, IMF & World Bank Spring meeting. He has frequently featured on financial channels and newspapers and been a panelist member/speaker in various conferences. Shri Takkar during his tenure as MD & CEO of UCO Bank was also appointed as director on the board of National Insurance Company Limited, member of governing body of NIBM, IIBM, SIBSTC, INPS, IBA, Chairman of governing body of IBPS and Chairman of negotiating committee for wage revision and HR committee of IBA, member Apex RBI Committee on MSMEs. He is presently independent director on the board of Nabsamruddhi Finance Limited . He is also working partner in M/s R and R Associates, a firm providing advisory services on legal and corporate matters.

Shri Y. Viswanatha Gowd

Managing Director and Chief Executive Officer

Shri Y. Viswanatha Gowd, MD & CEO of LIC Housing Finance Ltd. (LIC HFL) has been elevated to the cadre of "Executive Director".

Shri Gowd, joined LIC of India as a direct recruit officer in 1988 and has risen through the ranks to this senior position in LIC of India. He is a nominee of LIC of India. Prior to taking over as CEO of LIC Housing Finance, Shri Gowd was appointed as Chief Operating Officer of LICHFL. He also served as Regional Manager of LIC HFL's South Eastern Region since 2017. Under his leadership, South Eastern Region was the top performing Region of the Company and the loan book of the Region grew by 63%.

In a career spanning over three decades in LIC of India, Shri Gowd has made his mark in the areas of Marketing, Finance, and Pension & Group schemes. He holds the privilege of heading two divisions of LIC of India viz. Udipi and Dharwad as Senior Divisional Manager.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACROECONOMIC OUTLOOK

The Economic Survey of FY 2021-22 estimates India's GDP to rise by 8.5% in 2022–23 due to broad vaccine coverage, gains from supply-side reforms and regulatory relaxation, healthy export growth, and the availability of fiscal headroom to increase capital spending. The coming year could see an increase in private sector investment, with the financial system in a good position to support the economy's recovery. The above prediction is the same as what the World Bank and Asian Development Bank said about real GDP growth in 2022 and 2023: at 8.7% and 7.5%, respectively.

After contracting by 7.3% in 2020-21, the Indian economy is expected to increase by 9.2% in real terms in 2021-22. This indicates that overall economic activity has surpassed pre-pandemic levels. Almost all indicators reveal that the second wave in Q1 had a significantly smaller economic impact than the full lockdown phase in 2020–21.

Agriculture and associated industries have been the least affected by the pandemic, and the industry is anticipated to grow by 3.9% in 2021-22, up from 3.6% the previous year. Importantly, the sector's outstanding performance was aided by government initiatives that assured regular supplies of seed and fertiliser in the face of pandemic-related interruptions. It was aided by good monsoon rains, which resulted in reservoir levels that were higher than the 10-year normal.

The industrial sector recovered quickly, rising from a 7% decline in 2020–21 to an 11.8% expansion this fiscal year. The manufacturing, construction, and mining sub-sectors saw a similar swing, but the utility sector witnessed a more subdued cycle because fundamental services such as power and water supply were maintained even during the national lockdown. The contribution of industry to GVA is presently estimated to be 28.2%.

The pandemic has had the greatest impact on the services industry, particularly those involving human interaction. This industry is expected to increase by 8.2% this fiscal year, following a decrease of 8.4% the previous year. It should be emphasised that there is a large range of performance across sub-sectors. Both the finance/real estate and public administration categories are now significantly higher than pre-COVID levels. However, industries such as travel, tourism, and hotels have yet to fully recover.

Total consumption is expected to increase by 7.0% in 2021-22, with government consumption continuing to be the largest contributor, as it was in the previous year. Government consumption is expected to increase by 7.6% over pre-pandemic levels. Private consumption is also expected to have improved a lot, getting back to 97% of what it was before the pandemic. With more people getting vaccinated and the economy getting back to normal more quickly, private consumption is likely to improve even more.

Investment, as measured by Gross Fixed Capital Formation (GFCF), is predicted to expand by 15% in 2021-22, returning to pre-pandemic levels. The government's policy focus on accelerating the virtuous cycle of growth through capex and infrastructure spending has enhanced capital formation in the economy, raising the investment-to-GDP ratio to over 29.6% in 2021-22, the highest in seven years. While private investment recovery is still in its early stages, there are numerous signs that India is set for more investment. A strong and clean banking sector is equipped to effectively support private investment.

In terms of exports and imports, India's exports of products and services have been unusually high from 2021-22. Despite many pandemic-related worldwide supply constraints, merchandise shipments exceeded the US$ 30 billion for eight consecutive months in 2021–22. In terms of demand, India's overall exports are predicted to increase by 16.5% in 2021-22, reaching pre-pandemic levels. Imports recovered rapidly as local demand increased and the price of imported petroleum and metals continued to rise. Imports are predicted to increase by 29.4% in 2021-22, reaching pre-pandemic levels. However, the current account deficit is projected to remain manageable.

Despite the global pandemic's disruptions, India's foreign exchange reserves are comfortable, the same was around US$ 634 billion on December 31, 2021, equivalent to 13.2 months of imports and is greater than the country's external debt.

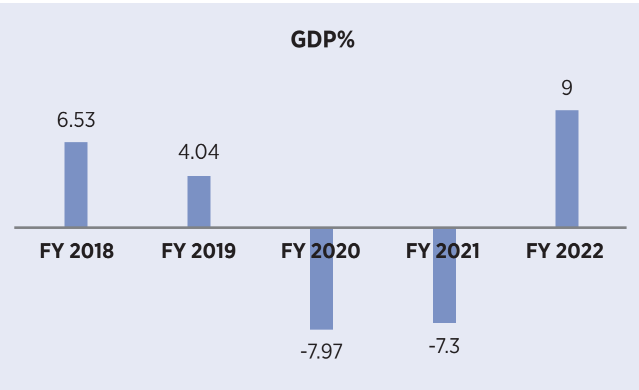
In both industrialised and emerging economies, inflation has resurfaced as a global issue. During the year, global inflation was fuelled by a jump in energy prices, non-food commodities, input prices, disruption of global supply networks, and rising freight costs. In India, Consumer Price Index (CPI) inflation fell to 5.2% in 2021-22 (April-December) from 6.6% in the previous year. In December 2021, it was 5.6% (YoY), which was within the intended tolerance zone. Food inflation eased, causing retail inflation to fall in 2021-22. However, wholesale price inflation (WPI) has been in the double digits.

The fiscal stimulus provided to the economy, as well as the health response, resulted in an increase in the budget deficit and government debt in 2020–21. However, government revenues have seen a big rebound in 2021-22. The government's revenue receipts increased by 67.2% year-on-year (YoY) from April to November 2021, compared to a 9.6% increase in the 2021-22 Budget Estimates over provisional actuals. Both direct and indirect tax collections have been strong. Since July 2021, gross monthly GST collections have been over ₹ 1 lakh crore.

During unstable times, the financial sector is always a potential source of stress. However, India's financial markets have performed admirably, allowing Indian enterprises to mobilise unprecedented amounts of risk capital. Furthermore, the banking system is well funded, and NPAs appear to have fallen fundamentally. Since 2018-19, the Gross Non-Performing Advances (GNPA) ratio (GNPAs as a percentage of Gross Advances) and Net Non-Performing Advances (NNPA) ratio of Scheduled Commercial Banks (SCBs) have been declining. The SCB GNPA ratio fell from 7.5% at the end of September 2020 to 6.9% at the end of September 2021.

Another defining element of India's economic response has been a focus on supply-side reforms rather than a reliance solely on-demand control. These supply-side changes include deregulation of various industries; process simplification; elimination of legacy difficulties such as "retrospective taxation," privatisation; production-linked incentives; and so on. Even the government's substantial rise in capital investment can be viewed as a demand and supply reaction, as it builds infrastructure capacity for future growth.

The overall macroeconomic stability indicators imply that the Indian economy is well positioned to meet the challenges of 2022–23, and one of the reasons for this is the Indian economy's distinctive response plan.



(Source: NSO, Economic Survey Report, IMF)

Outlook

Although India will not be fully immune to the effects of the Russia-Ukraine conflict on global supply chains, its fundamentals remain strong. The country's resilience stems from its reliance on both internal demand-driven growth and rising connectedness with the global economy, as well as its concentration on export-led growth.

In its most recent prediction, the Asian Development Bank has been upbeat about the Indian economy. It forecasted 7.5% growth in FY 2022 and 8% growth in FY 2023, supported by increased public infrastructure expenditure and a pickup in private investment, and complimented India's reaction to the COVID-19 outbreak and effective immunisation effort. It noted that the Government of India's plans to build logistics infrastructure, incentives to encourage industrial production, and steps to boost farmer income will contribute to the country's accelerated recovery.

INDUSTRY OUTLOOK REAL ESTATE AND HOUSING SECTOR

The Indian housing sector is critical to the country's economic prosperity. More than 350 ancillary industries in the country are supported by the housing/construction and real estate sector. The residential real estate sector, which had been in decline for some years, has revived as a result of systematic structural changes and policies implemented such as the Real Estate (Regulation and Development) Act (RERA), GST, and so on. The Indian government's call for "Housing for All" has also brought affordable housing to the forefront, driving demand for the hitherto underserved sector. Real estate sector in India is expected to reach US$ 1 trillion in market size by 2030, up from US$ 200 billion in 2021 and contribute 13% to the country's GDP by 2025. The key market segments - residential, retail, hospitality, and commercial real estate are all growing at a significant pace, providing the much-needed infrastructure for India's growing needs.

The pandemic constraints in H1 2020 and H1 2021 harmed the Indian residential real estate market. This impact, however, has been steadily diminishing as we move further away from the arrival of the first wave. With the second wave having passed by the end of H1 2021, the market was able to endure the mild tremors created by the third wave of the Omicron variety in early 2022, thanks to a better economic and business environment and a greater awareness of the pandemic.

While home sales volumes in H2 2021 approached a six-year high, sales in H1 2022 have convincingly broken through and achieved the highest level since the first quarter of 2013. Benign borrowing rates and relatively low property prices, together with the revived desire for home ownership generated by the pandemic have been the principal drivers of this expansion. Growing by 60% in YoY terms, the sale of 1,58,705 units during H1 2022, was 19% higher than the preceding period of H2 2021 despite home loan interest rates increasing due to the 90 bps repo rate hike during the same period.

Development activity has risen in tandem with the improved demand despite the increasing costs of input material and labour across markets. During H1 2022, a total of 1,60,806 units were launched. The YoY growth is up 56%. Even in sequential terms, launch volumes were 25% higher than the previous year. The H2 2022 is expected to be mostly unaffected.

In H1 2022, demand momentum was robust throughout markets, with Kolkata being the lone exception market in which sales volumes fell sequentially. With the second-largest sales share, NCR was the most active market, with sales volumes increasing by 154% year-on-year. Mumbai accounted for 28% of overall sales, the highest of any market. Among other significant markets, Bengaluru had a similarly good performance, with sales increasing by 80% year-on-year to 26,667 units in H1 2022. Increased hiring and consistent income growth in cities dominated by the Information Technology (IT) industry, such as Bengaluru, boosted homebuyer demand.

Consistent with the growing trend witnessed in the previous three periods, the share of sales in the ₹ 1 crore range has increased, the above ticket-size increased dramatically to 25% in H1 2022, up from 20% the previous year. This could be ascribed to homeowners' need for larger living areas with better amenities, and the fact that pandemic-induced revenue disruptions had little effect on higher income groups did for the other people. The share of home sales in the ₹ 50 lakh ₹ 1 crore range fell from 39% in H1 2021 to 34% in the present period. While this may appear important, the longer-term trend of mid-size category sales continue to increase. In comparison, while sales volumes in the ₹ 50 lakh and less ticket-size have expanded substantially with the market, this segment's share has consistently declined over the last five years.

The increase in sales volumes during H1 2022 is especially important because it coincided with a very encouraging price rise across all markets. For the first time since H2 2015, prices have increased year on year across all markets. Prices rose in the range of 3-9% YoY across markets, with prices in the major markets of Mumbai, NCR, and Bengaluru rising at the top of this growth band at 6%, 7%, and 9% YoY, respectively. Nonetheless, rising instances of developers providing larger value add such as better finished/furnished apartments were seen, particularly at the end of H1 2022.

The unsold inventory level decreased slightly from 4,40,117 units in H1 2021. The high sales increase also reduced the quarters to sell (QTS) level to 7.8 quarters from 10.9 quarters in H1 2021. QTS represents the number of quarters required to exhaust unsold inventory and is determined by dividing existing unsold inventory by the average sales of the eight trailing quarters from the analysis period to account for seasonal volatility.

The current year, FY2023 promises to be far better and in spite of the hardening of interest rates, the economic environment is much more positive as compared to both FY2021 and FY2022. That notwithstanding, the sector is on the mend, as shifting trends indicate that it is once again on the radar of buyers and investors. In FY 23, it is anticipated that strong and positive momentum would continue to prevail in the Indian real estate market due to increased demand. A favourable economic outlook will contribute to the market's improvement. The majority of rating agencies have projected India's growth to be between 8 - 9%. Increased housing demand is a logical consequence of the expansion of commercial operations, the improvement of the labour market, and rising income levels.

INDIA MARKET SUMMARY

Parameter	2021	2021 Change (YOY)	H1 2022	H1 2022 Change (YOY)
Launches (housing units)	2,32,382	58%	1,60,806	56%
Sales (housing units)	2,32,903	51%	1,58,705	60%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft)
Source: Knight Frank Research
(Source: Knight Frank H1 FY2022 Report, News reports)

In India, the service class is the main socio-economic section and the primary homebuyer. Following the reforms and the pandemic, the markets have shifted to being driven by end users, as prices have stayed range-bound for an extended period of time, effectively eliminating investors and speculators. The most suitable components for housing sector expansion include a developing country with rapid urbanisation, rising nuclear households, and an increasing population.

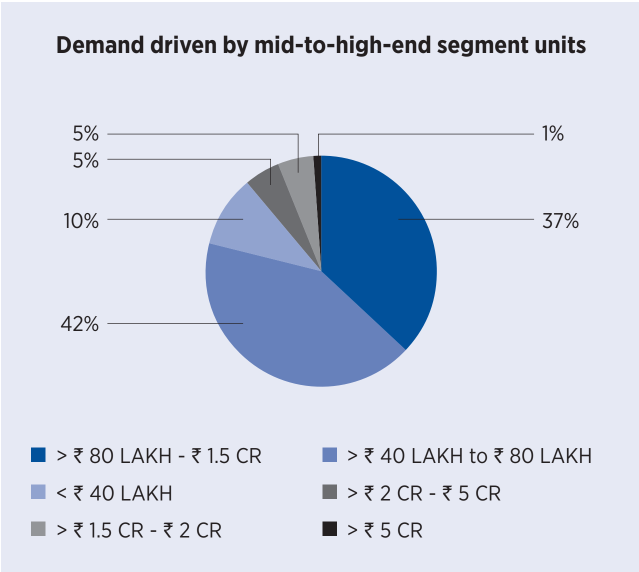
According to Anarock Research, finding new patterns among purchasers and their preferences reveals more insights to support future plans.

- Mid-to-high-end sector units are the most popular, accounting for 79% of overall demand.
- The market was dominated by demand for 2 BHK flats (38%), followed by 3 BHK units (26%).
- With a 68% share, service class purchasers dominate housing demand.
- The business and professional classes accounted for roughly 26% of total housing demand.
- End-users account for 90% of the Indian housing market.

Key Markets	Demand Drivers
Bengaluru, Chennai, Hyderabad, Mumbai Metropolitan Region, Pune	Demand driven by mid-to-high-end segment units
Kolkata, National Capital Region (NCR)	Demand driven by affordable-to-mid-end segment units

(Construct the below infographic)

Pan India



(India Residential Real Estate, Report, Anarock Group)

A few key emerging growth drivers that are likely to shape the future of the Indian residential real estate sector include:

Key emerging growth drivers

Demand for larger homes: As a result of the forced lockdown, prolonged WFH, and online education, people are looking for larger homes – even if it means moving to the suburbs to accommodate their finances. There is a significant demand for 2 BHK and 3 BHK, as well as 1 BHK, because the excess space may be transformed into a temporary office.

Self-owned homes: Compared to apartments, self-owned residences (villas or row houses) give greater social distance. Consequently, the need for plotted developments is increasing. Housing needs may increase in Tiers II and III cities: Reverse migration is increasing across the length and width of India as urban inhabitants seek to remain secure and with their families. In addition, since WFH is the new standard, professionals can now work from their homes. Consequently, there may be an increase in housing demand in Tier II-III cities.

Increased digital adoption: The epidemic accelerated the rate of digital adoption in the real estate industry. Homebuyers find it convenient to do virtual site tours and talks and to only interact closely with real estate developers in the closing stages. According to Anarock, out of 10 virtual site visits conducted for prospecting, only the top three chosen projects are currently visited in person by homebuyers. The tendency is likely to persist in the future.

Emphasis on Affordable-To-Mid-Segment: Affordable-to-mid-segment housing will continue to be in demand as homeowners with a penchant for new property acquisitions seek to reduce the size of their investments. In the top seven cities of India, 70 to 75% of the supply has been in this segment, which is also where the demand rests. Amid static prices and historically low house loan interest rates of 6.75 to 7%, affordability is at an all-time high.

Under the Pradhan Mantri Awas Yojana - Urban, the government has built Affordable Rental Accommodation Complexes (ARHCs) for migrant workers/urban poor to address the need for adequate rental housing at an affordable price (PMAY-U). This will make life easier for urban migrants and the underprivileged in the industrial sector.

HOUSING FINANCE INDUSTRY - STRUCTURE & DEVELOPMENT

Housing finance companies play an important role as an alternate funding route for the real estate and housing sectors. They are an integral component of the entire non-banking finance company (NBFC) group and are governed by the Reserve Bank of India and National Housing Bank (NHB) directions/guidelines. Since August 2019, the RBI has taken over as the regulatory authority for HFCs from the NHB, clubbing them with Retail-NBFCS. According to the NHB, there are 80 registered HFCs in India.

The domestic home credit market has grown steadily over the last five years, with the exception of the two years of COVID-19, when the pandemic-induced state-wide lockdown had a significant influence on overall building activity. The repatriation of 80% of the construction workforce of migrant labourers to their villages exacerbated the situation. The shrinking labour market, combined with slowing income growth, harmed demand from end-users, particularly self-employed borrowers.

The second wave of the pandemic reduced HFC disbursements around the end of Q4 FY2021 and Q1 FY2022, however, this was followed by a rapid recovery in Q2 FY2022. ICRA anticipates the on-book portfolio of non-banking financial companies-housing finance companies (NBFC-HFC) in India to be around ₹ 11.6 lakh crore as of September 30, 2021, representing a 9% year-on-year rise in H1 FY2022. Going forward, the growing trend is likely to continue, backed by solid industrial demand, rising economic activity, and increased immunisation in the country. However, there is a possibility of substantial disruptions caused by the latest wave of pandemic or subsequent waves, if any. Furthermore, the regulator's actions to strengthen the structural, regulatory, and supervisory framework for NBFCs, particularly the tighter non-performing advances (NPA) recognition/upgradation norms, may result in a greater emphasis on internal controls, which may have an impact on sectoral growth.

The second wave of the pandemic slowed sequential growth in the housing portfolio in Q1 FY2022, however, Y-o-Y growth was higher than in FY2021 because of the low growth in Q1 FY2021. Disbursements increased in Q2 FY2022, while the portfolio increased both Q-o-Q and Y-o-Y. Given the recent three years of moderate growth, pent-up demand is likely to enable the industry to see portfolio growth in FY2022, with the trend expected to continue in FY2023. The third wave's impact on industry operations has been minimal. ICRA maintains its FY2022 growth projection of 8-10% for the on-book portfolio of HFCs. Furthermore, the on-book portfolio of HFCs is expected to rise by 9-11% in FY2023.

Concerns about gross NPAs, the second wave of infections and the protracted weakness in the operational environment have hampered the recovery since Q3 FY2021, resulting in a decrease in collection efficiency (CE) and thus worsening in asset quality measures in Q1 FY2022. Nonetheless, the industry had a rapid recovery in CE in Q2 FY2022, and gross NPAs (GNPAs) decreased by roughly 50 bps in Q2 FY2022. Because of the pandemic's impact on borrowers' cash flows, the industry's outstanding restructured portfolio increased to around 2.3% (adjusted for repeat restructuring, recoveries, and slippages) of assets under management (AUM) as of September 30, 2021, up from around 1.1% as of March 31, 2021. ICRA anticipates the restructured book to be around 2.0-2.1% of AUM by March 31, 2022, due to recoveries and slippages.

Though the continued improvement in CE bodes well for the industry, asset quality is likely to remain low in FY2022 due to the relatively sticky nature of GNPAs in the sector, expected slippages from the restructured book, the third wave of the pandemic, and the impact of tighter regulations regarding NPA upgradation. As of March 31, 2022, the reported GNPAs

(Gross Stage 3) are expected to be in the 3.6-3.8% range. In FY2023, some improvement is projected, with GNPA forecasts of 3.2-3.5% as of March 31, 2023.

In terms of liquidity, HFCs have maintained healthy on-balance-sheet liquidity for the last few quarters and have gradually reduced their reliance on short-term funding sources such as CP, which has helped improve asset-liability mismatches in the near-term buckets. Given the tough climate, they are projected to maintain healthy liquidity in the near future. Optimistically, assuming collection efficiency trends continue to improve and slippages remain under control, profitability may benefit from provision reversals.

In the future, HFC might expand by 13% in FY2022-23. The economic drivers remain strong, and the impact of rising interest rates is likely to diminish. This, combined with the demand for more housing during the pandemic bodes favourably for financiers, driving overall assets under management (AUM) growth higher. Because of increased geographic penetration and a likely increase in ticket size, affordable home financing companies could see considerable loan growth in 2022-23.

Government Initiatives

In the Union Budget for FY2022-23, the Indian government announced a number of initiatives that are anticipated to have a positive impact on the real estate and housing finance industries. Here are a few of them:

- An additional ₹ 48,000 crore has been up for the Pradhan Mantri Awas Yojana (PMAY).
- 8 million homes under PMAY are expected to be finished in FY23 for identified eligible beneficiaries.
- To make recommendations on development policies for urbanisation, an expert committee will be established.
- Town planning schemes, transit-oriented development, and building bye-laws will all be updated.
- To enable IT-based management of land records, states are urged to adopt the Unique Land Parcel Identification Number.
- The implementation of "One-Nation One-registration software" for a standardised procedure for document and deed registration.
- "Data Centres" and "Energy Storage Systems" have infrastructure status (including dense charging infrastructure and grid-scale battery systems)
- The Special Economic Zones Act of 2005 will be replaced with new legislation, and States will take part.
- If the amount on which tax is to be withheld is greater than ₹ 50 lakh, the withholding tax on the transfer of immovable property is to be computed at 1% of consideration or stamp duty value, whichever is larger. Currently, the Act does not take the stamp duty value into account.
- Units of Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), and Alternative Investment Funds (AIFs), SWF and PF exemption are now included in the anti-abuse measures for dividend stripping and bonus stripping.

Tax Incentives on Home Loans

Individuals are eligible for tax benefits on home loans for up to ₹ 5 lakh. Section 80C allows for a deduction of up to ₹ 1.5 lakh for principal repayment and Section 24 allows for a deduction of up to ₹ 2 lakhs for interest payment (b). The government also added an additional tax deduction of up to ₹ 1.5 lakh for first-time homebuyers on the home loan interest component under Section 80EEA to help the affordable housing market. This deduction is in addition to the Section 24 tax deduction.

Individuals can take advantage of house loan tax savings for loans made jointly. This suggests that each person can claim tax savings of up to ₹ 1.5 lakh and ₹ 2 lakh on their home loan principal and interest, respectively, if two people have registered for a joint home loan. The co-applicants would receive an extra tax deduction of up to ₹ 1.5 lakh because they are purchasing a home for the first time, giving them a combined tax advantage of ₹ 10 lakh, provided they complete the necessary requirements. The same holds true if the borrowers desire to make further tax claims under Income Tax Act Section 80EE. Additionally, women borrowers are eligible for an interest rate discount of up to 0.05% in situations when the co-applicant is a female family member.

The tax deduction for house loan interest has been expanded to include two self-occupied residential properties beginning of Assessment Year 2020–21 with certain conditions.

Revised Regulatory Framework Issued by RBI to benefit HFCs

The RBI vide its notification of November 12, 2021, provided clarification on income recognition, asset classification, and provisioning (IRAC) norms for banks, NBFCs, including HFCs, and All-India Financial Institutions. The key points include the classification of special mention accounts (SMA) and non-performing accounts (NPA) on a day-end position basis; upgrading from an NPA to a standard category only after clearance of all outstanding overdue; harmonisation of "out of order" status of CC/OD; and treatment of delays in interest payments on a 90-day overdue basis.

The impact of the Reserve Bank of India's (RBI) notification on the recognition and upgradation of non-performing advances (NPAs) for housing finance companies (HFCs) was visible in Q3 FY2022; NPAs as per the tightened Income Recognition, Asset Classification, and Provisioning (IRAC) norms were higher by about 70 bps for HFCs.

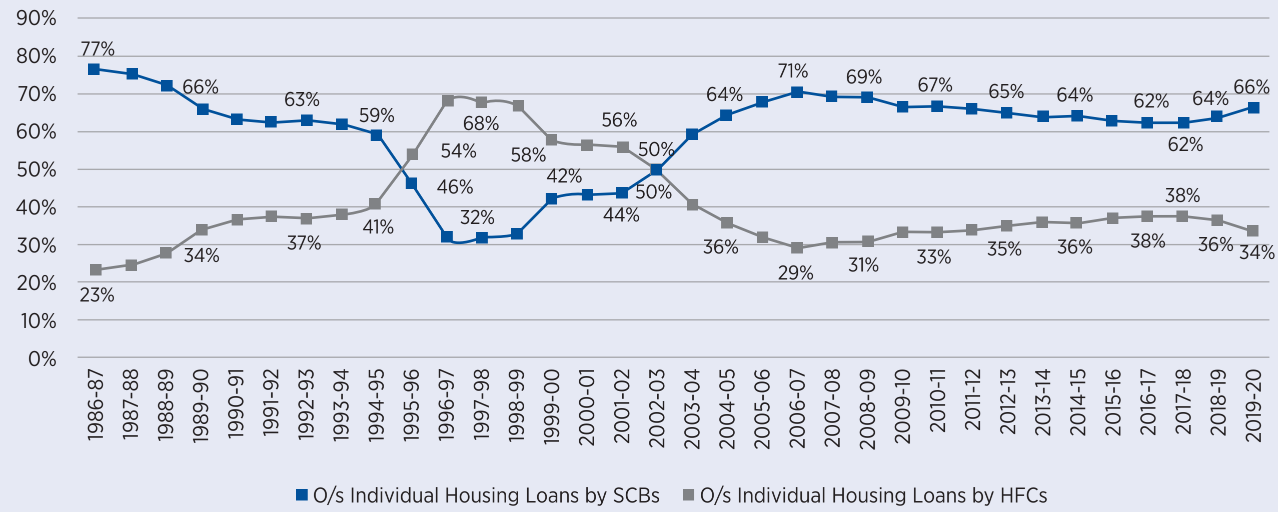
Entities that experienced a lower impact from the second wave of the COVID-19 pandemic had higher expected credit loss (ECL) provisions or saw less divergence between their gross stage 3 (GS3) as per IndAS and the NPA as per the tightened IRAC norms, have aligned their GS3 reporting by factoring in the tightened NPA norms.

As of December 31, 2021, around 25% of HFCs (in loan book terms) had not linked their GS3 with NPAs. The NPAs for these HFCs increased by 1.0% as a result of the stricter regulations. According to ICRA, several entities have been boosting their provisions since the onset of the pandemic and carry higher provisions, including an overlay, in light of the pandemic's uncertainty.

COMPETITION

The domestic home loan market is seeing intense competition with banks and non-bank financial companies vying for a slice of the most secure credit segment. Amid a general slowdown in retail credit growth in the recent past, banks are targeting home loan growth. Further, special sops on stamp duty by states and other benefits by the central government have helped increase home sales. This augurs well for growth in home loans. However, competition has intensified in the sector. Banks are estimated to have increased their share to 66% as compared to HFC's share of 34%.

Increasing Share of Banks in Housing Loans



PE investments

Private equity (PE) funds and institutional investors have been investing in construction finance through structured agreements and mezzanine financing in recent years, while NBFCs are more particular about the quality and liquidity of the assets they choose to invest in. Due to their exposure to real estate, NBFCs, of which HFCs are also a part, have been consistently cautious, which has given private equity firms a strong pipeline of real estate project financing transactions. There is a rise in private investment in the sector, driven by rising transparency and rewards.

India's real estate market is anticipated to receive PE investments of US$ 6.8 billion in the calendar year (CY) 2022. It got USD 1,180 million in Q1 2022, up 98% Q-o-Q from Q4 2021 when it had received investments totalling US$ 597 million from PE firms. According to a Knight Frank analysis, the office segment received 62% of private equity investments in Q1 2022. Retail received 21%, warehousing received 10%, and residential received 6%.

The fact that residential investments in Q1 2022 totalled US$ 73 million is significant. Institutional investors expressed interest in the residential market during the year because of the pandemic-induced acceleration in momentum and the growing importance of home ownership. With exposure to risk capital and equities, which reached an all-time high of 81% in 2021, the residential sector demonstrated confidence.

Despite the fact that investors' interest in different real estate asset classes remained robust in 2021, rising global tensions resulting from the Russia-Ukraine war and the impact of Omicron in the first half of the year were seen as limiting investments. With the push for infrastructure spending, investments are expected to reach US$ 6.8 billion in the next three quarters of 2022, returning them to levels seen before the pandemic.

OPPORTUNITIES

The residential real estate segment's FY 2023 outlook is positive, supported by high multi-year absorption, which is driven by pent-up demand, improved affordability, conducive home loan interest rates, certain state incentives, and the flexible working model adopted by corporates as a result of COVID-19. The sales momentum is predicted to continue, with sales in the top seven cities expected to increase by 3% in FY2023. During the first nine months of FY2022, the average realisation went up by 4%. This was because of changes in the mix of products and price changes to cover rising costs of inputs.

New product launches are likely to pick up significantly, thanks to reduced inventory overhang and consistent demand. ICRA anticipates launches to reach a six-year high of 400 million square feet in FY2023, up from 330 million square feet in FY2022.

This bodes well for the housing finance sector, which focusses mostly on retail house loans. With mortgage penetration in India being far lower than in developed and emerging countries, there is significant room for development in demand for housing loans. Mortgage penetration in India has increased over the years as a result of easier financing, tax breaks, and lenders' expanding reach. Favourable interest rate settings, bolstered by regulatory reforms like the RERA and tax breaks, have increased home purchasers' confidence in making a purchase.

The current crisis has also forced the financial services industry to adopt new methods of operation. COVID-19 has boosted the rate of digital adoption in the loan industry and throughout the value chain. Lenders have also reconsidered their product offerings and altered their current business models. The "reverse migration" has increased the demand for homes in Tier II and Tier III cities. Aside from providing new business prospects, this is bound to assist in reducing geographical risk in the HFCs' portfolio as the HFCs expand their commercial scope.

Following the transfer of HFC regulation to the RBI, HFCs will be considered as one of the types of NBFCs for regulatory purposes. This regulatory convergence will level the playing field for HFCs and NBFCs, discouraging or eliminating the opportunity for regulatory arbitrage and thereby benefiting the HFCs.

BENEFITS OF BUYING PROPERTY

- Real estate is a rapidly expanding industry. Real estate investments can be much safer than other types of investments. Investing in a property is less sensitive to frequent fluctuations and has a low risk of theft. Furthermore, because real estate has a longer pricing cycle than other assets with shorter pricing cycles, real estate prices are more predictable and steadier. With residential space coming up in numerous locations across the country, including tier 2 and tier 3 cities, one can profit from Sections 54 and 54F's exemption on long-term capital gains tax on investment in a residential property.

- With the world's focus turning from China to India, real estate investment may be a rewarding alternative in the current environment. The number of jobs in the country is likely to increase with more and more foreign corporations moving to India. With the influx of cash, more people are likely to buy homes, increasing the market for real estate.

- Actual estate investment returns outperform inflation, providing you with real earnings. In comparison to other high-reward options such as direct shares, real estate can provide a higher return. The process of investing in real estate is also relatively simplified, with legal procedures such as registrations and stamp duties in place, limiting the likelihood of loss due to fraud or scams.

- Home loans might help you save money on taxes, which helps to cut investment costs and make it much more reasonable.

To summarise, the Indian real estate sector is booming, and being a part of it can provide lucrative returns in the future.

THREATS (BOTTLENECKS)

HFCs in India are currently encountering liquidity and funding issues, which are resulting in slower growth or degrowth and potential ALM mismatches in the short term. This is also predicted to have a negative impact on HFCs' borrowing profile and profitability. The COVID-19 pandemic has exacerbated HFCs' liquidity woes, with the RBI's lending embargo impacting their collection efficiencies and, as a result, asset quality and profitability. Furthermore, the market is very competitive, so demonstrating profitable expansion while preserving asset quality will be crucial. Overall, NBFCs, particularly HFCs, are dealing with issues related to the performance of their restructured loan book, which raises concerns about asset quality when these loans exit moratorium. The Russia-Ukraine conflict offers macroeconomic concerns such as cost inflation, increased interest rates, and currency volatility, all of which could put a strain on asset quality. The increased number of late loans in the retail and MSME segments following COVID is also a major source of concern.

The second wave of the pandemic first affected HFC payouts in FY 2022, followed by a rapid recovery in the latter half. The industry faces a downside risk if the new wave of COVID-19 infections causes severe disruptions. Furthermore, the regulator's actions to strengthen the structural, regulatory, and supervisory framework for NBFCs, particularly the tighter non-performing advances (NPA) recognition and upgrade norms, may result in a greater emphasis on internal controls, which may have an impact on sectoral growth.

Regarding gross NPAs, the second wave of infections and the protracted weakness in the operational environment has hampered the recovery since Q3 FY2021, resulting in a decrease in collection efficiency (CE) and thus a worsening in asset quality measures in Q1 FY2022. Nonetheless, the industry had a rapid recovery in CE in Q2 FY2022, and gross NPAs (GNPAs) decreased by roughly 50 bps in Q2 FY2022. Because of the pandemic's impact on borrowers' cash flows, the industry's outstanding restructured portfolio increased to around 2.3% (adjusted for repeat restructuring, recoveries, and slippages) of assets under management (AUM) as of September 30, 2021, up from around 1.1% as of March 31, 2021. The restructured book is estimated to be roughly 2.0–2.1% of the AUM by March 31, 2022, due to recoveries and slippages. The GNPAs are expected to be 3.6-3.8% as of March 31, 2022, up from 3.3-3.6% as of March 31, 2022.

In terms of liquidity, HFCs have maintained healthy on-balance-sheet liquidity for the last few quarters and have gradually reduced their reliance on short-term funding sources such as CP, which has helped improve asset-liability mismatches in the near-term buckets.

OUTLOOK

In recent years, the housing finance business has expanded at a strong rate, driven by rising demand from a growing population due to economic and social development, the government's persistent emphasis on promoting housing, and a growth-friendly regulatory framework. Favourable industry factors, including a growing population, low mortgage penetration, rising affordability, and the increasing nuclearisation of families, have contributed to the loan book expansion of HFCs during the past decade.

According to India Ratings and Research, HFCs could rise by 13% annually in 2022–23, compared to 11% in the current fiscal year. Affordable home financing companies may experience robust loan growth as a result of expanding geographic penetration and a likely increase in ticket size.

Borrowers' affordability has improved as a result of low interest rates, steady property prices, and the limited impact of the pandemic on job losses and salary growth in the salaried class. This, along with the need for more housing space during the pandemic, is good news for financiers who want to raise the overall growth of assets under management (AUM) despite the fierce competition.

Due in part to the adoption of the circular on NPA classification, the industry has navigated the COVID-19 pandemic with only mild disruptions in collection efficiency and an increase in asset quality. Gross stage 3 numbers of HFCs could climb to 3.3% in 2022-23 from 2.8% in the third quarter of the current fiscal year and an expected 2.9% for the entire current fiscal year. This is primarily owing to the reconstructed book's slippages. As observed in the third quarter of the fiscal year, the broad stage 3 number could increase by 70 bps as a result of the change in NPA recognition criteria. In addition, 2% of AUM is supported by financing under the Emergency Credit Line Guarantee Scheme, which is likewise susceptible to slippage.

Affordable Housing and Affordable Housing Finance to drive long-term growth

Rapid urbanisation and migration to cities have resulted in significant urban housing shortages in India, especially among the economically disadvantaged. Against this backdrop, the government and the Reserve Bank of India have launched a variety of measures to increase the availability of affordable housing, even as loan disbursements and new project launches in this category have increased dramatically.

India offers first-time homebuyers an additional tax deduction of ₹ 1.50 lakh under Section 80EEA of its income tax law if the unit is worth up to ₹ 45 lakh. Such a borrower may also be eligible for a subsidy under the Pradhan Mantri Awas Yojana (PMAY). The government's policy assistance boosted the appeal of affordable housing in India. According to PropTiger.com, this has led to an increase in both the number of homes sold and the number of homes available in the second most populous country in the world.

In fact, 43% of total property sales in India's eight major housing markets were under ₹ 45 lakh, the price limit required to qualify for government subsidies on home purchases in India. Overall sales in India's eight main housing areas climbed 13% in 2021 when compared to overall sales in 2020.

In a society where house ownership has traditionally been vital for families, the concept gained currency after the pandemic, which highlighted the necessity of one's home as one's sole true safe haven. Even younger millennials and Gen Z, who are more likely to rent, recognised the benefits of house ownership during the pandemic.

According to PropTiger.com, the price range of up to ₹ 45 lakh provided 41% of the year's new supply in these eight areas in 2021. 2.14 lakh units were launched in these markets in 2021, up from 1.22 lakh units the previous year, representing a 75% increase. The residential markets of Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Delhi-NCR (Gurugram, Noida, Greater Noida, Ghaziabad, and Faridabad), MMR (Mumbai, Navi Mumbai, and Thane), and Pune are among the residential markets studied.

Apart from government subsidies, record low house loan interest rates have also been a significant driver of home sales in the country in 2021, even as the economy slowly recovered from the shock of the pandemic's second wave during the year. More vigorous activity in the housing market is projected in 2022, particularly in the affordable housing segment.

The Central Government's ₹ 48,000-crore investment to increase the supply in the affordable housing segment in both rural and urban areas is a positive step that will help to expedite the aim of "Housing for All." However, in addition to expanding supply, there is a need to increase demand in the segment through tax breaks, stamp duty exemptions, and raising the ceiling for properties to qualify as affordable in major cities to further incentivise homebuyers.

The affordable housing finance companies (AHFCs), which had previously grown at much faster rates than the total housing finance industry, experienced a slowing in growth in FY2021 as a result of the COVID-19-induced problems in the operating environment. According to ICRA, AHFC loan book growth declined by 10% year-on-year in FY2021 and Q1 FY2022 due to Covid wave 2 lockdowns, whereas portfolios were unchanged as of June 30, 2021, compared to March 31, 2021. Growth in AHFCs resumed in the second and third quarters of FY2022, with disbursements reaching 85-90% of peak levels in the fourth quarter of FY2022. As a result, as of December 31, 2021, the AHFCs reported a 14% year-on-year growth, with the figure expected to rise to 12 to 15% in FY 2022. Overall, while growth has slowed relative to the long-term norm, it remains greater than the overall home finance industry average.

Covid 2.0 put pressure on these players' asset quality metrics, and delinquencies, particularly in the softer buckets, increased dramatically. However, as collection efficiency improved in Q2 and Q3 FY2022, delinquencies in the softer buckets decreased.

Simultaneously, reported gross NPAs/Stage 3% increased as businesses harmonised their reporting with the RBI's clarification on IRAC regulations. To put this into context, the 30-day past due rate for some AHFCs fell from 9% on June 30, 2021, to 6.8% on December 31, 2021, but the reported GNPA/ Stage 3 rate grew marginally from 4.2% on June 30, 2021, to 4.3% on December 31, 2021.

These entities' liquidity profiles are projected to remain favourable, underpinned by substantial on-balance-sheet liquidity and comfortable capitalisation levels. Simultaneously, the availability of finance lines would be critical for growth. The banking channel and the NHB will continue to be important sources of additional investment. Better margins and a reduction in borrowing costs helped these AHFCs improve their profitability profile in 9MFY2022. While rising business volumes increased operating expenses, the impact was mitigated by a drop in credit costs.

As of December 31, 2021, the total loan book of AHFCs was ₹ 66,221 crore, accounting for approximately 6% of the total HFC loan book. AHFC loan books are predicted to rise by 17–20% in FY2023, owing to factors such as a largely untapped market, a favourable demographic profile, government trust in housing, and a favourable regulatory/tax environment that underpin the growth outlook. ICRA anticipates the reported gross NPA/ stage 3% to be reduced in FY2023, backed by book growth and limited fresh slippages, as the operational environment and business outlook improve. With stable net interest margins and enhanced operating efficiencies due to increased scale and credit cost moderation, the return on assets (RoA) for these AHFCs is expected to be between 2.5% and 2.7% in FY2023. In the long term, the capacity to enhance operating efficiencies and minimise credit costs would help boost return indicators.

Growth Factors

Future growth for HFCs is anticipated to be reasonable. Their assets under management (AUM) are anticipated to increase by 8–10% in FY2022 and by 9-11% in FY2023. Although managing the restructured loan book will be necessary, the overall asset quality is anticipated to improve. ICRA predicts that in FY2023, the return on managed assets (RoMA) for HFCs will be close to the pre-COVID levels of 1.8-2.0%, respectively. Managing operational effectiveness and reining in incremental slippages would continue to be essential. In FY2023, assuming the companies continue to maintain their liquidity buffer at current levels, HFCs will need additional fresh investment to meet their expansion requirements.

HFCs' Core Strengths

According to ICRA, the second wave of the pandemic reduced HFCs disbursements and collection efficiency (CE) in Q1 FY2022, following a strong recovery in H2 FY2021. However, it began to improve by the end of June 2021 and continued to improve in consecutive quarters. The industry's solid demand, rising economic activity, and increased immunisation in the country resulted in a steady increase in disbursements and an improvement in CE in FY2022.

In terms of liquidity, HFCs have maintained healthy on-balance-sheet liquidity for the last few quarters and have gradually reduced their reliance on short-term funding sources such as CP, which has helped improve asset-liability mismatches in the near-term buckets. Given the tough environment, ICRA anticipates that HFCs will maintain healthy liquidity in the future. Regardless of business improvement, persistent asset quality challenges will keep credit costs elevated thereby affecting net interest margin (NIM). High-yielding product mix such as builder and Loan against Property (LAP) loans will be partially replaced by lower-yielding products such as affordable housing loans and house loans to self-employed consumers.

As traditional borrowing methods such as term lending from banks and capital market borrowings have shrunk, HFCs are relying on loan securitisation, which saw an unprecedented increase. According to ICRA, securitisation volumes, primarily generated by non-banking financial companies (NBFC) and housing finance companies (HFC), increased by 43% to 1.25 lakh crore of assets in FY2022, up from 0.87 lakh crore in FY2021 due to the commencement of the COVID-19 pandemic.

The present pandemic's migration of people to their hometowns in Tier II and Tier III cities has also generated a major opportunity in terms of prospective demand for affordable homes in such places. Despite obstacles, the underlying demand for housing in India is expected to remain robust due to factors such as the government's emphasis on affordable housing, favourable demographics, urbanisation, improving affordability, and so on. Furthermore, timely steps made by the Government of India and the Reserve Bank of India are likely to alleviate the housing and housing finance sectors, alleviating pressure and making funds available for distressed areas.

SEGMENT-WISE REPORTING

Segments have been identified in accordance with the Accounting Standard for segment reporting, taking into account the organisational structure and the varying risks and returns of these segments. LIC Housing Finance Ltd. (the Company / LICHFL) is entirely engaged in the Housing Finance business, from which it derives the majority of its revenue.

RISKS AND CONCERNS

Risk management is an essential component of the Company. Risk management measures include risk assessment, risk catalogue, risk appetite framework, risk planning, risk culture, internal controls, and good governance. The Company specifies risk appetite, functional policies, and key risk indicators (KRIs) expressly to define the level and sort of risk that it is willing to take. The Company has a risk management structure that proactively identifies risks, implements robust risk mitigation measures, and continuously reviews them. As a housing finance company, the Company's performance is dependent on adequate risk management.

The Board has delegated risk management responsibilities to its risk management committee (RMC), which analyses the efficacy of our risk management framework, offers crucial supervision, and determines if it is commensurate with the risk tolerance limits established.

Credit risk, interest rate and market risk, liquidity risk, and operational risk are the main risks connected with the business of HFCs. Over the years, LICHFL has developed solid business planning and processes to reduce risks arising from unfavourable liquidity conditions, interest rates and currency changes, employing tools such as time-bucket wise liquidity statements, duration gap and forex exposure reports.

The Company continuously optimises its asset liability management function in order to safeguard and mitigate any adverse fluctuations in liquidity, interest rates, and currency rates. The sensible procedure guarantees that, to the greatest extent possible, Net Interest Income (NII) is not adversely affected by adverse changes in the aforementioned risks.

The following are some of the primary dangers and mitigations:

1. Credit Risk

Credit risk is the risk of debt default caused by a borrower's failure to make required payments of principal or interest to the lender. Almost all types of credit extensions subject lenders to default risk. If the customer is unable to settle the dues within 90 days of the due date, the loan is classed as a Non-Performing Asset (NPA) in the Company's books.

A standardised credit approval procedure is in place, which includes a comprehensive credit risk assessment that includes a study of pertinent quantitative and qualitative data to determine the borrower's creditworthiness. The loans are disbursed in lump sums based on the progress of construction of the security etc. and are repaid in Equated Monthly Instalments (EMIs). On an ongoing basis, the Company undertakes a dynamic and static analysis of data and portfolio, identifies trends and red flags where the action is required, and takes corrective steps based on data analytics output.

The Company has a Standard Operating Procedure (SOP) document in place that clearly describes the due-diligence guidelines, which include credit evaluation, legal appraisal, technical appraisal, verification, value, documentation, and so on. The SOP is evaluated on a regular basis and, if necessary, amended based on lessons learned and industry trends.

2. Market Risk

Market risk is the risk of a decline in the value of the Company's trading assets or an increase in the value of its trading liabilities as a result of changes in interest rates, credit spreads, external variables, or prices in the market where the assets and liabilities are exchanged. Balance sheet items such as floating-rate home loans, floating-rate developer loans, Non-Convertible Debentures (NCDs) with options, bank loans with options, foreign currency bank loans, coupon swaps, and so on are vulnerable to market risks. This danger can be classified into two types:

i. Interest Rate Risk

Interest rate risk refers to fluctuations in the Company's net interest income and the value of its assets and liabilities caused by adverse interest rate movements, such as hardening or softening by market forces or RBI intervention. Higher interest costs on liabilities or lower interest yields on assets could be detrimental. Maturity mismatches or re-pricing of assets and liabilities are common occurrences in the lending industry that pose significant risks.

The Company monitors the composition and pricing of assets and liabilities on a regular basis, which aids in managing this risk. Furthermore, the Asset Liability Committee (ALCO) Committee of the Company actively reviews the interest rate scenario and monitors the ALM position to take relevant actions as needed.

ii. Liquidity Risk

It is the risk of not having enough liquid assets or having limited access to the financing market to fulfil contractual maturities of liabilities, regulatory requirements, or the Company's investment needs. Furthermore, the finance company must have sufficient liquidity at all times to manage redemptions, higher-than-expected disbursements, operational expenses, and so on. External factors such as CRR increases, increased government borrowing programmes, and advance tax outflows, among others, may have an influence on the Company's liquidity. Simultaneously, any excess liquidity is damaging to the business.

The Company manages its fund flow activities, assets, and obligations prudently, based on a profound grasp of market conditions developed over decades of expertise. The management also establishes the standards for preserving liquid investments in order to meet quick liquidity needs. The Company's borrowing strategy is based on changing market liquidity conditions and business requirements. To reduce such risks, the Company's well-diversified pool of resources aims to optimise its borrowings between short-term and long-term debt.

3. Operational Risk

Operational risk is the risk of loss arising from insufficient or failed internal procedures, people, and systems or external events. Any breach of people, processes, or systems may result in capital, financial, and reputational harm. If it is unable to successfully apply its operational controls, LICHFL's operational and financial growth could be negatively impacted. Effective Company operations and adequate controls are ensured by the Company's dependable internal control systems and regular monitoring methods. In addition, the organisation has implemented tight MIS reporting procedures to mitigate these risks.

The operational risks can be subdivided into the subsequent groups:

i. Compliance Risk

As a housing financing firm, LICHFL is obligated to adhere to numerous regulations of a number of authorities, government agencies, associations, etc. The Company's inability to comply with ever-changing rules and regulations may have a negative effect on its business operations and finances. As the Company is governed by NHB and RBI, registered with ROC, and its equity shares are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), and Luxembourg Stock Exchange, it is crucial that the Company adheres to all applicable regulations. The Company's appointed Compliance Officer takes the utmost care of all obligations on an ongoing basis in order to assure compliance.

ii. Legal Risk

It is the cost of litigation resulting from cases that result from a lack of legal due diligence. The lending nature of the firm necessitates the execution of numerous legal contracts to protect their interests. Any omission, carelessness, deceit, or wrongdoing in legal due diligence or other legal processes may result in legal risk. As lending money for/against home loans is the Company's principal activity, it is likewise susceptible to these legal concerns. The Company's legal and technical teams have extensive sector experience and a high level of knowledge. A competent legal staff monitors rigorous legal procedures and systems for title verification and legal evaluation of all loan documents. The Company also has clearly established customer delivery criteria and the operational mechanism to adhere to these standards in order to minimise customer complaints.

4. Regulatory Risk

The operations of the Company are governed by numerous regulatory and governing organisations. Inability of the Company to comply with ever-changing norms and regulations may have an influence on business continuity. To mitigate these risks, the Company thoroughly evaluates and controls all changes/directives/rules issued or expected to be issued by various such authorities' viz. NHB, SEBI, RBI, etc., and amends its operations and systems as needed.

5. Competition Risk

The highly fragmented housing finance market's lucrative prospects represent a danger from competitors, which may result in revenue loss or market share loss. Because of economic growth, greater urbanisation, government incentives, credit acceptance in society, and the rise in nuclear families, the housing finance business is expected to attract a large number of new players. With a proven track record of positive ALM and decreased NPA, the Company has established a distinct reputation in the sector in which it works. To reduce risk, the Company continues to emphasise customer-centricity, the use of cutting-edge infrastructure facilities, including IT interfaces, and effective marketing techniques. Because of its long-standing position in the market and nimble team across verticals, the Company is constantly striving to stay ahead with enhanced product offers, prices, and customer service.

ASSET LIABILITY MANAGEMENT

The Company adheres to the NHB-issued "The Asset Liability Management System for Housing Finance Companies – Guidelines." The Company's Asset and Liability Management (ALM) policy has been approved by the Board. The policy stipulates the prudential gap limits, tolerance limits, and reporting system. Periodically, the Asset Liability Management Policy is reviewed to integrate regulatory changes or to realign the policy with changes in the economic environment. The Asset Liability Management (ALM) reports are periodically evaluated by the Asset Liability Committee (ALCO), which then periodically updates the Board on ALM-related matters.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

LICHFL has implemented a system of internal controls according to its size and operations. The organisation adheres to stringent procedures, systems, policies, and processes to ensure accuracy in recording financial information, protection of assets from unauthorised use, prevention and detection of frauds and errors, completeness of accounting records, timely preparation of accurate financial information, and compliance with statutes and laws. Regular internal audits and inspections guarantee that responsibilities are carried out successfully. Management routinely reviews the internal auditors' reports and initiates remedial actions to reinforce the controls and improve the efficacy of the existing systems. The Audit Committee of the Board is provided with summaries of all reports and actions taken.

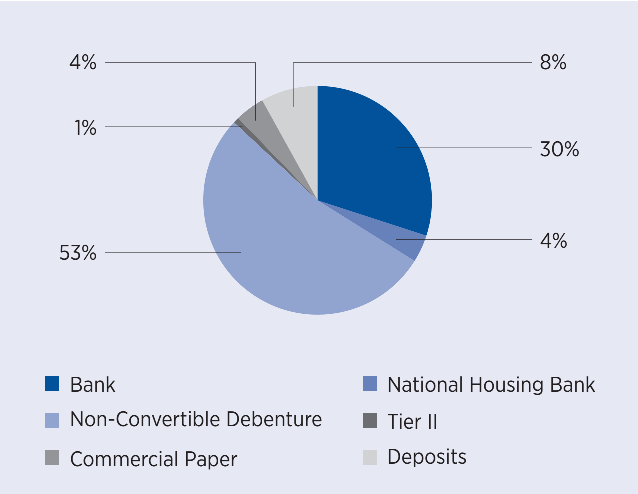
DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE FINANCIAL / FUND MANAGEMENT

The Company's borrowing is planned with ALM gaps, interest rate mismatches, and current market conditions in mind. LIC Housing Finance has received the top rating from CRISIL and CARE rating agencies for bank borrowings, non-convertible debentures, commercial paper, and public deposit plans, which has aided the Company in obtaining money at highly favourable rates. As a benchmark for asset pricing, the Company's prime lending rate is frequently evaluated and altered. Since 97% or so of the asset portfolio has a floating rate, the Company revalues the loan assets in response to changes in the Company's prime lending rate at predetermined intervals. The Company additionally assesses the fund position on a daily basis and parks excess funds in fixed deposits and liquid mutual fund schemes in accordance with Board-approved policy in an effort to minimise negative carry. The derivative contracts that the Company carefully enters into to control the risks associated with changes in interest rates are periodically reviewed, and the Company unwinds such transactions as needed.

As on March 31, 2022

Source	Wtd Avg Cost (%)
Banks	5.43%
National Housing Bank	5.72%
Non-Convertible Debenture	7.43%
Tier II	7.30%
Commercial Paper	4.46%
Fixed Deposits (including public deposits)	5.84%
Total	**6.52%**

Outstanding Borrowing – ₹ 2,23,884



During FY22 Incremental Cost of funds was 5.10%.

During Q4 FY22, Incremental Cost of funds was 5.14%.

STATEMENT OF COMPLIANCE

Standalone Financial Statements of the Company have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ("the Ind AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India (RBI) to the extent applicable.

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 Company presents its Balance Sheet in the order of liquidity.

BASIS OF PREPARATION OF IND-AS FINANCIAL STATEMENTS

The Company has prepared these Standalone Financial Statements, which comprises the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2022, and accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "Financial Statements") on the historical cost basis except for certain financial instruments and certain employee benefit assets, which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

In addition, for financial reporting purposes, fair value measurements are categorised within the fair value hierarchy into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

>Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

>Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are only available in Indian Rupees (₹) and all values are rounded to the nearest Crore except when otherwise stated.

PERFORMANCE / OPERATION HIGHLIGHTS

For the year ending March 31, 2022, total disbursements amounted to ₹ 61,848 crore, a 12% increase over ₹ 55,223 crore for the same time in the previous year. Individual house loan disbursements increased by 14% to ₹ 53,662 crore compared to ₹ 46,927 crore for the same period in the previous fiscal year, while overall project loan disbursements decreased to ₹ 1,312 crore from ₹ 3,012 crore for the previous fiscal year. The entire outstanding portfolio increased by 8% to ₹ 2,51,120 crore from ₹ 2,32,003 crore the previous year.

For the year ending March 31, 2022, the revenue from operations was ₹ 19,919 crore, compared to ₹ 19,847 crore for the year ending March 31, 2021. which corresponds to an increase of 0.36%. The Net Profit After Tax for the fiscal year ending on March 31, 2022 was ₹ 2,287.28 crore, compared to ₹ 2,734.34 crore in the prior year's same period. The Net Interest Margin (NIM) for fiscal year 2022 was 2.29%, down from 2.37% in fiscal year 2021. The amount of taxation for the year was ₹ 490.87 crore, compared to ₹ 614.23 crore in the prior year. The 12-month Net Interest Income (NII) increased by 6% to ₹ 5,535 crore from ₹ 5,245 crore in the prior year. For the fiscal year ending on March 31, 2022, a dividend of 425%, was declared, the same as the prior year.

Due to the easing of the pandemic situation in India and the Company's good business initiatives, the performance of the Company during the most recent quarter improved significantly on all fronts. Overall, FY 2022 was a turbulent year in which the Company was able to neutralise pandemic's impacts and recover.

IMPAIRMENT ASSESSMENT

The following references detail the Company's impairment assessment and measuring methodology. This section should be read alongside the Summary of important accounting policies. In accordance with Ind AS 109, the Company recognises 12-month expected credit losses when credit risk has not increased significantly since initial recognition and lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition, taking into account all reasonable and supportable information, including that which is forward-looking.

DEFINITION OF DEFAULT

The Company considers a financial instrument to be in default and consequently Stage 3 (credit-impaired) for ECL calculations when the borrower falls ninety days behind on his contractual commitments. The three stages describe the typical trend of a financial instrument's credit deterioration. The accounting variations between stages pertain to the recognition of anticipated credit losses and the computation and presentation of interest income.

Stage-wise Categorisation of Loan Assets

The Company categorises loan assets into stages based on the Days Past Due status:

Stage 1 [0-30 days Past Due]: It consists of exposures for which there has been no significant increase in credit risk since initial recognition and which were not credit impaired at the time of origination. The Company applies the same criteria outlined in the standard and assumes that when the number of days past due surpasses '30', the probability of default has greatly increased. Therefore, the Company recognises as a collective provision, for loans with fewer than 30 days past due, the amount of the lifetime ECL associated with the chance of default events occurring during the next 12 months.

Stage 2 [31-90 days Past Due]: The Company collectively evaluates ECL for exposures that have experienced a substantial rise in credit risk since first recognition, but are not credit impaired. For these exposures, the organisation recognises a lifetime ECL as a collective provision. (i.e., reflecting the remaining lifetime of the financial asset).

Stage 3 [More than 90 days Past Due]: The Company identifies, both collectively and individually, ECL for credit-impaired exposures based on whether or not one or more events that have a negative impact on the projected future cash flows of that asset have happened. The Company applies the same criteria outlined in the Standard and assumes a default has occurred when the number of days past due exceeds 90 days.

RETAIL LOANS:

As of March 31, 2022, the loan book of the Company constituted 81.24% of the retail portfolio. The average loan to value for retail loans ranges between 45 and 50% (as opposed to the regulatory limit of 90% for loans up to ₹ 30 lakh and 80% for loans above ₹ 30 lakh and up to ₹ 75 lakh and 75% for loans above ₹ 75 lakh), and the instalment to income ratio is 31.92%, both of which are among the lowest in the industry. The loan's modest average ticket size of ₹ 24.82 lakh and pan-India business distribution sufficiently disperse the risk. Legislations such as the SARFAESI Act encourage the Company's use of one of the most effective NPA recovery systems in its category.

Depending on the structure of the financial instruments and the credit risk information available for specific groups of financial instruments, an entity may be unable to detect significant changes in credit risk for individual financial instruments before they go past due. In the case of retail loans, the financial instruments are backed by a sufficient margin of the underlying security to absorb the risks. As a result, the Company has done a collective evaluation of the large rise in credit risk for retail loans by examining information suggestive of a major increase in credit risk on groups of financial instruments.

To determine significant increases in credit risk and to recognise loss allowance on a collective basis, the Company has grouped financial instruments based on shared credit risk characteristics with the goal of facilitating an analysis that will enable significant increases in credit risk to be identified on a timely basis.

PROJECT LOANS:

As of March 31, 2022 the loan book represented 5.16% of the project portfolio. Project loans are significantly fewer in quantity than mortgage loans, but they are more valuable per loan. Internal credit ratings are also applied to the loans. However, the Company lacks a history of loans migrating from one rating to the other over a sufficient enough period of time to create a valid transition matrix. For arriving at the default rate, the Company employed a transition matrix prepared and published by a leading rating agency in India.

Credit Quality Analysis – Classification on the basis of risk pattern (Collective and Individual Basis)

(₹ in Crore)

Parameter	Stage 1		Stage 2		Stage 3		Total	
	Outstanding Balance	Impairment Loss	Outstanding Balance	Impairment Loss	Outstanding Balance	Impairment Loss	Outstanding Balance	Impairment Loss
As at March 31, 2022	2,31,853.54	579.32	7,665.50	240.11	11,616.40	5,019.68	2,51,135.45	5,839.12
As at March 31, 2021	2,08,018.16	117.16	14,336.50	37.17	9,659.13	3,745.19	2,32,013.80	3,899.53
As at March 31, 2020	1,94,678.78	0.10	9,605.48	0.15	6,316.16	2,612.20	2,10,600.42	2,612.45

ECL MODEL AND ASSUMPTIONS CONSIDERED IN THE ECL MODEL

The Company has used the Markov chain model to figure out how likely it is that retail loans will not be paid back. In a Markov chain model for loans receivable, a delinquent account changes from one state to another every quarter. For example, an account that is in the "Regular" state this quarter will stay in that state next month if a payment is made by the due date. If no payment is made during that quarter, the account will be in the "90 days past due" state. The Markov chain model is also useful because it keeps the order and timing of events on the path from "Regular" to "Defaulted." For instance, an account that is in the "Regular" state doesn't become "Defaulted" all of a sudden.

Instead, an account must go from "Regular" to "90 days past due" to "180 days past due" and so on every month until the foreclosure process is over and the collateral assets are sold to pay off the debt. In the Markov chain, the transition matrix shows how receivables move from one state or classification to another over time. The transition looks at the quality of the loan or how the loan is collected. People often call the elements of the matrix "roll-rates" because they show how likely it is that an account will change from one state to another in one period. The movement of delinquency matrix is another name for the transition matrix.

In order to make the transition matrix, the loan portfolio from the last few quarters is looked at. Each loan is followed up on to see how it has done over the last few quarters. The days past due are grouped into 6 buckets namely Regular [0 days past due], 1 to 90 days past due, 91 to 180 days past due, 181 to 270 days past due, 271 to 365 days past due and above 365 days past due. In the next quarter, the loan could stay in the same bucket, move to the next bucket, or go back to the previous bucket, depending on how much the customer paid back. The time between buckets is 90 days, and the data points that are looked at are every three months. The total number of changes from one bucket to another in the last quarter to the current quarter is found by adding up all of the loans that have happened over the last few quarters. To make the transition matrix, the Company looked at quarterly loan performance data starting with the quarter ending June 30, 2013, and going forward. To make the transition matrix, the total number of times this type of transition happens is turned into percentage.

The Company used a transition matrix that was put together and published by a top rating agency in India to figure out the default rate for Project loans. This is because the company doesn't have enough information about how the loan changed from one rating to another over a long period of time to make a reliable transition matrix. So, matrix multiplication is used to figure out the transition matrix.

Probability of Default

Stage 1 – [No significant increase in credit risk]: For the purpose of calculating the likelihood of default for loan accounts where the risk has not dramatically grown since the debt was formed, the quarterly normalised transition matrix is converted into a 12-month transition matrix using the Markov model. The Company applies the same standards outlined in the standard and believes that when the amount is past due for more than "30 days," there is a considerable rise in the probability of default. One-year default probability is therefore taken into account for loans for which the number of days past due is less than 30.

Stage 2 – [Significant increase in credit risk]: For debts that are more than 30 days past due but less than 90 days past due, the credit risk is assumed to have significantly increased. Lifetime default probability should be taken into account for such loans. The probability of default is calculated based on the loan's maturity date to determine the amount that is most likely to fall into the category of loans that are "90 days past due" and above. When determining the transition matrix that applies to a loan given its maturity date, the quarterly transition matrix is employed.

Stage 3 – [Defaulted loans]: According to the standard, unless an entity provides sufficient and supportable facts to show that a more lagging default criterion is more suitable, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. When a loan enters the "90 days past due" bucket, the Company assumes that a default has happened.

Exposure at default

The client's ability to raise its exposure as it nears default as well as potential early repayments are both taken into account in the exposure at default (EAD), which represents the gross carrying value of the financial instruments subject to the impairment calculation. The one-year transition matrix represents the probability of default (PD) of a loan that is fewer than 30 days past due [Stage 1]. This PD is used to calculate the amount of the loan that is most likely to become past due by 90 days or more in the upcoming 12 months. The transition matrix of the loan's associated maturity period serves as a representation of the PD for a loan that is at least 30 days past due but less than 90 days past due [Stage 2]. This PD is used to calculate how much of a loan, during the course of the loan's remaining life, is likely to fall into the buckets of 90 days past due and above. A debt that is 90 days past due [Stage 3] has a 100% PD because it has already been in default. The amount of the loan that is in default on the valuation date is measured using this PD over the remaining term of the loan.

Loss given at default

Value of collateral property: The loans are secured by adequate property. The property value for loans that are more than 90 days past due is updated periodically. When determining Expected Credit Loss, such collateral property's current value should be taken into account. The realisable period has been taken into consideration for estimating the Present Value of Collateral since the Company starts the NPA account recovery process within the allotted time period under SARFAESI and other applicable legislation.

ASSET LIABILITY MANAGEMENT (ALM)

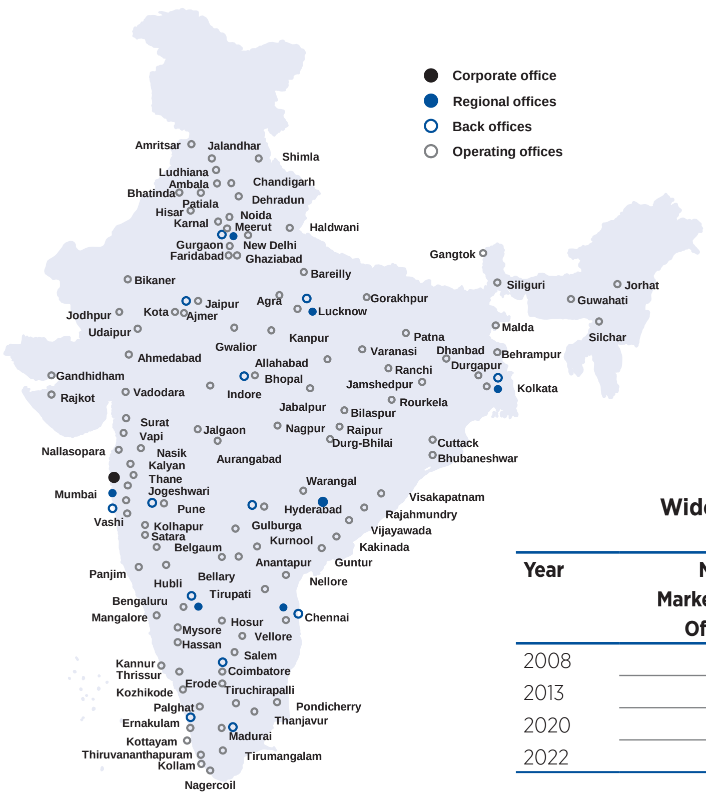
All assets and liabilities are classified into time periods based on contracted maturities or projected re-pricing dates. Housing Finance is the Company's major business, and the Asset Liability Management (ALM) framework's primary goal is to maintain liquidity in order to achieve the Company's growth expectations while also honouring its pledged repayments. The Company's ancillary activity, investment, is generated from this ALM requirement, and it is critical to constantly monitor the liquidity of the Company's assets in order to meet its fundamental aim.

The Company's Asset Liability Management Committee (ALCO) oversees the effective management of risk associated with derivative transactions. The Company determines, measures, and monitors the risk involved with derivative transactions. It has an internal process in place to undertake regular reviews of outstanding contracts, which are reported to the ALCO & Risk Management Committee of the Board, which in turn reports to the Board of Directors.

MARKETING

LICHFL has established itself as a market leader and has one of the most extensive marketing networks in India. The Company has a well-spread network of 9 Regional Offices, 282 Marketing Offices, 24 Back Offices to handle credit evaluation and administrative tasks, and a centrally-operated Customer Service Point as of March 31, 2022. In order to develop its presence in the global market, the Company has also established representative office in Dubai. The organisation has built a strong team of Home Loan Agents, Direct Selling Agents, and Customer Relationship Associates to ensure last-mile contact with end clients.

Throughout the year, the Company publicised its products in various parts of the country through various media, which served as a catalyst for successful marketing.



- 9 Regional Offices
- 24 Back Offices
- 282 Marketing Offices
- Rep office in Dubai
- Coverage of more than 450 centres
- 2467 Employees

Widening footprint... improved efficiencies

Year	No of Marketing Offices	No. of Back Offices	No. of Regional Offices	No. of Employees	Loan Portfolio ₹ Crore
2008	125	14	6	985	21,936
2013	194	16	7	1,446	77,812
2020	282	24	9	2,392	2,10,578
2022	282	24	9	2,467	2,51,120

RECOVERY MANAGEMENT

The amount of gross Non-Performing Assets (NPAs) as at March 31, 2022 was ₹ 11,616.40 crore, which is 4.64% of the loan portfolio of the Company, as against ₹ 9,659.13 crore i.e., 4.23% of the loan portfolio as at March 31, 2021. The net NPA as at March 31, 2022 was ₹ 6,596.73 crore i.e. 2.69% of the loan portfolio vis-à-vis ₹ 5,913.93 crore i.e. 2.59% of the loan portfolio as at March 31, 2021. The total cumulative provision towards housing loan portfolio including provision for standard assets as at March 31, 2022 is ₹ 3,332.16 crore as against ₹ 2,758.93 crore in the previous year.

Asset categorisation and provisioning modifications for anticipated credit loss are reported on an Expected Credit Loss (ECL) basis under Ind AS 109. According to the same technique, the provisions for ECL were ₹ 5,839.12 crore on March 31, 2022, up from ₹ 3,899.53 crore on March 31, 2021. Stage 3 Exposure at Default was 4.64% as of March 31, 2022, compared to 4.12% as of March 31, 2021. The Company is always focusing on expediting the recovery by launching all-out efforts and allocating greater resources to the critical sector of its operations. In March 2022, the collecting efficiency was 99%.

HUMAN RESOURCES DEVELOPMENT

The Company believes that the most important factor influencing the expansion of the organisation is its human resources. It ensures a secure, accommodating, and effective working environment throughout all of its operations. Through various programs like performance and appraisal, learning management, talent management, internal and external training courses, etc., the Company ensures the welfare and professional growth of its workforce. Its human resources practices provide a work environment that promotes employee contentment, steadfast motivation, and a high retention rate. The Company regularly evaluates its business and personnel rules to enhance working practices.

As of March 31, 2022, the Company had 2,467 employees. The loan asset per employee was ₹ 101.79 crore as of March 31, 2022, while the net profit per employee was ₹0.93 crore.

DISCLAIMER

This report contains “forward-looking statements” within the meaning of relevant laws, rules, and regulations. These statements describe the Company’s goals, plans, estimates, and expectations. The Company disclaims all liability in the event that actual results considerably differ from those projected due to changes in internal or external causes. These statements are based on various assumptions about anticipated future events.

BOARD'S REPORT

To the Members of LIC Housing Finance Limited

Your Directors are pleased to present the Thirty Third Annual Report together with the Audited Financial Statements for the year ended 31st March, 2022 of LIC Housing Finance Limited ('the Company').

FINANCIAL RESULTS

(₹ in crore)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit before Tax	2,778.15	3,348.57
Tax Expense	(490.87)	(614.23)
Profit after Tax	2,287.28	2,734.34
Other Comprehensive Income	(4.72)	(2.40)
Total Comprehensive Income	**2,282.56**	**2,731.94**
Appropriations		
Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	859.99	829.99
Statutory Reserve u/s 29C of NHB Act,1987	0.01	0.01
General Reserve	700.00	700.00
Dividend	467.55	403.73
Balance carried forward to next year	255.01	798.21
	2282.56	**2731.94**

DIVIDEND

The Company has in place a Dividend Distribution Policy formulated in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which intends to ensure that a rationale decision is taken, with regard to the amount to be distributed to the shareholders as dividend, after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. The Policy also lays down various parameters to be considered by the Board of Directors of the Company before recommendation of dividend to the Members of the Company.

Considering the performance of the Company during the financial year 2021-2022, the Board of Directors felt the need to strike a balance between being prudent and conserving capital in the Company, while at the same time catering to the expectations of shareholders, also considering the Dividend Distribution Policy , have recommended payment of dividend for the financial year ended 31st March, 2022 of ₹ 8.50 per equity share of face value of ₹ 2/- per share i.e. @ 425 percent . The total dividend outgo for the current year would amount to ₹ 467.55 crore, same as for the previous year. The dividend payable shall be subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

Further, pursuant to the requirements of SEBI Circular no. SEBI/LAD-NRO/GN/2016-17/008 dated July 8, 2016 the Dividend Distribution Policy is available on the website of the Company at https://www.lichousing.com/static-assets/pdf/DIVIDEND%20DISTRIBUTION%20POLICY%202021.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true and forms part of this Board's report as Annexure - 7.

INDIAN ACCOUNTING STANDARDS

The Company 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. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

PERFORMANCE

Income and profit

The Company earned total revenue of ₹ 19,953.02 crore for the FY 2021-22 as compared to ₹ 19,847.69 crore, registering an increase of 0.53 percent which is marginally higher in the FY 2020-2021 than the previous year. The percentage of administrative expenses to the housing loans, which was 0.30 percent in the previous year, has increased to 10 bps to 0.40 percent during the financial year 2021-22 , mainly due to the onetime expenses on account of the arrears paid to the employees pursuant to the wage revision approved by the Board, which was due from August 2017 and has been paid in the month of July ,2021.

Profit before tax and after tax stood at ₹ 2,778.15 crore and ₹ 2,287.28 crore respectively as against ₹ 3,348.57 crore and ₹ 2,734.34 crore, respectively, for the previous year. The variance was on account of higher ECL provisioning made by the Company as compared to the previous year.

LENDING OPERATIONS

LIC Housing Finance Limited is a Housing Finance Company registered with National Housing Bank (NHB) and is mainly engaged in financing purchase / construction of residential flats / houses to individuals and project finance to developers, Loan against Property (LAP), Lease Rental Discounting (LRD) etc. All other activities revolve around the main business of the Company.

As at 31st March, 2022 the loan book constituted of 94.83 per cent of retail portfolio and 5.17 per cent of project portfolio. (As per IND-AS)

Retail loans:

During the year the main thrust continues on individual housing loans. The Company has sanctioned 242,382 Retail loans amounting to ₹ 62,507.58 crore and disbursed 243,951 loans aggregating to ₹ 60,536.10 crore during FY 2021-22. Retail loans constitute 97.56 percent of the total sanctions and 97.88 percent of the total disbursements for the FY 2021-22 as compared to 96.77 percent and 94.54 percent respectively during the FY 2020-21. The gross retail loan portfolio grew by 10.23 % percent from ₹ 2,16,047* crore as on 31st March, 2021 to ₹ 2,38,142* crore as on 31st March, 2022.

(* IND-AS Portfolio of retail loans)

The cumulative sanctions and disbursements since incorporation, in respect of Retail loans are:

Amount sanctioned: ₹ 5,12,841.78 crore

Amount disbursed: ₹ 4,91,116.77 crore

32,50,274 customers have been serviced by the Company up to 31st March, 2022 since inception. The number of live customers on 31st March, 2022 were 14,34,207.

Project loans:

The project loans sanctioned and disbursed by the Company during the year were amounting to ₹ 1,563.79 crore and ₹ 1,311.70 crore respectively. Corresponding figures for the previous year were ₹ 2,096.77 crore and ₹ 3,011.25 crore. These loans are generally for short durations, giving better yields as compared to individual housing loans.

The Company adopted a cautious approach in the sanction and disbursement of Project Loans, as due to the impact of COVID, there was dip in the launch of the new projects , sharp decline in the profitability of the existing projects and delay in the completion of projects.

AWARDS AND RECOGNITIONS:

- Global CSR, Excellence & Leadership Award 2021-22
- Recognized as one of the "The Best Organization for Women" by Economic Times
- Economic Times awarded LIC HFL as one of the "Best Brands for 2021"
- Recognized by Kendriya Sainik board for Valuable contribution in the past to Veer Naaris

MARKETING AND DISTRIBUTION

During the year under review, opening of 2 new offices were initiated and 2565 of new Marketing Intermediaries were recruited to further strengthen the distribution network. The distribution network of the Company consists of 282 Marketing Offices and 1 Customer Service Point. The distribution network also includes 50 offices of LICHFL Financial Services Ltd., wholly owned subsidiary company engaged in distribution of various financial products including housing loan. The Company has representative office in Dubai.

REPAYMENTS

During the F.Y. 2021-2022, ₹ 38,927.64 crore was received by way of scheduled repayment of principal through monthly instalments as well as prepayment of principal ahead of schedule, as compared to ₹ 32,151.50 crore received in the previous year.

NON-PERFORMING ASSETS AND PROVISIONS

The amount of gross Non-Performing Assets (NPAs) as at 31st March, 2022 was ₹ 11,616.40 crore, which is 4.64 percent of the loan portfolio of the Company, as against ₹ 9,659.13 crore i.e., 4.16 percent of the loan portfolio as at 31st March, 2021. The net NPA as at 31st March 2022 was ₹ 6,596.73 crore i.e. 2.69 percent of the loan portfolio vis-à-vis ₹ 5,913.93 crore i.e. 2.59 percent of the loan portfolio as at 31st March, 2021. The total cumulative provision towards housing loan portfolio including provision for standard assets as at 31st March, 2022 is ₹ 3,332.16 crore as against ₹ 2,758.93 crore in the previous year.

During the year, the Company has written off ₹ 23.03 crore, no amount had been written off in the previous year.

RESOURCE MOBILISATION

During the year, the Company mobilised funds aggregating to ₹ 95,249.50 crore by way of the Non-Convertible Debentures (NCDs), Term Loans / Line of Credit (LoC) / Working Capital Demand Loan (WCDL) from banks, NHB refinance, Commercial Paper and Fixed Deposits. The Company raised an amount of ₹ 2,335 crore's through issue of equity share on preferential basis to LIC of India. The following is a brief about the various sources of fund mobilised during FY 2021-2022:

NON-CONVERTIBLE DEBENTURES (NCDs)

During the year, the Company issued NCDs amounting to ₹ 24,322 crore on a private placement basis which have been listed on Wholesale Debt Segment of National Stock Exchange of India Ltd. The NCDs have been assigned highest rating of 'CRISIL AAA/Stable' by CRISIL & 'CARE AAA/Stable' by CARE. As at 31st March, 2022, NCDs amounting to ₹ 1,18,977.76 crore were outstanding. The Company has been regular in making repayment of principal and payment of interest on the NCDs.

As at 31st March, 2022, there were no NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the said NCDs became due for redemption. Accordingly, the amount of NCD remaining unclaimed or unpaid beyond due date is Nil.

TIER II BONDS

As at 31st March, 2022, the outstanding Tier II Bonds stood at ₹ 1,795.44 crore. Considering the balance term of maturity as at 31st March, 2022, ₹ 1,795.44 crore of the book value of Tier II Bonds is considered as Tier II Capital as per the Guidelines issued by NHB for the purpose of Capital Adequacy.

TERM LOANS FROM BANK/ LOC / WCDL, REFINANCE FROM NHB / OTHER FINANCIAL INSTITUTIONS / COMMERCIAL PAPER

The total loans / LOC outstanding from the Banks and Other Financial institution as at 31st March, 2022 are ₹ 68,143.04 crore as compared to ₹ 52,013.20 crore as at 31st March, 2021. The Refinance from NHB as at 31st March, 2022 stood at ₹ 8,304.18 Crore as against ₹ 10,119.54 Crore as at 31st March, 2021. During the year, the Company has availed ₹ 3,310 crore Refinance from NHB under various refinance schemes. As at 31st March, 2022, Commercial Paper amounting to ₹ 8,364.22 Crore were outstanding as compared to ₹ 12,230.25 Crore for corresponding previous year. During the year 2021-22, the Company issued Commercial Paper amounting to ₹ 11,646.42 Crore from market as compared to ₹ 12,758.59 Crore for the previous year.

The Company's long term loan facilities have been assigned the highest rating of 'CRISIL AAA/STABLE' and short term loan has been assigned rating of 'CRISIL A1+ & ICRA A1+' signifying highest safety for timely servicing of debt obligations.

TRANSFER OF UNCLAIMED DIVIDEND / DEPOSITS AND SHARES TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, rules made thereunder and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto, the amount of dividend / deposits remaining unclaimed for a period of seven years from the date of transfer to unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) as constituted by the Central Government. Further, as per the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules 2016, the shares in respect of which the dividend has not been claimed for seven consecutive years are required to be transferred by the Company to the designated demat account of the IEPF Authority. The details of the unclaimed dividend/deposits and the shares transferred to the IEPF, are uploaded as per the requirements, on the website of the Company.

UNPAID/UNCLAIMED DIVIDEND

During the financial year under review, your Company has transferred unclaimed dividend of ₹ 1.25 crore, after giving due notice to the members, pertaining to the financial year 2013-14 to the Investor Education and Protection Fund (IEPF), established by the Central Government, on expiry of seven years from the date of transfer to unpaid dividend account.

TRANSFER OF SHARES TO IEPF

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Rules made thereunder, the Company has transferred in aggregate 1,55,374 equity shares of ₹ 2/- each to IEPF in respect of which the dividend remained unclaimed for a period of seven consecutive years i.e. from 2013-14 till the due date of 29th September, 2021 in respect of which, individual notice had also been sent to concerned Shareholders.

Any person who is entitled to claim unclaimed dividend or deposits etc. that have been transferred to IEPF, can claim the same by making an application directly to IEPF in the prescribed form under the IEPF Rules which is available on the website of IEPF i.e. www.iepf.gov.in

FIXED DEPOSITS (INCLUDING PUBLIC DEPOSITS)

As at 31st March 2022, the outstanding amount on account of Public Deposits was ₹ 4,595.48 Crore as against ₹ 7,510.52 Crore in the previous year and outstanding amount on account of Corporate Deposits was ₹ 13,478.02 Crore as against ₹ 10,825.15 Crore in the previous year. During F.Y. 2021-22, the number of depositors has reduced for Public Deposit from 37804 to 26156 and for Corporate Deposit the same number reduced from 1856 to 1831.

₹ 1,165.34 Crore has been collected as Public Deposits, while ₹ 12,523.27 Crore was as collected Corporate Deposits. Total aggregate amount collected was ₹ 13,688.61 Crore.

CRISIL has, for the fifteenth consecutive year, re-affirmed a rating of "CRISIL AAA/Stable" for the Company's deposits which indicates highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk.

The support of the agents and their commitment to the Company has been vital in mobilization of deposits and making the product a preferred investment avenue for individual households and others.

In total 958 Nos. of Fixed Deposits amounting to ₹ 396.57 Crore (out of which 908 are public deposits amounting to ₹ 67.15 Crore) which were due for repayment on or before 31st March, 2022, were not claimed by the depositors. Since then, 331 depositors have claimed or renewed deposits of ₹ 350.34 Crore (out of which 295 are public deposits amounting to ₹ 47.26 Crore) as on 31st July, 2022. Depositors are appropriately intimated for renewal / claim of their deposits. Further, adequate follow-up is made in respect of those cases where Fixed deposits are lying unclaimed.

As per the provisions of Section 125 of the Companies Act, 2013, deposits and interest thereon 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, accordingly, as on 30th June, 2022, ₹ 7.75 lakhs against unclaimed Principal and ₹ 7.48 lakhs against unclaimed interest on deposits has been transferred to IEPF.

Being a Housing Finance Company registered with the National Housing Bank established under the National Housing Bank Act, 1987, the disclosures as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014 read with section 73 and 74 of the Companies Act, 2013 are not applicable to the Company.

REGULATORY COMPLIANCE

Following the amendment in the Finance Act, 2019 and the subsequent notification by the Reserve Bank of India (RBI) in August 2019, HFCs are being treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes and accordingly comes under RBI's direct oversight. The National Housing Bank (NHB), however, would continue to carry out supervision of HFCs. In this regard Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 was notified on February 17, 2021 in supersession of the regulations/ directions as given in Chapter XVII of these directions.

The Company has been following guidelines, circulars and directions issued by the Reserve Bank of India (RBI)/the National Housing Bank (NHB), from time to time. The Company has complied with the Master Direction-Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other directions/guidelines prescribed by RBI regarding deposit acceptance, accounting standards, prudential norms, capital adequacy, credit rating, corporate governance, liquidity, information technology framework, fraud monitoring, concentration of investments, risk management, capital market exposure norms, Know Your Customer, Anti-Money Laundering and the Company also adopted the guidelines on maintenance of Liquidity Coverage Ratio with effect from December 1, 2021, as per RBI master directions.

Your Company has been maintaining capital adequacy ratio as prescribed by the RBI. The capital adequacy ratio was 18.08 percent (as against the regulatory minimum of 15 percent) as at 31st March, 2022, as against 15.28 percent as at 31st March, 2021 (as against the regulatory minimum of 14 percent).

The Company also has been following Directions / Guidelines / Circulars issued by SEBI, MCA, NHB and RBI from time to time, applicable to a Listed Company.

DISCLOSURE UNDER HOUSING FINANCE COMPANIES ISSUANCE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS (NHB) DIRECTIONS, 2014 READ WITH MASTER DIRECTION – NON BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021.

During the financial year under review, the Non-Convertible Debentures issued on private placement basis, were repaid / redeemed by the Company on their respective due dates and there were no instances of any Non-Convertible Debentures which have not been claimed by the investors or not paid by the Company after the date on which the Non-Convertible Debentures became due for redemption.

AUDIT REPORTS AND AUDITORS

Audit Reports and observations

Statutory Audit, Auditor and Statutory Audit Report

The statutory auditors namely M/s. Gokhale & Sathe, Chartered Accountants, Mumbai (Firm Registration No.: 103264W) and M/s. M. P. Chitale & Co., Chartered Accountants, Mumbai (Firm Registration No.: 101851W) were appointed as Joint Statutory Auditors of the Company (Hereinafter collectively referred to as 'Joint Statutory Auditors' / JSAs) for a term of 5 consecutive years at thirtieth AGM held on 28th August, 2019, to hold office until the conclusion of the Thirty Fifth Annual General Meeting to be held in the year 2024. However, as per the guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India vide ref. no.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021, the Company was to appoint the statutory auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms (to be confirmed by the firms in Form B) each year and also to inform RBI (i.e. Central Office of RBI (Department of Supervision)) about the appointment of SCAs/SAs for each year by way of a certificate in Form A within one month of such appointment. Accordingly, the Company obtained the Certificate in Form B, re-appointed the JSAs as the joint Statutory Central Auditors of the Company for a period of 3 (three) years to hold office from the conclusion of the 32nd Annual General Meeting until the conclusion of the 33rdAnnual General Meeting (as their appointment took place in the 30th AGM held on 28th August, 2019 and as such they could remain as JSAs only for 3 years as per the RBI Directions). The intimation regarding the same was also given to the MCA. Accordingly, in the ensuing 33rd AGM the term of the existing JSAs namely, M/s. Gokhale & Sathe, Chartered Accountants and M/s. M. P. Chitale & Co., Chartered Accountants would end and new JSAs would be appointed. As on the date of finalisation of this report the Company has already initiated the process in order to enable the Board to recommend a new set of JSAs to the members for their approval in the ensuing AGM. (For the names and other particulars of the proposed JSAs including their proposed remuneration please refer to the Agenda item pertaining to the Appointment of the new JSAs in the Notice of the 33rd AGM of the Company scheduled to be held on 29th September, 2022 and the Explanatory statements in this regard.)

Based on the approval of the Shareholders in the 32nd Annual General Meeting, the remuneration payable to the Joint Statutory Auditors was ₹ 65,72,700/- per annum plus applicable taxes / cess and out of pocket expenses on actual basis (being ₹ 32,86,350/- per annum per firm plus applicable taxes/ cess and out of pocket expenses on actual basis) for F.Y. 2021-22, and until the end of their term, and the fees in respect of any other certification was ₹ 30,000 (Plus applicable taxes) per certificate (i.e. ₹ 15,000 per firm plus applicable taxes). (For the names and other particulars of the proposed JSAs including their proposed remuneration please refer to the Agenda item pertaining to the Appointment of the new JSAs in the Notice of the 33rd AGM of the Company scheduled to be held on 29th September, 2022 and the Explanatory statements in this regard.)

The remuneration of the proposed Statutory Central Auditors (SCAs) would be decided in the ensuing 33rd Annual General Meeting.

There was no qualification, reservation or adverse remark in the Joint Statutory Auditors' Report dated 18th May, 2022 for the financial year 2021-22 the same is enclosed with the financial statements in this Annual Report.

Internal Audit, Auditor and Audit Report

Internal Audit of Back Offices

The Company has an in-house mechanism for Internal Audit of all its back offices. which are the nodal offices looking after the accounting, sanction and disbursement functions. Such Audit is conducted by the team(s) of in-house officials of audit department. The Company maintains an exhaustive checklist/ questionnaire for the purpose of such Audit and the same is updated regularly. The In-house internal audit team(s) submit quarterly reports in respect of the Back offices assigned to them and such reports are periodically reviewed by the Internal Audit Committee at Corporate Office, which is a management level Committee at the Corporate Office. Detailed deliberations take place in respect of key points related to Internal Audit Reports and the same is also placed before the Audit Committee of the Board for their information and guidance.

Internal Audit of Corporate Office

M/s. Borkar & Muzumdar, Chartered Accountants, Mumbai are Internal Auditors for Internal Audit of the Corporate Office for financial year, 2021-2022 and would remain as Internal Auditors of the Corporate Office for FY 2022-23 as well. No adverse remark or observation has been cited by them in their four (4) quarterly Audit Reports for the financial year 2021-22.

Systems and procedures are being upgraded from time to time to provide checks and alerts for avoiding fraud arising out of misrepresentation, if any, made by borrower/s while availing the housing loans and non-housing loans.

Risk Based Internal Audit

The RBI has vide circular Circular No. RBI/2021-22/53-DoS. CO. PPG.SEC/03/11.01.005/2021-22 dated June 11, 2021 made the Risk Based Internal Audit (RBIA) Framework applicable to the Company and the Company was required to put in place a RBIA framework by June 30, 2022, in accordance with the provisions of the aforesaid circular. Accordingly, the Board of the Company have adopted the Risk based Internal Audit Policy on 18th May, 2022 and implemented the RBIA from the prescribed date.

Secretarial Audit, Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. N. L. Bhatia & Associates, Practicing Company Secretaries, undertook the Secretarial Audit of the Company for the financial year 2021-22.

The Secretarial Auditor's Report for the financial year 2021-22 does not contain any qualification, reservation or adverse remark. Report of the Secretarial Auditor for the financial year 2021-22 in Form MR-3 is annexed to this report as Annexure 9.

A certificate from M/s. N. L. Bhatia & Associates, Practicing Company Secretaries, Mumbai (UIN: P1996MH055800), regarding compliance of the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Corporate Governance Report, which does not contain any qualification, reservation or adverse remark.

Cost Records and Cost Audit:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

Corporate Governance

Your Company has been complying with the principles of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. The report on Corporate Governance is appended as a separate section in this Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

Business Responsibility Report

In terms of Regulations 34(2)(f) of the SEBI(Listing Obligation and Disclosure Requirements) Regulations, 2015, the top 1000 listed entities, based on the market capitalization (calculated as on 31st March of every financial year), business responsibility report describing the initiatives taken by these listed entities from an environmental, social and governance perspective, in the format as specified by SEBI from time to time, has been included as part of the Annual Report. Accordingly, Business Responsibility Report in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, Govt. of India., is presented in a separate section forming part of the Annual Report.

Business Responsibility and Sustainability Reporting by listed entities

The Securities and Exchange Board of India (SEBI) introduced new requirements for sustainability reporting by listed entities. The new reporting called the Business Responsibility and Sustainability Report (BRSR) will replace the existing Business Responsibility Report (BRR). In terms of the aforesaid amendment, with effect from the financial year 2022 -2023, filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) and shall replace the existing BRR. Filing of BRSR is voluntary for the financial year 2021-22.

The Company has already initiated the process of implementing the BRSR from financial year 2022 -2023 and has designated the CSR Committee of the Board as the authority to oversee the implementation of the Principles and Policies of Business Responsibility and Sustainability Report, in the Company and delegated the powers to the CSR Committee to perform all the acts, deeds and things for implementation of the same. Accordingly, the CSR Committee of the Board was renamed as the 'CSR-ESG Committee.

Depository system

For transaction of the Company's shares in dematerialised form, the Company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). The shareholders have a choice to select the Depository Participant. As at 31st March, 2022, 4730 members of the Company continue to hold shares in physical form. As per the Securities and Exchange Board of India's (SEBI) circular, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their physical holdings to dematerialised form. Members may contact the R&T Agent for any assistance in the said process of converting physical shares into DEMAT.

OUTLOOK FOR FY 2022-2023

- Achievement of portfolio growth of around 15% by adding 3 lakh new customers.
- Increasing the share of high yielding products like non-housing and project finance to around 20% to enhance margins.
- In addition to the existing base of the Marketing Intermediaries (MIs) the Company intends to strengthen the distribution network by adding atleast 3000 new MIs.
- Increasing the contribution of business from alternate channels to around 15%.
- Strengthening the base of Direct Marketing Executive (DME) / Direct Marketing Intermediaries (DMIs) Channel by way of additional recruitment of 1000 Nos. and increase the share of business from this channel to 15%.
- Tap into newer markets not presently covered by recruiting marketing intermediaries/connectors and holding camp offices.
- Thrust on marketing activities in smart cities and increase the business share.
- Reach out to new customer base who are not covered under regular norms with differentiated product backed by mortgage insurance cover that will improve yields.
- Leveraging technology to ease customer onboarding, streamline processes and expand scope of business potential mapping.
- Explore strategic tie-ups which may increase customer touchpoints and also enable LIC HFL to offer value added services.
- Adoption of digital transformation processes with the aim of personalization in customer servicing and enhance customer experience throughout the loan journey.
- Bringing customization in products to tap into niche segments like HNI and Millennials/Gen Z segments of customers.
- Enhancing our presence in social media and bring about customer engagement programs to increase brand visibility.
- Implementation of various initiatives under Project RED to drive automation in processing leading to improvement in turn-around time.

THE MANAGEMENT PERSPECTIVE ABOUT FUTURE OF THE COMPANY

The Company has covered good ground all across. Around 230 out of 282 marketing offices achieved the targets. After the economy bounced back, real estate added impetus to the economy and driving upon the demand for real estate created due to the competitive interest rate situation, the Company was able to add up new customers.

The Company intends to continue with its journey of Home Distribution of Home Loan (HDHL) and continue with the stride which it has taken towards a partly digital business model and thus the Company intends to further improve its digital infrastructure. Through these efforts the Company would endeavour it's improve upon its TAT considerably.

While the Company intends to continue to grow more in the individual home loan category , it also intends to promote its flagship products like Griha Varishta and Griha Suvidha where it intends to the requirements of some specific segments of the population namely senior individuals who are covered under the Defined Pension Benefit Scheme (DPBS) and also to a segment where lesser known self-employed customers, who are specific category of borrowers, having CIBIL score of below 600 are being given loans, with the guarantee of Indian Mortgage Guarantee Corporation (IMGC).

The Company also intends to strengthen its distribution network by encouraging more and more Direct Marketing Executives (DMEs), who are home grown MIs, enhance the business through digital connectors and strategic tie-ups and also add on to its traditional MIs.

In the Coming years as well the trends are expected to be very positive and the Company would be targeting to increase its high yielding portfolio (Project Loans, non-core loans) so that to have better margins and also would be targeting the Gen-Z population.

Reducing the delinquencies and fast tracking the recovery and monitoring operations would remain a focal point.

Given the existing uptrend in the interest rates, the Company would be closely monitoring its interest rate offering vis-a-vis the market and the industry trends and review its lending rates accordingly. On the borrowing front with regard to deposits and other borrowing the Company intends to churn its borrowings so that to maintain the minimum cost of borrowing and have a better impact on the Net Interest Margin.

The Company also recognizes the support of its administrative functions to complement its overall digital outlook, the ultimate aim of which would be to reduce the TAT, enhance the customer experience, reduction of cost and enhancing of internal controls. In this regard the Company intends to carry out path breaking changes by adopting new platforms that would ease the operational landscape.

With the dynamic regulatory and compliance environment in which the Company operates, the management would endeavour to put in place all the best governance practices through constant review and upgradations of its compliance initiatives, judicious management of its treasury and other aspects of its operations for ensuring co-ordinated and result oriented efforts in its business as well as in expanding its reach, market share as well as market capitalization in order to ensure shareholders value maximization.

COMPLIANCE UNDER COMPANIES ACT, 2013

Pursuant to section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company complied with the compliance requirements and the details of compliances under Companies Act, 2013 are enumerated below:

ANNUAL RETURN:

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 the Annual Return as on 31st March, 2021 is available on the website of the Company in the following link (Please download the document and then try to view):

https://www.lichousing.com/static-assets/pdf/Annual_Return_FY_2020_21.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true

REPORTING OF FRAUDS BY AUDITORS:

During the year under review, neither the Joint Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee, under Section 143(12) of the Companies Act, 2013 any instances of fraud committed against the Company by its officers or employees, outsiders the details of which was required to be mentioned in the Board's report.

SECRETARIAL STANDARDS:

The Company complies with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

RATING RATIONALE:

CRISIL had reaffirmed its outstanding rating as 'CRISIL AAA/Stable' rating to the non-convertible debentures issue of LIC Housing Finance Limited and has also reaffirmed its 'CRISIL AAA/Stable/CRISIL A1+' ratings on other debt instruments, bank facilities and fixed deposit programme of the company.

Total Bank Loan Facilities Rated	₹ 75,085.88 crore
Long Term Rating	CRISIL AAA/Stable (Reaffirmed)
Short Term Rating	CRISIL A1+ (Reaffirmed)
₹ 25,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 3,000 Crore Tier II Bond	CRISIL AAA/Stable (Reaffirmed)
₹ 25,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 25,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 25,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 5,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 15,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 10,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 5,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 5,976 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 15,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 15,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 20,000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 33,833 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 1,600 crore Upper Tier II Bond	CRISIL AAA/Stable (Reaffirmed)
₹ 1,750 crore Tier II Bond	CRISIL AAA/Stable (Reaffirmed)
Fixed Deposits (Including Public Deposit)	CRISIL AAA/Stable (Reaffirmed)
₹ 17,500 crore Commercial Paper	CRISIL A1+ (Reaffirmed)

CARE had reaffirmed its outstanding rating as 'CARE AAA/Stable' rating to the non-convertible debentures and Tier II Bonds issue of LIC Housing Finance Limited.

₹ 35000 crore Non-Convertible Debentures	CARE AAA / Stable (Reaffirmed)
₹ 35000 crore Non-Convertible Debentures	CARE AAA / Stable (Reaffirmed)
₹ 3000 Crore Tier II Bond	CARE AAA / Stable (Reaffirmed)
₹ 3000 Crore Tier II Bond	CARE AAA / Stable (Reaffirmed)

ICRA Limited had reaffirmed ICRA A1+ rating to the ₹ 17,500 crore commercial paper issue of LIC Housing Finance Limited and has reaffirmed its ICRA A1+ which is one notch higher than [ICRA]A1.

BOARD MEETINGS HELD DURING THE YEAR:

During the year under review, nine (9) Board meetings were held. Detailed information on the meetings of the Board as well as Committee meetings, their composition and attendance record of the members of respective Committees of the Board are included in the Report on Corporate Governance which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind As) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Companies Act, 2013 (to the extent modified), guidelines issued by the Securities and Exchange Board of India (SEBI) , guidelines issued by the National Housing Bank ('NHB') and the Reserve Bank of India ('RBI') (Collectively referred to as 'the Previous GAAP').

The Ind AS are prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in the accounting policy hitherto in use.

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

(a) in the preparation of the annual accounts, the applicable accounting standards has been followed and there are no material departures;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2022 and of the profit of the company for the year ended on that period;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis;

(e) the Directors have laid down internal financial controls to be followed by the company and that such Internal Financial controls are adequate and were operating effectively. Note on Internal Financial control is attached as Annexure 1 to this Report and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATEMENT ON DECLARATION FROM INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA:

The Company endeavours to have an appropriate mix of executive, non-executive and independent Directors to maintain the independence of the Board, and separate its functions of governance and management. As of 31st March, 2022, the Board had Twelve (12) members, consisting of three (3) Nominee Directors nominated by LIC of India ('The Promoter') including two (2) non-executive directors which includes the Chairman, and another LICI Director and one executive Director also from LICI, who is the Managing Director & CEO; three non-executive and non-independent Directors, while the remaining six are independent Directors including one independent woman directors.

The Nomination and Remuneration Committee had laid down Criteria for determining Director's Qualification, positive attributes and independence of a Director, remuneration of Directors, Key Managerial Personnel and also criteria for evaluation of Directors, Chairperson, Non-Executive Directors and Board as a whole and also the evaluation process of the same.

The performance of the members of the Board, and the Board as a whole were evaluated at the meeting of Independent Directors held on 8th March, 2022.

We affirm that except Nominee Director (Chairman, LIC Director and Managing Director & CEO) , Sitting Fees is paid to all the other directors for Board and Committee Meetings attended by them. It may be mentioned here that w.r.t Corporate Social Responsibility Committee Meetings, earlier the sitting fees was not being paid, however as decided by the Board the Sitting Fees is being paid , in this regard, w.e.f 27th January, 2022. However, Managing Director & CEO is being paid remuneration as applicable to an Officer in the cadre of Zonal Manager of LIC of India and PLI as per the terms laid out in the Nomination and Remuneration Policy of the Company.

QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY JOINT STATUTORY AUDITORS AND SECRETARIAL AUDITOR:

There has not been any observations, qualification, reservation or adverse remark in the Joint Statutory Auditors' Report dated 18th May, 2022 for the financial year 2021-22.

The management accepts responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of some internal control system of the Company which have been disclosed to the auditors and the Audit Committee, the deficiencies, of which the management is aware of, in the design or operation of the internal control systems and have taken the steps to rectify these deficiencies.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantee given or security provided by a Housing Finance Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO SECTION IN 188(1) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(2) OF COMPANIES (ACCOUNTS) RULES, 2014:

Considering the nature of the industry in which the Company operates, all Related Party Transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company with Promoters, Directors, key managerial personnel or other persons which may have a potential conflict with the interest of the Company. All such Related Party Transactions are placed before the Audit committee and Board of Directors for approval, wherever applicable. Prior omnibus approval as per SEBI (LODR) is also obtained from Audit Committee for the Related Party Transactions which are of repetitive nature as well as in the ordinary course of business.

The Related Party Transactions Policy and Procedures, as amended from time to time, as reviewed by Audit Committee and approved by Board of Directors is uploaded on the website of the Company and is annexed as Annexure 2 to this report.

Form AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed as Annexure 3 to this report.

AMOUNTS, IF ANY WHICH IT PROPOSES TO CARRY TO ANY RESERVES:

The Company has transferred ₹ 859.99 crore to Special Reserve u/s 36(1)(viii) of the Income-tax, Act., 1961 excluding ₹ 0.01 crore to the Statutory Reserve u/s 29C of NHB Act; and an amount of ₹ 700 crore to General Reserve.

Hence, total amount transferred to special reserve-₹ 860 Crores (including ₹ 0.01 Crore to Statutory Reserve u/s 29C of NHB Act) and to General Reserve-₹ 700 Crores.

AMOUNT, IF ANY, WHICH IT RECOMMENDS SHOULD BE PAID BY WAY OF DIVIDEND:

₹ 467.55 crore is proposed to be paid by way of dividend to shareholders of the Company i.e. ₹ 8.50 per equity share of face value of ₹ 2/- per share.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March, 2022 and the date of the Board's Report i.e. 4th August, 2022 except as reported herein.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of energy –

(i) The steps taken and impact on conservation of energy-

The Company has replaced models of computers, printers, and other equipment which were consuming between 50 to 90 percent more energy than energy-efficient models. This has ensured reduction in energy consumption and resultant saving in costs.

Air conditioning equipment is cleaned and serviced on routine basis thereby saving energy and costs and giving required cooling.

The office has LED lights and after office hours, only the required lights and air conditioning is used thereby saving energy and minimizing energy wastage.

(ii) The steps taken by the Company for utilizing alternate sources of energy-

The Company is in the process of exploring use of alternate source of energy.

(iii) The capital investment on energy conservation equipment-

None

B. Technology absorption –

(i) The efforts made towards technology absorption – Initiated a digital transformation Project RED to automate and digitize various processes of the company. Also, implemented online services for customer on boarding etc.

(ii) The benefits derived like product improvement, efforts to reduce cost of fund, product development or import substitution – The benefits are :

- Reduced TAT for customer on boarding
- Online payment services
- Online rewriting

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of financial year)- Not applicable.

(a) The details of technology imported – Not applicable.

(b) The year of import – Not applicable.

(c) Whether the technology has been fully absorbed – Not applicable

(d) If not fully absorbed areas where absorption has not taken place and the reason thereof – Not applicable.

(iv) The expenditure incurred on Research and Development – Not applicable.

C. Foreign Exchange Earnings and Outgo-

The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows.

During the year ended 31st March, 2022, the Company does not have any foreign exchange earnings and the foreign exchange outgo was ₹ 1.39 crore. This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.

RISK MANAGEMENT POLICY OF THE COMPANY:

The Board of the Company has constituted a Risk Management Committee to frame, implement, monitor, review risk management policy; review of the current status on the outer limits prescribed in the Risk Management policy and report to the Board; review the matters on risk management. Risks faced by the Company are identified and assessed. For each of the risks identified, corresponding controls are assessed and policies and procedure are in place for monitoring, mitigating and reporting risk on a periodic basis. In the opinion of the Board, none of the risks faced by the Company threaten its existence. The Company has appointed Chief Risk Officer as per the relevant NHB Circular. On 31st May, 2022, the erstwhile Chief Risk Officer (CRO) of the Company Ms. Purti Samant superannuated and on and from 1st June, 2022, Shri K Ramesh, was appointed as the new CRO.

The Company has a Risk Management Policy in place. During the financial year under review, the Risk Management Policy of the Company was reviewed and put up to the Board. The same was approved in the Board Meeting dated 11th March, 2022.

REMUNERATION POLICY

The Company framed the Remuneration Policy in order to align with various provisions under "SEBI LODR REGULATIONS" vide its circular no.CIR/CFD/Policy Cell/2/2014 dated 17th April 2014 and circular no.CIR/CFD/Policy Cell/7/2014 dated 15th September 2014.

The Nomination & Remuneration Committee recommends to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees as per sub-section (3) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) annexed to the Companies Act, 2013 and the Rules made thereunder.

Accordingly, the Remuneration policy relating to the remuneration of Directors, Key Managerial personnel and other employees is as below:

REMUNERATION TO NON-EXECUTIVE DIRECTORS:

The Non-Executive Directors would be paid such amount of sitting fees as decided from time to time for every Board and Committee Meeting they attend. Apart from sitting fees no other remuneration / commission would be payable to them.

In future if Company decides to pay any remuneration / commission to Non–Executive Independent Directors, then the same will be in compliance with Regulation 17(6)(ca) of the "SEBI LODR REGULATIONS" as amended from time to time.

REMUNERATION TO NON-EXECUTIVE NOMINEE DIRECTORS:

The Non-Executive Nominee Directors would not be paid any sitting fees for the Board and Committee Meetings they attend. The Non-Executive Nominee Directors are not paid any salary and / or other benefits by the Company.

REMUNERATION TO EXECUTIVE NOMINEE DIRECTOR:

The Executive Nominee Director who is designated as Managing Director & CEO is paid remuneration as applicable to an Officer in the cadre of Executive Director of LIC of India. This apart, the Executive Nominee Director is entitled for PLI as per criteria approved by the Nomination and Remuneration Committee of the Board.

As and when there is any revision in the pay scales of the Executive Nominee Director as per the charter decided by the LIC of India, then the same is made applicable to the Executive Nominee Director at par with those of the officials in the similar cadre. Further, tenure and terms and conditions of appointment of Executive Nominee Director are as decided by LIC of India from time to time and as approved by the Board of Directors of the Company.

However, the remuneration payable to Executive Nominee Director at any point of time shall be within the limits specified as per Regulation 17(6)(e) of the "SEBI LODR REGULATIONS" ("LODR REGULATIONS") as amended from time to time.

REMUNERATION TO KEY MANAGERIAL PERSONNEL (OTHER THAN MD & CEO) AND OTHER EMPLOYEES:

In the present set up of the Company, key managerial personnel, other than Managing Director & CEO, are Company Secretary and Chief Financial Officer. Remuneration payable to Company Secretary, Chief Financial Officer and other employees is as decided by the Board of Directors as per Service Terms, Conduct Rules 1990 as amended from time to time.

Except Managing Director & CEO who is a whole time Executive Director, none of the Directors of the Company is paid any other remuneration or any elements of remuneration package under major groups, such as salary, benefits, bonuses, stock options, pension, performance linked incentive etc.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY:

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, the Company has established Corporate Social Responsibility Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities is annexed as Annexure 4 to this report.

COMPOSITION OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE IS AS FOLLOWS:

Shri Jagdish Capoor*	Chairman	Independent Director
Dr. Dharmendra Bhandari**	Member	Independent Director
Shri Akshay Rout	Member	Non-executive Director
Shri Y.Viswanatha Gowd	Member	Managing Director & CEO
Ms J. Jayanthi***	Member	Independent Director

* Shri Jagdish Capoor, Independent Director completed his second term on 23rd May, 2022.

** Dr Bhandari was a member of the CSR Committee until 15.09.2021, thereafter the CSR Committee had been reconstituted.

*** Ms J. Jayanthi and Shri Akshay Rout was inducted in the Committee w.e.f 15.09.2021.

ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE:

The Nomination and Remuneration Committee at its meeting had recommended Criteria for evaluation of Directors, Chairperson, Non-Executive Directors, Board level committee and Board as a whole and also the evaluation process of the same.

The Board of Directors, other than the independent directors, carried out an annual evaluation of its performance, Board level committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, through circulation. At the Independent Directors meeting held on 8th March, 2022, the Independent directors carried out the evaluation of the performance of the rest of the Board Members.

The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board process, information and functioning, process of disclosure and communication, access to timely, accurate and relevant information etc.

The performance of the various Board Committee was evaluated by the Board after seeking inputs from the respective committee members, on the basis of criteria such as the composition of committee, effectiveness of committee meeting, functioning, etc.

The Board reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in Meetings, presented views convincingly, resolute in holding views etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman were evaluated.

REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT:

Pursuant to Section 129 of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and also subsidiaries and associates, in the same form and manner as that of the Company which shall be laid before the ensuing Thirty Third Annual General Meeting of the Company along with the Company's Financial Statement under sub-section (2) of Section 129 i.e. Standalone Financial Statement. Further, pursuant to the provisions of Indian Accounting Standard (Ind AS) 110, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Company along with its subsidiaries and associates for the year ended 31st March, 2022 form part of this Annual Report.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the Annual Report of the Company, the Annual Financial Statements and the related documents of the Company's subsidiary and associate companies are hosted on the website of the Company.

THERE HAS BEEN NO CHANGE IN THE NATURE OF BUSINESS OF THE COMPANY DURING THE YEAR UNDER REVIEW.

DIRECTORS:

As on 31st March, 2022, the Board had Twelve members, consisting of two non-executive Directors nominated by the promoter, LIC of India which includes the Chairman, Shri M. R. Kumar and Director Raj Kumar. The Managing Director & CEO, Shri Y. Viswanatha Gowd, who is the only Executive Director on the Board is also a Nominee of the LIC of India. Apart from these three (3) Nominee Directors, there are three (3) Non-Executive and Non-Independent Directors namely Shri P Koreswara Rao, Shri Sanjay Kumar Khemani and Shri Akshay Kumar Rout. Other 6 Board Members are Independent Directors including one independent woman Director namely Ms. Jagennath Jayanthi. The other Independent Directors are viz., Shri Jagdish Capoor, Dr. Dharmendra Bhandari, Shri Ameet N Patel, Shri V. K. Kukreja, Shri Kashi Prasad Khandelwal. The term of Shri Jagdish Capoor, Independent Director came to an end on 23rd May, 2022 after completing two terms of 5 years each as on the said date. Thereafter, w.e.f 25th July, 2022 Shri Ravi Krishan Takkar, has been inducted to the Board as a Independent Director. His appointment is being placed for the approval of the members of the Company in the ensuing 33rd AGM.

SUCCESSION PLANNING:

In order to ensure stability and effective implementation of long term business strategies and for smooth transition at MD & CEO level, the Board decided that new MD & CEO should be posted in advance, say 4-6 months prior to his/her taking charge as MD&CEO, as Chief Operating Officer (COO) who would subsequently take over as MD & CEO on retirement / elevation / transfer of the existing MD & CEO.

In terms of Article 138(b) of the Articles of Association of Company, LIC of India is entitled to nominate up to one third of the total number of Directors of the Company and therefore, the Board after consideration, approved posting of senior official from LIC of India as Nominee of LIC of India for the post of COO as part of succession plan for MD & CEO, within reasonable time (generally 4 to 6 months) prior to the exit of the serving MD&CEO, with a view to ensuring stability and effective implementation of long term business strategies.

Further, in terms of the Regulation 17 (4) of the SEBI (LODR), 2015 the Company has adopted a succession planning policy for its Key Managerial and senior management personnel which has been hosted on the website of the Company on the below mentioned link:

https://www.lichousing.com/static-assets/pdf/Policy_on_Succession_Planning.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true

APPOINTMENTS / RESIGNATIONS OF DIRECTORS:

Appointments:

Ms. Jagennath Jayanthi (DIN 09053493)

Ms. Jagennath Jayanthi (DIN 09053493), who fulfils the criteria of Independence prescribed under Section 149(6) of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and in terms of 'Fit and Proper' criteria adopted by the Board on 10th March, 2017, pursuant to NHB notification No.NHB.HFC. CG-DIR.1/MD&CEO/2016 dated 9th February, 2017, whom the Nomination & Remuneration Committee (NRC), after having undertaken process of due diligence, has considered suitable and eligible based on evaluation, qualification, expertise, track record, integrity and 'fit and proper' criteria and has also recommended for appointment, was appointed as an Independent Director, of the Company by obtaining the approval of the Shareholders, for a period of five consecutive years, with effect from 5th February, 2021.

Shri Akshay Kumar Rout

The appointment of Shri Akshay Kumar Rout (DIN- 08858134), who was appointed as an Additional Director in the category of Non-Executive Non-Independent Director of the Company, liable to retire by rotation, by the Board of Directors with effect from 24th September, 2020, was confirmed by the approval of the Shareholders, through a resolution passed by the Shareholders in the 32nd Annual General Meeting of the Company held on 27th September, 2021. The Company has received a Notice in writing from a Member pursuant to Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director.

Shri Raj Kumar

The Nomination and Remuneration Committee in terms of 'Fit and Proper' criteria adopted by the Board on after having undertaken process of due diligence, and after considering Shri Raj Kumar suitable and eligible based on evaluation, qualification, expertise, track record, integrity and 'fit and proper' criteria, recommended the appointment of Shri Raj Kumar (DIN 06627311) to the Board and the Board appointed Shri Raj Kumar as Additional Director of the Company with effect from 13th August, 2021 in the capacity of Non-Executive Nominee. Being appointed as an additional Director under Section 161(1) of the Companies Act, 2013, Shri Raj Kumar held office upto the date of the 32nd Annual General Meeting and after receiving a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, Shri Raj Kumar was appointed as Non-Executive Nominee Director of the Company liable to retire by rotation, under the provisions of Articles of Association of the Company through a resolution passed by the Shareholders in the 32nd Annual General Meeting of the Company held on 27th September, 2021.

Shri Yerur Viswanatha Gowd

The appointment of Shri Yerur Viswanatha Gowd (DIN 09048488), as Managing Director & CEO of the Company was confirmed by the approval of the Shareholders in the 32nd Annual General Meeting held on 27th September, 2021 for such period until which he remains deputed in the Company as a Nominee Director of LIC of India, subject to a maximum period up to 5 years, from the date of his Appointment i.e. 1st February, 2021, on payment of such remuneration as decided by the Board of LIC Housing Finance Limited on the recommendation of Nomination and Remuneration Committee in terms of the pay-scale applicable to his cadre as per the service rules of LIC of India and the Company, subject to the limit prescribed under the Companies Act, 2013 for the aforesaid period.

Shri Ravi Krishan Takkar

As per the recommendation of the Nomination & Remuneration Committee, which has after having undertaken process of due diligence, and after considering the candidature have found it suitable and eligible based on evaluation, qualification, expertise, track record, integrity and 'fit and proper' criteria, the Board at its meeting held on 25th July, 2022, has approved the appointment of Shri Ravi Krishan Takkar (DIN 07734571), as an Additional Director (Independent Category) for a period of five consecutive years, not liable to retire by rotation, subject to the approval of the Shareholders of the Company in the forthcoming 33rd Annual General Meeting (AGM).

Resignation/ Superannuation/ Completion of term:

Shri Vipin Anand

Shri Vipin Anand (DIN 05190124) had tendered his resignation from Directorship of the Company with effect from 30th July, 2021 on attainment of superannuation from the services of LIC of India.

Shri Jagdish Capoor

The second term of Shri Jagdish Capoor (DIN 00002516) as Independent Director of the Company came to an end on 23rd May, 2022 in terms of the provisions of Section 149 (10) and (11) of the Companies Act, 2013.

Thus, as on 28th July, 2022, the Board of Directors of the Company consists of twelve members, five of them are Non-Executive Directors including Chairman and one LIC Director, while other three are Non-Executive Non-Independent Directors. Managing Director & CEO is executive whole time director. Remaining Six (6) Directors are Independent Directors including one Independent Woman Director and another Director Shri Ravi Krishan Takkar, who has been appointed as an Additional Director by the Board at its Meeting held on 25th July, 2022 and the Board have also recommended him to the Shareholders, to be appointed as an Independent Director and such appointment would be subject to the approval if the Shareholders in the ensuing AGM.

DIRECTOR RETIRING BY ROTATION:

Shri Sanjay Kumar Khemani who have been longest in office would be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

APPOINTMENTS / RESIGNATION OF THE KEY MANAGERIAL PERSONNEL:

Shri Yerur Viswanatha Gowd, Managing Director & CEO, Mr. Sudipto Sil, Chief Financial Officer and Ms. Varsha Hardasani , Company Secretary & Compliance Officer, are the Key Managerial Personnel (KMP) as per the provisions of the Companies Act, 2013.

During the financial year the following changes took place in the positions of the KMPs:

Superannuation of Shri Nitin K Jage

Shri Nitin K Jage, General Manager (Taxation) & Company Secretary, superannuated on 31st May, 2022 after completing almost 27 years of service.

Appointment of Ms. Varsha Hardasani

Ms. Varsha Hardasani (Membership no. ACS50448), who possess around about 12 years of experience in Secretarial Compliances, Legal Matters, Accountancy and Finance field across different sectors and who apart from being a Company Secretary is also a Law and Commerce Graduate and also possesses a Masters in Accountancy & Finance, took charge as Company Secretary & Compliance officer w.e.f 1st June, 2022.

COMMITTEES OF THE BOARD:

The Company has various Committees which have been constituted as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

I) Audit Committee

II) Stakeholders Relationship Committee

III) Nomination and Remuneration Committee

IV) CSR-ESG Committee*

V) Risk Management Committee

VI) Executive Committee

VII) Debenture Allotment Committee

VIII) Strategic Investment Committee

IX) IT Strategy Committee

X) Preferential Allotment Committee**

XI) Investment Committee***

XII) Committee for approval of issuance of Duplicate Share Certificate(s)****

*Note: Earlier it was Corporate Social Responsibility Committee, the Board while adopting the Principles and Policies of Business Responsibility and Sustainability Report, expanded the scope of the CSR Committee and renamed it as CSR-ESG Committee.

** Note: The Preferential Allotment Committee is an event based Committee which had been constituted for the limited purpose of allotment of the Equity Shares on private placement basis to the promotors on 8th September, 2021.

***Note: The Investment Committee is an event based Committee which has been constituted to meet only in case any investment proposals needs to be considered. During the year there were two meetings of the said Committee which were held.

****Note: Committee for approval of issuance of Duplicate Share Certificate(s) has only been constituted to sign and approve the request for issuance of Duplicate Share Certificate(s). The approval takes place through circulation of the relevant documents to the signing authorities based on their availability, no physical meeting of the said Committee is held.

Composition of Audit Committee is as follows:

• Shri Jagdish Capoor*	Chairman	Independent Director
• Dr. Dharmendra Bhandari	Member	Independent Director
• Shri Ameet Patel	Member	Independent Director
• Shri Kashi Prasad Khandelwal	Member	Independent Director
• Shri Sanjay Kumar Khemani**	Member	Non-Executive Director

* Shri Jagdish Capoor, Independent Director has completed his second term on 23rd May, 2022.

** Shri Sanjay Kumar Khemani was inducted in the Committee w.e.f 15.09.2021.

There has not been any instance during the year when recommendations of Audit Committee were not accepted by the Board.

The details with respect to the compositions, powers, roles, terms of reference etc. of relevant committees are given in detail in the Report on Corporate Governance which forms part of this Report.

SUBSIDIARIES AND GROUP COMPANIES

As on 31st March, 2022, the Company has four Subsidiaries namely, LICHFL Care Homes Limited, LICHFL Asset Management Company Limited, LICHFL Trustee Company Private Limited and LICHFL Financial Services Limited. The Consolidated financial statements incorporating the results of all the subsidiaries of the Company for the year ended 31st March, 2022, are attached along with the statement pursuant to Section 129 of the Companies Act, 2013, with respect to the said subsidiaries. Brief write up including performance and financial position of each of the subsidiaries is provided as under:

1. LICHFL Care Homes Limited

LICHFL Care Homes Limited, a wholly owned subsidiary of LIC Housing Finance Limited, was incorporated on 11th September, 2001 with an authorised share capital of ₹ 75 Crore. The basic purpose of incorporating the Company was to establish and operate 'assisted living community centres' for the senior citizens.

During the FY 2021-2022, the Company reported Losses before Tax of ₹ 17.24 Crores and Losses after Tax stood at ₹ 17.25 Crores.

The Company has successfully completed a project at Bangalore in two Phases and Jeevan Anand Project at Bhubaneswar.

Further, the Company is in process to develop new Carehomes project at Jaipur, Rajasthan and Aluva, Kerala.

2. LICHFL Asset Management Company Limited

The Company was incorporated on 14th February 2008. The Company is in the business of managing, advising, administering Private Equity Funds including Venture Capital Fund (VCF) and Alternate Investment Fund (AIF)

The Company was appointed as Investment Manager in 2010 to raise and manage the LICHFL Sponsored, LICHFL Urban Development Fund (LUDF). The Company has raised total commitments of ₹ 529.35 Crore from Banks, Financial Institutions, Corporates and HNIs as against the targeted size of ₹ 500 Crore and announced financial closure on 30th March, 2013. The Company has deployed INR 461.30 Crore in 9 Portfolio Companies, acquisition or operation of affordable / mid income housing, related infrastructure and Hospitals. With receipts from 7 exits, the Fund has so far achieved an IRR of 25.34%.

The Company also launched a new Alternative Investment Fund (AIF) namely LICHFL Housing & Infrastructure Fund (LHIF), with a total corpus of ₹ 1,000 Crore including Green Shoe Option (GSO) of ₹ 250 Crore and the focus of the Fund is on Affordable Housing and Property backed Infrastructure in sectors which include Educational Institutions, Hospitals, Industrial Parks & Warehouses. As on 31st March 2022, the total Contribution Agreements signed in respect of LICHFL Housing & Infrastructure Fund is ₹ 812 Crores of which the drawable amount is ₹ 765 Crores.

The Company has recently registered a New Fund with SEBI - LICHFL Real Estate Debt Opportunities Fund – I on 30th March 2021 under AIF Category II of SEBI Alternate Investment Fund Regulations 2012 (AIF). The Fund is having a target corpus of ₹ 3,000 crore (Base corpus of ₹ 2,000 crore plus ₹ 1,000 crore as green shoe option). The Fund is envisaged to be raised from both Domestic and Overseas Investors. The focus sector of the Fund is Housing.

During the FY 2021-22, the Company earned a Profit before Tax (PBT) of ₹ 8.54 Crores and Profit after Tax (PAT) stood at ₹ 6.59 Crores. The Company has recommended dividend @ 27.50% for FY 2021-22 on its paid up share capital.

3. LICHFL Trustee Company Private Limited

The Company was incorporated on 5th March, 2008. The Company is undertaking the business of trusteeship services for Venture Capital Funds (VCFs) and Alternative Investment Funds (AIFs).

The Company was appointed as Trustee in 2010 for LICHFL Fund and further appointed LICHFL Asset Management Company Limited (LICHFL AMC) as Investment Manager for the Fund. In 2010 the Company had registered LICHFL Fund with SEBI as Venture Capital Fund (VCF) under the SEBI (Venture Capital Funds) Regulations, 1996. LICHFL Urban Development Fund achieved its financial closure with ₹ 529.35 Crore on 30th March, 2013.

The Company was appointed as Trustee in 2017 for LICHFL Housing & Infrastructure Trust (LHIT) and further appointed LICHFL AMC Ltd. as Investment Manager for LICHFL Housing and Infrastructure Fund (LHIF). The Company had received registration for LHIF on October 2017 from SEBI under Alternative Investment Fund Regulations, 2012 as Category - I Infrastructure. LICHFL AMC launched LICHFL Housing & Infrastructure Fund (LHIF) in October 2017 and achieved initial closing on 31st March 2018. The Fund announced its final closing on 31st March 2021.

The Company is recently appointed as Trustee on 30th March 2021 for a New Fund registered with SEBI - LICHFL Real Estate Debt Opportunities Fund – I on 30th March 2021 and appointed LICHFL AMC Ltd. as Investment Manager for the Fund.

During the FY 2021-22, the Company earned a Profit before Tax (PBT) of ₹ 0.15 Crores and Profit after Tax (PAT) stood at ₹ 0.11 Crores.

4. LICHFL Financial Services Limited

LICHFL Financial Services Limited, a wholly owned subsidiary of LIC Housing Finance Limited, was incorporated on 31st October, 2007, for marketing of housing loan, insurance products (Life and General Insurance), mutual funds, fixed deposits, credit cards. It became operational in March, 2008 and at present has 48 offices spread across the country.

The vision of the Company is "SARVESHAM POORNAM BHAVATU" – to provide complete financial solutions" to secure not only the present but also the future of the customer and his family. In this endeavour, the marketing officials assist at every step – right from financial planning to manage every aspect of investment, both for the short & long term.

At present, the Company distributes Life Insurance products of LIC of India, Home Loans & Fixed Deposits of LIC Housing Finance Limited, Mutual Funds of various fund houses, General Insurance products of United India Insurance Company Limited, Tata AIG General Insurance Company Limited and HDFC ERGO General Insurance Company Ltd., Health Insurance products of Aditya Birla Health Insurance Co. Ltd. and Star Health and Allied Insurance Co. Ltd., Credit Cards of LIC Cards Services Limited and Point of Presence for National Pension System (NPS). More business verticals will be added depending on market opportunities and customer needs.

The Company has earned a Profit before Tax (PBT) of ₹ 21.69 Crores and Profit after Tax (PAT) stood at ₹ 16.11 Crores for the FY 2021-22 and recommended dividend @ 30% for FY 2021-22 on paid up share capital of ₹ 9.50 Crores.

The Company is striving to improve its Performance across all Business verticals in the coming years.

Name/s of Company/ies which have ceased / become subsidiary/joint venture/associate: None

AS ON 31ST MARCH, 2022, THE COMPANY HAS TWO ASSOCIATE COMPANIES NAMELY LIC MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED AND LIC MUTUAL FUND TRUSTEE COMPANY PRIVATE LIMITED.

LIC Mutual Fund Asset Management Company Limited (LICMFAMC)

LIC Mutual Fund was established on 20th April 1989 by LIC of India. LIC Housing Finance Limited holds 39.30 % equity in this entity. Being an associate company of India's premier and most trusted brand, LIC Mutual Fund is one of the well known players in the asset management sphere. With a systematic investment discipline coupled with a high standard of financial ethics and corporate governance, LIC Mutual Fund is emerging as a preferred Investment Manager amongst the investor fraternity.

LIC Mutual Fund endeavours to create value for its investors by adopting innovative and robust investment strategies, catering to all segments of investors. LIC Mutual Fund believes in providing delight to its customers and partners by way of superior investment experience and unparalleled service thereby truly bring them Khushiyaan, Zindagi Ki.

For the FY 2021-2022 both the Profit before Tax (PBT) as well as Profit after Tax (PAT) of LICMFAMC stood at ₹ 1.82 Crore, as there was no tax expense.

LIC Mutual Fund Trustee Company Private Limited

LIC Mutual Fund Trustee Private Limited (Trustee Company) is the Trustee to the Mutual Fund, LICMFAMC. LIC Housing Finance Limited holds 35.30 % equity in this entity. LIC of India is the Sponsor of the Mutual Fund. The AMC either directly or through third party service providers engaged by the AMC (Service Providers) such as the Registrar and Transfer agents collects, receives, possesses, stores, deals or handles information received from investors/client/customers whether existing or prospective.

The Company has earned a Profit before Tax (PBT) of ₹ 6.23 lakhs and Profit after Tax (PAT) stood at ₹ 4.63 lakhs for the FY 2021-22.

The Annual Report which consists of the financial statements of the Company on standalone as well as consolidated financial statements of the group for the year ended 31st March, 2022, has been sent to all the members of the Company. It does not contain Annual Reports of Company's subsidiaries. The Company will provide Annual Report of all subsidiaries upon request by any member of the Company. These Annual Reports are also be available on Company's website viz www.lichousing.com.

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Subsidiary Company's operations in future.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Note on Internal Financial Control as Annexure 1 is attached to this report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy in place which provides whistle blowers opportunity to raise concerns relating to reportable matters as defined in the policy. The mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of whistle blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee. The Vigil Mechanism / Whistle Blower Policy is reviewed annually or as and when the regulators amendments are required to be incorporated therein as the case may be.

EMPLOYEE STOCK OPTION:

No stock options were issued to the Directors or any employees of the Company.

EMPLOYEE REMUNERATION:

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Non-Executive Directors (including Independent Directors)*	Ratio to median remuneration
Nil	N.A.

*Remuneration is not paid to Non-Executive Directors (including Independent Directors)

Executive Director (MD&CEO)	Ratio to median remuneration
Shri Yerur Viswanatha Gowd	5:1

b. The percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Non-Executive Directors (including Independent Directors)*	% increase in remuneration in the financial year
Nil	N.A.

*No remuneration is paid to Non-Executive Directors (including Independent Directors)

KMP	% increase in remuneration in the financial year
Executive Director (MD&CEO)*	42.53%
Company Secretary**	64.08%
Chief Financial Officer**	67.39%

**Remuneration of MD & CEO includes Salary for F. Y. 2021-22 , PLLI 2020-21 and wage revision arrear w.e.f. Aug 2017.

**Remuneration of Company Secretary & CFO includes Salary for F. Y 2021-22, PLLI 2020-21 and wage revision arrear w.e.f. Aug 2017

c. The percentage increase in the median remuneration of employees in the financial year:

76.79%. (The steep rise which is evident , when compare to the previous year's figure i.e. 11.37%, is on account of the arrears paid to the employees due to the wage revision, which was due from August 2017 and has been paid in the month of July ,2021)

d. The number of permanent employees on the rolls of the Company:

2467

e. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	31 March, 2022	15 November 1994 (IPO)	% Change
Market Price (in ₹)	358.95**	12*	2891.25

*Adjusted Issue price on account of sub-division

**BSE-closing Price ₹ 358.95

f. Average percentile increase already made in the salaries of employees other than managerial personnel in the financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Increase in managerial remuneration for the year was 42.55%. The average annual Increase in the salaries of the employees other than managerial personnel during the year was 76.39% on account of wage revision arrear payment w.e.f. Aug- 2017, increase in DA and scale at which new recruitment at officer level was made.

g. Affirmation that remuneration is as per the Remuneration Policy of the Company:

The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

During the year the Company has not engaged any employee drawing remuneration exceeding the limit specified under Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of Section 136(1) of the Companies Act, 2013 read with the Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board's Report is being sent to all the shareholders of the Company excluding the annexure containing names of the top ten employees in terms of remuneration drawn. Any shareholder interested in obtaining a copy of the said annexure may write to the Company at: The Company Secretary, LIC Housing Finance Limited, Corporate Office, 131 Maker Towers, 'F' Premises, 13th Floor, Cuffe Parade, Mumbai – 400 005 or at secretarial@lichousing.com.

Prevention, Prohibition & Redressal of Sexual Harassment of women at workplace:

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and has a robust mechanism to redress the complaints reported thereunder. An Internal Committee has been constituted, which comprises of internal members who have experience in the subject field.

Pursuant to the provisions of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the complaints received thereunder and the details relating thereto are as follows:

(a) Number of complaints received in the year: Nil

(b) Number of complaints disposed of during the year: Nil

(c) Number of cases pending more than ninety days: Nil

(d) Number of workshops or awareness programme against sexual harassment carried out: Nil

Your Company on a regular basis sensitizes its employees on prevention of sexual harassment through various workshops, awareness programmes.

(e) Nature of action taken by the employer or district officer: Nil

It may be mentioned here that the Company has Zero tolerance towards any action on the part of any executive / staff which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women working in the company.

INSOLVENCY PROCEEDINGS AS A RECOVERY MEASURE

The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year:

Data for Cases Present in NCLT as on 31st March, 2022

Sr. No.	Name of Borrower	Status as on 31st March, 2022	Outstanding Amount (Rupees in crore)
1	M/s. Buoyant Private Limited (Mantri)	Fresh Application filed in NCLT	222. 00
2	M/s. Butta Infrastructure private limited	Matter under Liquidation Process	303.00
3	M/s. PVS Memorial Hospital Pvt. Ltd	Fresh Application filed in NCLT for invoking Personal Guarantee	0.00
4	M/s. Kiran Global Chem Ltd.	CIRP in progress	41.00
5	M/s. VGA Developers	Liquidation in process, efforts to sell the assets of CD in Auction	32.00
6	M/s. Victory Infratech	Matter under Liquidation Process	
7	Pratibha Industries (Prime Infra)	Matter under Liquidation	122.65
8	M/s. KV Develoeprs Pvt Ltd	Resolution Plan to be Approved by Adjudicating Authority	35.34
9	M/s.KV Develoeprs Pvt Ltd (Corporate Guarantor Arhan Infra tech)	Resolution Plan to be Approved by Adjudicating Authority	
10	M/s. SRS Real Estate Limited	Insolvency Application filed against Co-Borrower and once admitted it shall be joined with Borrower.	98. 00
11	M/s. SRS Real Estate Limited (Piyush Colonisers)	LICHFL currently not a member of COC but proposal for admission under consideration.	
12	M/s. DURHA VITRAK PVT LTD	Matter under Liquidation	32.00
13	M/s. Orbit Corporation Limited	Meeting was arranged at Justice Kathawala's Chamber upon his summons to resolve the matter on mutually agreeable terms but the resolution failed as perties did not agree.	216.73
14	M/s. Sivana Realty Private limited	Resolution Plan to be Approved by Adjudicating Authority	90.00
15	M/s. EMC Limited	Resolution plan under consideration but the succsessful applicant has failed to honour the terms of his proposal thus matter under litigation.	9.69
16	MR Gems Care And Cure Health Center Private Limited	Fresh Reserve Price Fixed by EC	9.28
17	M/s. Accutime Logictics Private Limited	Matter under CIRP on application of Operational Creditors and COC going on.	7.15
	TOTAL		**1218.84**

HUMAN RESOURCES

The Company aims to align HR practices with business goals, increase productivity of Human Resource by enhancing knowledge, skills and to provide conducive work environment for develop a sense of ownership amongst employees. Productive high performing employees are vital to the Company's success. The Board values and appreciates the contribution and commitment of the employees towards performance the Company during the year. The Company inducted employees during the year for various positions and also promoted employees to take up higher responsibilities. Apart from fixed salaries, perquisites and benefits, the Company also has in place performance-linked incentives which reward outstanding performers, who meet certain performance targets. In pursuance of the Company's commitment to develop and retain the best available talent, the Company had organised and sponsored various training programmes / seminars / conferences for upgrading skill and knowledge of its employees in different operational areas.

Employee relations remained cordial and the work atmosphere remained congenial during the year.

ACKNOWLEDGMENTS

The Directors place on record their appreciation for the advice, guidance and support given by the Life Insurance Corporation of India, the National Housing Bank, the Reserve Bank of India and all the bankers of the Company. The Directors also place on record their sincere thanks to the Company's clientele, lenders, investors and members for their patronage. The Directors express their appreciation for the dedicated services of the employees and their contribution to the growth of the Company.

For and on behalf of the Board

Chairman

Place: Mumbai

Date: 04th August, 2022

ANNEXURE 1
TO THE BOARD'S REPORT

NOTE ON INTERNAL FINANCIAL CONTROL

1. **Background:** As per the Section 134(5)(e) of the Companies Act 2013, The Directors' Responsibility Statement referred to in sub-section (3)(c) shall state that "the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively."

   Explanation: For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

2. **Policies and Procedures:** The Company has laid down relevant policies and procedures. As part of the Internal Control Framework (ICF), the Company has in place standard operating procedures (SOP) covering the key activities / functions / processes (Retail Loans, Project Loans, Borrowings, Treasury, Accounting etc.)

3. **Compliance Reporting:** The Company has in place process to ensure compliance with the provisions of all applicable laws and the same is reported in the form of quarterly compliance reports by the process owners to the MD & CEO as well as to the Board.

4. **Risk Management System:** The Company has in place a Risk Management Policy which provides a framework to address the risk faced by the Company on a sustainable basis. The risk management function within the Company is responsible for review of existing risks and identifying potential risks and risk mitigation measures. There is a system of quarterly reporting to the Risk Management Committee, Audit Committee and the Board. Apart from the Risk Management Policy, the company also maintains IFC documentation in the form of Risk Control Matrix (RCM), Entity Level Controls (ELC) and Financial Closure and Reporting process (FCRP) which forms the basis of IFC Testing.

5. **Internal Audit System:** The Internal Audit process determines the existence, adequacy, effectiveness and adherence to the Company's internal controls, besides review of processes, adherence to SOP and compliance with statutory provisions / regulatory guidelines. The internal audit of Back Offices is conducted by the Internal Audit Department and Internal audit of Corporate Office is conducted by an independent firm of Chartered Accountants.

6. **Adequacy and Effectiveness of Internal Financial Control:** The SOP, Compliance Reporting, Risk Management System and Internal Audit System adopted by the Company facilitate orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. All these ensure that Internal Financial Controls within the Company, are adequate and operating effectively.

   Further, the management accepts responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of some internal control system of the Company which have been disclosed to the auditors and the Audit Committee, the deficiencies, of which the management is aware of, in the design or operation of the internal control systems and have taken the steps to rectify these deficiencies.

ANNEXURE 2
TO THE BOARD'S REPORT

RELATED PARTY TRANSACTION POLICY AND PROCEDURES

1. Policy:

LIC Housing Finance Limited ("LICHFL") recognizes that related party transactions present a potential or actual risk of conflicts of interest (or the perception thereof) and therefore the Company has adopted this policy, under which all Related Party Transactions will be subject to approval and reporting norms as required under the applicable laws and in accordance with the procedures set forth in this policy.

2. Interpretation:

This policy is intended to comply with the requirement of the Companies Act, 2013, Indian Accounting Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other statue, law, standards, regulations or other governmental instruction relating to the related party, as amended from time to time.

Notwithstanding anything here into the contrary, this policy will be interpreted only in such a manner as to comply with the requirement of the Companies Act, 2013 with the Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with any amendments notified thereafter.

3. Definitions:

a) "Audit Committee" means Committee of the Board of Directors of LICHFL constituted under provisions of the SEBI Listing Regulations.

b) "Related Party" shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under Regulation 2(1)(zb) of the SEBI Listing Regulations as may be amended from time to time.

Related Party under Section - 2(76) of the Companies Act, 2013

With reference to Company, Related Party would mean and include the following:

(i) A director or his relative;

(ii) Key Managerial Personnel or their relative;

(iii) A firm in which a director / manager or his relative is a partner;

(iv) A private Company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;

(v) A person on whose advice, directions or instruction (except given in professional capacity) a director or manager is a accustomed to act;

(vi) A holding / subsidiary or associate Company, subsidiary's and such person as would be prescribed.

"Related Party" means a related party as defined under Sub - Section (76) of Section - 2 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under Section - 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

Relative under Section 2(77) of the Companies Act, 2013

For the purposes of this policy and pursuant to Rule - 4 of the Companies (Specification of Definitions, Details) Rules, 2014 provides that a person shall be deemed to be the relative of another if he or she is related to another in the following manner, namely:

(i) Father(including stepfather);

(ii) Mother(including stepmother);

(iii) Son (including step-son);

(iv) Son's wife;

(v) Daughter;

(vi) Daughter's husband;

(vii) Brother(including step-brother);

(viii) Sister(including step-sister).

c) **"Related Party Transaction" shall mean all transactions as per Regulation 2 (1)(zc) of the SEBI Listing Regulations as may be amended from time to time. A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.**

Related Party Transaction under Section188 of the Companies Act, 2013 liable to be treated as Related Party Transactions is as set below:

- Sale ,purchase or supply of any goods or materials;
- Selling or otherwise disposing of ,or buying, property of any kind;

- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- Underwriting the subscription of any securities or derivatives thereof, of the Company;

"related party transaction" means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buyback of securities.

v. acceptance of fixed deposits by banks/Non Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/ public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);"

Arm's length transaction: Arm's length transaction means transaction between two related or parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Types of the transactions considered as Related Party as per the Reg.2(1)(zc) of SEBI(LODR) Regulations,2015 and IND AS-24, of the Companies (Indian Accounting Standards) Rules,2015 and any Other Statue, Law, Standards, Regulations or Other Governmental instruction relating to the Related Party Transactions as may be amended from time to time.

d) Material Related Party Transaction: means a transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

e) Key Managerial Personnel under Section 2(51) of the Companies Act, 2013

In relation to a Company, Key Managerial Personnel means the following:

(i) The Chief Executive Officer or the Managing Director or the Manager;

(ii) The Company Secretary;

(iii) The Whole-time director;

(iv) The Chief Financial Officer;

(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed.

f) Material Modification: Means any amendment or modification to related party transaction contract affecting the following terms of the transaction/transactions:

- **Value:** Any upward change affecting the total value (consideration) of transaction/transactions entered into individually or group of transaction during the financial year with that related party.
- **Tenure:** Any change in tenure of the transaction over and above its original tenure already agreed upon not having any financial implications.

In addition to the above, at its discretion, the Audit Committee may take cognizance of any modification in the existing related party transaction independently, as to whether it amounts to material modification or not and further decide accordingly.

4. Procedures and Role of Audit Committee:

Identification of Related Parties and Related Party Transactions:

(a) Before the start of each financial year, LICHFL shall draw up a list of Related Party(s) in accordance with the definition given in SEBI LODR. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.

(b) All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly.

(c) The Audit Committee, in consultation with the Company Secretary, will review and determine whether any transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

(d) All Related Party Transactions must be referred to the Audit Committee for approval in accordance with this Policy.

(e) The Audit Committee of the Board of Directors of the Company will review the relevant facts and circumstances of each Related Party Transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the Related Party's interest in the transaction, take into account the conflicts of interest and either approve or disapprove the Related Party Transaction.

(f) Any Related Party Transaction that would be entered into and would continue only if the Audit Committee has given prior approval in accordance with the guidelines set forth in this policy.

(g) All Related Party Transactions shall be approved by only **those members of the Audit Committee, who are Independent Directors.**

(h) All Related Party Transactions and **subsequent material modifications** shall require prior approval of the Audit Committee of the **listed entity**.

(i) The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;

(j) The Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;

(k) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

(l) Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

(m) The Audit Committee will have the discretion to recommend /refer any matter relating to the Related Party Transactions to the Board for the approval.

(n) The Related Party Transactions by subsidiary of a listed entity where the listed entity is not a party (i.e. transaction is undertaken by subsidiary with a related party other than a listed entity itself) will require prior approval of the Audit Committee of the parent listed entity where the transaction value whether entered into individually or taken together with previous transactions during a financial year exceeds specified thresholds as follows:

- 10% of the Annual Consolidated Turnover of the listed entity i.e. as per the last audited financial statements of the listed entity, or
- 10% of Annual Standalone Turnover of the subsidiary i.e. as per the last audited financial statements of the subsidiary (w,e,f. April 01, 2023).

(o) The prior approval of the Audit Committee of LICHFL shall suffice for the Related Party Transactions of unlisted subsidiaries of a LICHFL as referred to in (n) above.

(p) No Director shall participate in approval of a Related Party Transaction for which he or she is a Related Party.

5. Review and approval of Related Party Transactions:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation.

The Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction. The approval policy framework is given below:

Audit Committee Approval -> All Related Party Transactions

Board Approval ->

- Related Party Transactions referred by Audit Committee for approval of the Board
- Related Party Transactions as required under the regulations applicable.

Shareholder's Approval ->

- Approval by resolution for:
  - (a) Material Related Party Transactions
  - (b) Related Party Transactions not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under the regulations applicable.

5.1 Information to be provided for seeking approval:

Following details should be provided to the Audit Committee and/or Board, as the case may be, where approval for entering into Transactions with Related Party(s) are sought:

(a) The name of the Related Party and nature of relationship;

(b) The nature, duration of the contract and particulars of the contract or arrangement;

(c) The material terms of the contract or arrangement including the value, if any;

(d) Any advance paid or received for the contract or arrangement, if any;

(e) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

(f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

(g) Any other information relevant or important to take a decision on the proposed transaction.

Audit Committee and/or Board may call for such additional information as may be required for granting approval to such Transactions.

6. Factors/Criteria to be considered while granting approval to Related Party Transactions:

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

(a) Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

(b) Whether there are any compelling business reasons for the Company to enter into a Related Party Transaction and the nature of alternative transactions, if any;

(c) Whether the Related Party Transaction would affect the independence of an independent director;

(d) Whether the transaction qualifies to be a transaction in ordinary course of business;

(e) Whether the proposed transaction includes any potential risk issues that may arise as a result of or in connection with the proposed transaction;

(f) Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the term and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director or other Related Party, the director indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of the any proposed relationship and any other factors the Board / Committee deems relevant.

7. Related Party Transactions not approved under this policy :

In the event LICHFL becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, LICHFL would obtain post facto approval from the Audit Committee, the Board and/or shareholders of LICHFL as required under applicable law. In case LICHFL is not able to take such prior approval from the Audit Committee, the Board and/or shareholders of LICHFL such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to LICHFL, including ratification, revision or termination of the Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval; the Audit

Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

Pre-Approved Transactions:

The Audit Committee has reviewed and pre-approved each of the following types of Related Party Transactions, which will be deemed to be approved , as applicable under this policy:

(1) Managerial Remuneration:

(a) To Managing Director & CEO if the remuneration is required to be reported /circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors of the ; or

(b) To Key Managerial Personnel if the remuneration is required to be reported / circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors .

(2) Transactions that are in the Company's ordinary course of business such as the following:

(a) Borrowing or Raising of funds in the nature of NCD, Bonds (Tier I or II, subordinate etc) for business of the Company from the promoter, repayment /payment of interest or principal towards secured or unsecured loans. PTC and payment of interest or other return on such subscription.

(3) Transactions that are in the nature of payment of rent, dividend, reimbursement of municipal taxes, reimbursement of electricity expenses, reimbursement of gratuity for staff on deputation from promoter, payment for staff training, conference and towards renovation and repairs either to promoter or subsidiary or associate.

8. Disclosure:

All Related Party Transactions are to be disclosed in the Company's applicable returns/ report/ website as required by the Companies Act, 2013 and SEBI Regulations.

9. Other Agreements:

Management will assure that all Related Party Transactions are not in violation of and are approved in accordance with any requirements of the Company's financing or other material agreements.

10. Policy Review:

This Policy is framed based on the provisions of the SEBI Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the SEBI Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every three years and updated accordingly.

ANNEXURE 3
TO THE BOARD'S REPORT

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act, 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 transaction under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
    a) Name(s) of the related party and nature of relationship: N.A.
    b) Nature of contracts/arrangements/transactions: N.A.
    c) Duration of the contracts / arrangements / transactions: N.A.
    d) Salient terms of the contracts or arrangements or transactions including the value if any: N.A
    e) Justification for entering into such contracts or arrangements or transactions: N.A
    f) Date(s) of approval by the Board: N.A
    g) Amount paid as advance, if any: N.A
    h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: N.A.
2. Details of material contracts or arrangements or transactions at arm's length basis:
    a) Name(s) of the related party and nature of relationship: Annexure 5 to this report
    b) Nature of transactions: As per Annexure 5 to this report.
    c) Duration of the transactions: On-going basis
    d) Salient terms of the contracts or arrangements or transactions including the value if any: For basis of Transactions please refer Annexure-5.
    e) Date of approval by the Board: 18th May, 2022
    f) Amount paid as advance, if any: Nil

For and on behalf of the Board of Directors

Date: 18th May, 2022
Place: Mumbai

M. R. Kumar
Chairman

ANNEXURE 4
TO THE BOARD'S REPORT

REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

   The Company aims to build self-reliant communities, through series of social initiatives in the field of Education, Skill training and Sustainable livelihood enhancement, Health Care, Environmental Sustainability and Rural Development. The CSR projects/ programs are guided by CSR Policy duly approved by the Board of Directors of the Company and aligned to comply with the requirements of Section 135 of the Companies Act, 2013 and are monitored by a Board level committee

2. The composition of the CSR Committee.

Sl. 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	Shri Jagdish Capoor*	Independent Director	4	4
2	Shri Akshay Rout	Independent Director	4	4
3	Shrimati J. Jayanthi	Independent Director	4	4
4	Shri Y Viswanatha Gowd	Managing Director & CEO	4	4

   *Shri Jagdish Capoor, Independent Director completed his second term on 23rd May, 2022.

3. Average net profit of the company for last three financial years: ₹ 3348.92 Crore

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 66.97 Crore

5. Details of CSR spent during the financial year.

   (a) Total amount to be spent for the financial year; ₹ 66.97 Crore

   (b) Amount unspent, if any; ₹ 02.29 Crore

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)			(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken			Amount outlay (budget) project or programs wise	Amount spent in the current financial Year (in ₹).	Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency *
			Local area (Yes/No)	State	District.				
1	Humanitarian Assistance	Disaster Management	No	Mizoram	Aizawl	47,52,300	47,52,300	47,52,300	Yes
2	Humanitarian Assistance	Disaster Management	Yes	Maharashtra	Mumbai	50,00,000	49,99,992	49,99,991.87	Yes
3	Humanitarian Assistance	Promoting Health	Yes	Maharashtra	Mumbai	50,00,000	50,00,000	50,00,000	Yes
4	Health Infrastructure	Promoting Health	Yes	Maharashtra	Mumbai	1,70,00,000	1,70,00,000	1,70,00,000	Yes
5	Sanjeevani	Promoting Health	Yes	Madhya Pradesh	Jhabua	1,06,20,000	1,06,20,000	1,06,20,000	Yes
6	HRIDAY	Rural Development	Yes	Chhattisgarh	Durg	1,72,72,777	41,58,253	41,58,253	No
7	SATHI	Promoting Education	Yes	Bihar	Muzzafarpur, Gaya, Bhagalpur, Darbhanga, Lakhisarai, Patna	1,40,16,452	69,83,226	69,83,226	No
8	CTH	Promoting Education	Yes	Karnataka, Tamil Nadu & Telangana	Bengaluru, Hyderabad & Chennai	59,60,500	29,80,250	29,80,250	No
9	Swachh Vidhyalaya	Promoting Health	Yes	Jharkhand	Ranchi and Khunti	2,43,71,345	60,92,836	60,92,836	No
10	Swachh Vidhyalaya	Promoting Health	Yes	Odisha & Chhattisgarh	Korba, Mahasamund and Rajnandagaon, Balangir, Gajapati, Sambalpur	4,93,39,332	2,21,06,721	2,21,06,721	No
11	Swachh Vidhyalaya	Promoting Health	No	Andhra Pradesh	Kadapa, Kurnool	2,50,00,000	0	0	No
12	Sujalam	Promoting Health	Yes	West Bengal	South 24 Paraganas	48,46,691	21,81,011	21,81,011	No
13	Special Project	Promoting Health	Yes	Tamil Nadu, Karnataka, Andhra Pradesh, Telangana	Chennai, Bengaluru, Hyderabad, Vishakhapatnam	25,00,000	4,16,000	4,16,000	No
14	Green Tomorrow	Promoting Education	Yes	Uttarakhand	Dehradun	18,51,200	18,51,200	18,51,200	No
15	Green Tomorrow	Promoting Environment Sustainability	No	Tamil Nadu	Rameshwaram	4,97,700	4,97,700	4,97,700	Yes
16	CTH	Promoting Education	Yes	West Bengal	Howrah	16,05,160	0	0	No
17	Green Tomorrow	Promoting Environment Sustainability	No	Karnataka	Ramanagaram	23,31,381	13,66,967	13,66,967	No
18	Green Tomorrow	Promoting Environment Sustainability	Yes	Karnataka	Bengaluru	24,82,669	0	0	No
19	Sanjeevani	Promoting Health	Yes	Kerala	Thrissur	25,02,810	17,85,730	17,85,730	Yes
20	Sanjeevani	Promoting Health	Yes	Uttarakhand, Gujarat, Rajasthan, Karnataka, Assam	Haridwar, Savli, Chittorgarh, Bengaluru Rural, Guwahati	1,28,49,400	1,00,00,000	1,00,00,000	No
21	Charge to change	Promoting Environment Sustainability	Yes	Kerala	Alappuzha	2,36,57,000	72,70,000	72,70,000	No
22	Health Infrastructure	Promoting Health	Yes	Gujarat	Surat	2,40,17,667	1,01,28,100	1,01,28,100	No
23	Udhyam	employment enhancing vocation skills	Yes	Madhya Pradesh, Assam, Uttar Pradesh & Odisha	Guna, Guwahati,Dewaria, Baharach, Amethi, Gauriganj, Allahabad, Nayagarh, Raigarh, Naugarh	1,70,00,000	68,00,000	68,00,000	No

(1)	(2)	(3)	(4)			(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken			Amount outlay (budget) project or programs wise	Amount spent in the current financial Year (in ₹).	Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency *
			Local area (Yes/No)	State	District.				
24	Udhyam	employment enhancing vocation skills	Yes	Chhattisgarh	Raipur	55,25,100	27,62,550	27,62,550	No
25	Social Trailblazer	Contribution to incubators or research	Yes	Pan India	Pan India	2,00,00,000	55,37,500	55,37,500	No
26	LIFE	Rural Development	Yes	Chhattisgarh	Korba	2,67,86,947	0	0	No
27	LIFE	Rural Development	No	Karnataka	Davangare and Chitradurga	2,60,05,000	7,95,000	7,95,000	No
28	LIFE	Rural Development	No	Odisha	Koraput	2,60,02,174	10,88,752	10,88,752	No
29	LIFE	Rural Development	No	Uttar Pradesh	Lalitpur	1,00,29,800	24,77,200	24,77,200	No
30	LIFE	Rural Development	No	Bihar	Muzzafarpur	1,06,43,000	43,36,750	43,36,750	No
31	HRIDAY	Rural Development	No	Odisha	Dhenkanal	1,31,15,840	52,46,336	52,46,336	No
32	HRIDAY	Rural Development	Yes	Karnataka	Raichur	1,94,55,187	0	0	No
33	HRIDAY	Rural Development	No	Tamil Nadu	Virudhu Nagar	1,98,98,034	68,14,403	68,14,403	No
34	HRIDAY	Rural Development	Yes	Madhya Pradesh	Guna	1,86,90,350	0	0	No
35	HRIDAY	Rural Development	No	Uttarakhand	Tehri Garhwal	1,27,50,500	38,25,150	38,25,150	No
36	HRIDAY	Rural Development	No	Punjab	Moga	1,19,81,487	18,50,415	18,50,415	No
37	CTH	Promoting Education	Yes	Gujarat, Madhya Pradesh, Rajasthan	Jaipur, Gwalior, Surat	84,86,875	27,06,406	27,06,406	No
38	Green Tomorrow	Promoting Environment Sustainability	Yes	Uttarakhand	Dehradun	1,57,63,750	14,73,500	14,73,500	No
39	LIFE	Rural Development	Yes	Jharkhand	Hazaribagh	1,21,73,400	0	0	No
40	HRIDAY	Rural Development	Yes	Uttar Pradesh	Sonbhadra	1,86,72,000	0	0	No
41	HRIDAY	Rural Development	Yes	West Bengal	Howrah	1,52,42,545	21,00,000	21,00,000	No
42	Health Infrastructure	Promoting Health	No	Assam	Barpeta	4,95,00,000	0	0	No
43	Sanjeevani	Promoting Health	Yes	Bihar	Sitamarhi,Vaishali, Araria, Kaimur, East Champaran, Patna	23,48,054	0	0	No
44	Charge to change	Promoting Health	Yes	Gujarat	Kutch	29,34,943	0	0	No
45	Sanjeevani	Promoting Health	Yes	Odisha	Kalahandi	24,31,184	0	0	No
46	SATHI	Promoting Education	Yes	Rajasthan	Ajmer	19,37,050	0	0	No
47	Humanitarian Assistance	Disaster Management	Yes	Telangana	Cyberabad	49,33,500	48,61,500	48,61,500	Yes
48	Humanitarian Assistance	Disaster Management	No	Sikkim	Gangtok	49,99,680	46,78,170	46,78,170	Yes
49	Humanitarian Assistance	Disaster Management	Yes	Maharashtra	Mumbai	50,00,000	49,99,992	49,99,992	Yes
	TOTAL					**63,97,80,776**	**18,25,43,910**	**18,25,43,910**	

6. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the company shall provide reasons for not spending the amount in its Board's report:

   The Company had intends to contribute towards genuine projects and partner with only reputed implementation agencies with proven track record. Subsequently the Company gave predominant emphasis on periodically monitoring and impact generation from the CSR contribution made by it. In financial year 2021-22 the Company has made its best endeavor to appraise and process the contribution requests received by it. The Company is committed towards spending maximum CSR funds

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

   LIC Housing Finance Limited recognizes its obligation to the society and its future generations and the importance of utilization of a humble portion of the wealth created in pursuit of business growth, towards community development. Therefore, the Company adopted the Corporate Social Responsibility Policy for fulfilling its commitments by laying down the focus areas for contributions, mechanism for implementation, setting targets and corpus, and monitoring the projects/activities chosen.

Sd/-	Sd/-	Sd/-
(Chief Executive Officer or Managing Director or Director)	Chairman of CSR Committee	(HOD CSR)

[ANNEXURE-II OF CSRRULES]

ANNUAL CSR REPORT 2021-22

1. Brief outline on CSR Policy of the Company: The Company aims to build self-reliant communities, through series of social initiatives in the field of Education, Skill training and Sustainable livelihood enhancement, Health Care, Environmental Sustainability and Rural Development. The CSR projects/programs are guided by CSR Policy duly approved by the Board of Directors of the Company and aligned to comply with the requirements of Section 135 of the Companies Act, 2013 and are monitored by a Board level committee

2. Composition of CSR Committee:

Sl. 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	Shri Jagdish Capoor*	Independent Director	4	4
2	Shri Akshay Rout	Independent Director	4	4
3	Smt J. Jayanthi	Independent Director	4	4
4	Shri Y Viswanatha Gowd	Managing Director & CEO	4	4

* Shri Jagdish Capoor, Independent Director completed his second term on 23rd May, 2022

3.	Provide the web-link where Composition of CSR: Committee, CSR Policy and CSR projects approved bytheboard are disclosed onthewebsiteofthe Company. :	CSR Policy- https://www.lichousing.com/static-assets/pdf/Corporate_Social_Responsibility_Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true CSR approved projects-https://www.lichousing.com/static-assets/pdf/List_of_CSR_Projects_Approved_by_Competent_Authority.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
4.	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8of the Companies (Corporate Social - Responsibility Policy)Rules, 2014 :	The Company conducted impact assessment of major CSR projects of previous financial year as per the provision of CSR Rule 2021. The project covered under impact assessment are: Educational merit scholarship, rural development project, health projects, skill development, and Humanitarian response to COVID-19. A summary of the findings of the impact assessment studies is provided in Annexure 1 of the Annual Report on CSR.
5.	Details of the amount available for set of fin pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	FY2021-22	Not Applicable	Not Applicable
	TOTAL		

6. Average net profit of the company as per section 135(5) : ₹ 3,348.92 Crore

7. (a) Two percent of average net profit of the company as per section135(5) : ₹ 66.97Crore
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
   (c) Amount required to be set off for the financial year, if any : Not applicable
   (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 66.97 Crore

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	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.
18.84 Crore	₹ 45.72 Crore	27th April 2022	Kendriya Sainik Board	2.29	26th July 2022

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District.						Name	CSR Registration number.
1	HRIDAY	Rural Development	Yes	Chhattisgarh	Durg	12	1,72,72,777	41,58,253	1,31,14,524	No	SAMARTHAN-Centre for Development Support	CSR00002830
2	SATHI	Promoting Education	Yes	Bihar	Muzzafarpur, Gaya, Bhagalpur, Darbhanga, Lakhisarai, Patna	6	1,40,16,452	69,83,226	70,33,226	No	Prayatna	CSR00001655
3	CTH	Promoting Education	Yes	Karnataka, Tamil Nadu & Telangana	Bengaluru, Hyderabad & Chennai	13	59,60,500	29,80,250	29,80,250	No	Indo Global Social Service Society	CSR00001677
4	Swachh Vidhyalaya	Promoting Health	Yes	Jharkhand	Ranchi and Khunti	12	2,43,71,345	60,92,836	1,82,78,509	No	Network for Enterprises Enhancement & Development Support	CSR00002858
5	Swachh Vidhyalaya	Promoting Health	Yes	Odisha & Chhattisgarh	Korba, Mahasamund and Rajnandagaon, Balangir, Gajapati,Sambalpur	12	4,93,39,332	2,21,06,721	2,72,32,611	No	Wockhardt Foundation	CSR00000161
6	SwachhVidhyalaya	Promoting Health	No	Andhra Pradesh	Kadapa, Kurnool	12	2,50,00,000	0	2,50,00,000	No	Gramalaya	CSR00001033
7	Special Project	Promoting Health	Yes	West Bengal	South 24 Paraganas	12	48,46,691	21,81,011	26,65,680	No	South Sunderban Jankalyan Sangh	CSR00001189
8	Special Project	Promoting Health	Yes	Tamil Nadu, Karnataka, Andhra Pradesh, Telangana	Chennai, Bengaluru, Hyderabad, Vishakhapatnam	12	25,00,000	4,16,000	20,84,000	No	Mohan Foundation	CSR00001259

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District.						Name	CSR Registration number.
9	Green Tomorrow	Promoting Education	Yes	Uttarakhand	Dehradun	12	18,51,200	18,51,200	0	No	DEEDS Public Charitable Trust	CSR00000703
10	Special Project	Promoting Environment Sustainability	No	Tamil Nadu	Rameshwaram	2	4,97,700	4,97,700	0	Yes	NA	NA
11	CTH	Promoting Education	Yes	West Bengal	Howrah	12	16,05,160	0	16,05,160	No	BOSCONET	CSR00001441
12	Charge to Change	Promoting Environment Sustainability	No	Karnataka	Ramanagaram	12	23,31,381	13,66,967	9,64,414	No	Trinity Care Foundation	CSR00003858
13	Green Tomorrow	Promoting Environment Sustainability	Yes	Karnataka	Bengaluru	2	24,82,669	0	24,82,669	No	Samarthanam Trust for the Disabled	CSR00000332
14	Sanjeevani	Promoting Health	Yes	Kerala	Thrissur	2	25,02,810	17,85,730	7,17,080	Yes	NA	NA
15	Sanjeevani	Promoting Health	Yes	Uttarakhand, Gujarat, Rajasthan, Karnataka, Assam	Haridwar, Savli, Chittorgarh, Bengaluru Rural, Guwahati	12	1,28,49,400	1,00,00,000	28,49,400	No	Jubilant Bhartia Foundation	CSR00001657
16	Charge to Change	Promoting Environment Sustainability	Yes	Kerala	Kuttanad	12	2,36,57,000	72,70,000	1,63,87,000	No	Ashoka Trust for Research in Ecology and the Environment	CSR00004694
17	Health Infrastructure	Promoting Health	Yes	Gujarat	Surat	11	2,40,17,667	1,01,28,100	1,38,89,567	No	Divyajyoti Trust	CSR00010013
18	Udhyam	employment enhancing vocation skills	Yes	Madhya Pradesh, Assam, Uttar Pradesh & Odisha	Guna, Guwahati,Dewaria, Baharach, Amethi, Gauriganj, Allahabad, Nayagarh, Raigarh, Naugarh	12	1,70,00,000	68,00,000	1,02,00,000	No	Lok Bharti Educational Society	CSR00001361
19	Udhyam	employment enhancing vocation skills	Yes	Chhattisgarh	Raipur	6	55,25,100	27,62,550	27,62,550	No	Orion Educational Society	CSR00000597
20	Social Trailblazer	Contribution to incubators or research	Yes	Pan India	Pan India	12	2,00,00,000	55,37,500	1,44,62,500	No	Institute of Rural Management Anand	CSR00013798

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District.						Name	CSR Registration number.
21	LIFE	Rural Development	Yes	Chhattisgarh	Korba	36	2,67,86,947	0	26,786,947	No	Udyogini	CSR00001487
22	LIFE	Rural Development	Yes	Karnataka	Davangare and Chitradurga	36	2,60,05,000	7,95,000	2,52,10,000	No	Mysore Resettlement and Development Agency	CSR00001099
23	LIFE	Rural Development	No	Odisha	Koraput	36	2,60,02,174	10,88,752	2,49,13,422	No	Centre for Youth and Social Development	CSR00001872
24	LIFE	Rural Development	No	Uttar Pradesh	Lalitpur	12	1,00,29,800	24,77,200	75,52,600	No	Manjari Foundation	CSR00000074
25	LIFE	Rural Development	No	Bihar	Muzzafarpur	12	1,06,43,000	43,36,750	63,06,250	No	Sarva Seva Samity Sanstha	CSR00000224
26	HRIDAY	Rural Development	No	Odisha	Dhenkanal	12	1,31,15,840	52,46,336	78,69,504	No	Foundation of Ecological Security	CSR00000637
27	HRIDAY	Rural Development	Yes	Karnataka	Raichur	12	1,94,55,187	0	1,94,55,187	No	BAIF Institute for Sustainable Livelihoods and Development	CSR00000259
28	HRIDAY	Rural Development	No	Tamil Nadu	Virudhu Nagar	12	1,98,98,034	68,14,403	1,30,83,631	No	National Agro Foundation	CSR00000610
29	HRIDAY	Rural Development	Yes	Madhya Pradesh	Guna	12	1,86,90,350	0	1,86,90,350	No	Centre for Advanced Research and Development	CSR00000339
30	HRIDAY	Rural Development	No	Uttarakhand	TehriGarhwal	12	1,27,50,500	38,25,150	89,25,350	No	Mount Valley Development Association	CSR00001607
31	HRIDAY	Rural Development	No	Punjab	Moga	12	1,19,81,487	18,50,415	1,01,31,072	No	Shramik Bharti	CSR00000332
32	CTH	Promoting Education	Yes	Gujarat, Madhya Pradesh, Rajasthan	Jaipur, Gwalior, Surat	12	84,86,875	27,06,406	57,80,469	No	Prayatn Sanstha	CSR00000483
33	Green Tomorrow	Promoting Environment Sustainability	Yes	Uttarakhand	Dehradun	36	1,57,63,750	14,73,500	1,42,90,250	No	Waste Warriors	CSR00002589

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District.						Name	CSR Registration number.
34	LIFE	Rural Development	Yes	Jharkhand	Hazaribagh	12	1,21,73,400	0	1,21,73,400	No	Life Education and Development Support	CSR00000579
35	HRIDAY	Rural Development	Yes	Uttar Pradesh	Sonbhadra	12	1,86,72,000	0	18,672,000	No	Society for Development Alternatives	CSR00000829
36	HRIDAY	Rural Development	Yes	West Bengal	Howrah	12	1,52,42,545	21,00,000	1,31,42,545	No	GraminVikas Trust	CSR00000633
37	Health Infrastructure	Promoting Health	No	Assam	Barpeta	12	4,95,00,000	0	49,500,000	No	Tata Education and Development Trust	CSR00003775
38	Sanjeevani	Promoting Health	Yes	Bihar	Sitamarhi,Vaishali, Araria, Kaimur, East Champaran, Patna	12	23,48,054	0	23,48,054	No	Bihar Voluntary Health Association	CSR00001047
39	Charge to Change	Promoting Health	Yes	Gujarat	Kutch	12	29,34,943	0	29,34,943	No	Samerth Charitable Trust	CSR00000832
40	Sanjeevani	Promoting Health	Yes	Odisha	Kalahandi	12	24,31,184	0	24,31,184	No	Swasthya Swaraj Society	CSR00003476
41	SATHI	Promoting Education	Yes	Rajasthan	Ajmer	12	19,37,050	0	19,37,050	No	Rajasthan MahilaKalyan Mandal	CSR00007136
42	Humanitarian Assistance	Disaster Management	Yes	Telangana	Cyberabad	12	49,33,500	48,61,500	72,000	Yes	Cyberabad Commissioner ate of Police, Telangana	NA
43	Humanitarian Assistance	Disaster Management	No	Sikkim	Gangtok	12	49,99,680	46,78,170	321,510	Yes	Ministry of Rural Development, Govt. of Sikkim	NA
44	Humanitarian Assistance	Disaster Management	Yes	Maharashtra	Mumbai	12	50,00,000	49,99,992	8	Yes	CISF Immunity Booster	NA
	TOTAL						**59,74,08,484**	**14,01,71,618**	**45,72,36,866**			

(c) Details of CSR amount spent againstotherthan ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No)	(5) Location of the project.		(6) Amount spent for the project (in ₹).	(7) Mode of implementation Direct (Yes/ No).	(8) Mode of implementation–through implementing agency	
				State.	District.			Name.	CSR Registration number.
1	Humanitarian Assistance	Disaster Management	No	Mizoram	Aizawl	₹ 47,52,300	Yes	-	NA
2	Humanitarian Assistance	Disaster Management	Yes	Maharashtra	Mumbai	₹ 49,99,992	Yes	-	NA
3	Humanitarian Assistance	Promoting Health	Yes	Maharashtra	Mumbai	₹ 50,00,000	Yes	-	NA
4	Health Infrastructure	Promoting Health	Yes	Maharashtra	Mumbai	₹ 1,70,00,000	No	Sri Shanmukhananda Fine Arts and Sangeetha Sabha	CSR00001777
5	Sanjeevani	Promoting Health	Yes	Madhya Pradesh	Jhabua	₹ 1,06,20,000	No	Parivaar Education Society	CSR00000052
	TOTAL					**4,23,72,292**			

(d) Amount spent in Administrative Overheads : An amount of ₹ 59,04,137/- has been spent and an amount of ₹ 11,21,000/- is being provisioned for administrative overheads.

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : 18,84,48,047/-

(g) Excess amount for set off, if any : Not applicable

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	66,97,85,688
(ii)	Total amount spent for the Financial Year	18,84,48,047
(iii)	Excess amount spent for the financial year[(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (In ₹)
				Name of the Fund	Amount	Date of transfer.	
1	FY2020-21	₹ 47,02,53,340	₹ 11,57,66,665	PM CARES Fund, PMNRF, Swachh Bharat Kosh, Kendriya Sainik Board	₹ 8,79,64,802	28th September 2021	₹ 35,44,86,675
2	FY2019-20	Nil*	₹ 3,02,42,214	NA	NA	NA	₹ 15,97,21,685
3	FY2018-19	Nil	₹ 0	NA	NA	NA	NA
	TOTAL		**₹ 14,60,08,879**	**-**	**-**	**-**	**₹ 51,42,08,360**

* During the financial year 2019-20 the Company has created a provision of ₹ 40.18 Cr for ongoing CSR projects.

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

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project Duration	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project Completed/ Ongoing
1	PC.10.1806	NIRNAYAM	2019-20	48 Months	4,00,00,000	1,00,00,000	1,00,00,000	Ongoing
2	PC.13.1902	VIDYA	2019-20	36 Months	67,57,360	45,04,907	67,57,360	Completed
3	PC.14.1907	UDAN	2019-20	31 Months	1,49,95,329	74,61,043	1,35,82,286	Ongoing
4	PC.14.1908	SATHI	2019-20	24 Months	60,75,800	28,28,100	60,75,800	Completed
5	PC.15.1912	NIRNAYAM	2019-20	24 Months	4,00,00,000	35,65,618	3,35,65,618	Completed
6	PC.17.1919	NIRNAYAM	2019-20	24Months	39,20,000	14,20,000	39,20,000	Complete
7	PC.21.2107	NIRNAYAM	2020-21	36 Months	1,06,08,000	36,84,668	36,84,668	Ongoing
8	PC.21.2117	NIRNAYAM	2020-21	18Months	7,00,00,000	2,00,00,000	2,00,00,000	Ongoing
9	PC.19.2012	SATHI	2020-21	14 Months	28,87,930	6,96,947	28,87,930	Complete
10	PC.20.2101	LIFE	2020-21	18 Months	1,00,00,000	43,09,200	43,09,200	Ongoing
11	PC.20.2102	LIFE	2020-21	17 Months	1,03,09,000	51,54,500	51,54,500	Ongoing
12	PC.20.2103	LIFE	2020-21	17 Months	99,55,098	50,30,710	50,30,710	Ongoing
13	PC.21.2109	LIFE	2020-21	36 Months	3,29,05,000	21,77,500	21,77,500	Ongoing
14	PC.21.2110	LIFE	2020-21	36Months	1,49,98,324	24,67,564	24,67,564	Ongoing
15	PC.21.2115	UDHYAM	2020-21	12 Months	1,66,00,000	41,50,000	41,50,000	Ongoing
16	PC.19.2008	HRIDAY	2020-21	15 Months	2,50,93,315	1,91,76,311	1,91,76,311	Ongoing
17	PC.20.2104	HRIDAY	2020-21	16 Months	97,29,900	75,64,300	75,64,300	Ongoing
18	PC.20.2105	HRIDAY	2020-21	16 Months	1,14,26,900	38,28,011	38,28,011	Ongoing
19	PC.20.2106	HRIDAY	2020-21	16 Months	2,78,71,298	1,30,64,000	1,30,64,000	Ongoing
20	PC.21.2111	HRIDAY	2020-21	21 Months	1,89,19,725	45,32,525	45,32,525	Ongoing
21	PC.21.2112	HRIDAY	2020-21	19 Months	1,71,70,500	97,16,375	97,16,375	Ongoing
22	PC.21.2113	HRIDAY	2020-21	12 Months	1,77,54,516	40,88,554	40,88,554	Ongoing
23	PC.21.2118	HRIDAY	2020-21	12 Months	2,42,61,300	61,25,500	61,25,500	Ongoing
	TOTAL				**44,22,39,295**	**14,55,46,333**	**19,18,58,712**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the Asset so created or acquired through CSR spent in the financial year (asset-wise details) : No capital assets have been created or acquired in the name of the Company through CSR spend in the financial year 2021-22

    (a) Date of creation or acquisition of the capital asset(s). : Not applicable

    (b) Amount of CSR spent for creation or acquisition of capital asset. : Not applicable

    (c) Details of the entity or public authority or beneficiary under Whose name such capital asset is registered, their address etc. : Not applicable

    (d) Provide details of the capital asset(s)created or acquired (Including complete address and location of the capital asset). : Not applicable

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

    The Company intends to contribute towards genuine projects and partner with only reputed implementation agencies with proven track record. Subsequently the Company gave predominant emphasis on periodically monitoring and impact generation from the CSR contribution made by it. In financial year 2021-22 the Company has made its best endeavour to appraise and process the contribution requests received by it. The Company is committed towards spending maximum CSR funds.

Sd/- Chief Executive Officer & Managing Director or Director	Sd/- Chairman of CSR Committee	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act] (Wherever applicable)

ANNEXURE 5
TO THE BOARD'S REPORT

RELATED PARTY DISCLOSURE

Following are the Related Parties and Related Party Transactions for the year ended 31st March, 2022.

a) Enterprise having Significant Influence on the Company:-

Name of the Related Party	% of shares held by LIC
Life Insurance Corporation of India	45.24%

b) Enterprises over which Control exists:-

Name of the Related Party	Nature of Relationship	% of shares held by LICHFL
LICHFL Care Homes Limited	Wholly Owned Subsidiary	100.00%
LICHFL Financial Services Limited	Wholly Owned Subsidiary	100.00%
LICHFL Asset Management Co. Ltd.	Subsidiary	94.62%
LICHFL Trustee Company Pvt. Ltd.	Wholly Owned Subsidiary	100.00%

c) Associates of the Company:-

Name of the Related Party	Nature of Relationship	% of shares held by LICHFL
LIC Mutual Fund Asset Management Co. Ltd	Associate	39.30%
LIC Mutual Fund Trustee Co. Ltd.	Associate	35.30%

d) Details of Key Management Personnel and Directors (Executive or Otherwise) :-

Name of the Related Party	Nature of Relationship	
	For year ended March 31, 2022	For year ended March 31, 2021
Key Management Personnel		
Shri Siddhartha Mohanty	-	MD & CEO (Resigned on 01.02.2021)
Shri Y. Viswanatha Gowd	MD & CEO	MD & CEO (From 01.02.2021)
Shri Nitin K Jage	Company Secretary	Company Secretary
Shri Sudipto Sil	Chief Financial Officer	Chief Financial Officer
Directors (Executive or Otherwise)		
Shri M R Kumar	Chairman	Chairman
Shri Vipin Anand	Non-Executive Nominee Director (Resigned on 30.07.2021)	Non-Executive Nominee Director
Shri Raj Kumar	Non-Executive Director (From13.08.2021)	-
Shri Jagdish Capoor	Independent Director	Independent Director (Retired on 23.05.2022)
Smt. Savita Singh	-	Independent Director (Resigned on 09.11.2020)
Shri Dharmendra Bhandari	Independent Director	Independent Director
Shri V. K. Kukreja	Independent Director	Independent Director
Shri Ameet Patel	Independent Director	Independent Director
Shri P Koteswara Rao	Non Independent Director	Non Independent Director
Shri Kashi Prasad Khandelwal	Independent Director	Independent Director
Shri Sanjay Kumar Khemani	Non Independent Director	Non Independent Director
Shri Akshay Rout	Non Independent Director	Non Independent Director (From 28.09.2020)
Smt. Jagennath Jayanthi	Independent Director	Independent Director (From 05.02.2021)

e) Details of transactions with Related Parties:

(₹ In Crores)

Related Party	Nature of transaction	For year ended March 31, 2022	For year ended March 31, 2021	BASIS OF TRANSACTION
LIC of India	Issue of Equity Shares	9.08	-	Further raising of Capital through allotment on a preferential basis of ₹ 4.54 Crore Equity Shares having Face Value of ₹ 2 per share and premium of ₹ 512.43 per share.
	Securities Premium on Issue of Equity Shares	2,326.43	-	
	Issue of Non-Convertible Debentures	-	-	
	Repayment of Non- Convertible Debentures	1,500.00	2,000.00	-
	Interest expenses on Secured and Unsecured loans/Debt Securities	1,130.34	1,362.63	As per coupon of the instrument as on the date of the contract which was as per then prevailing market rate.
	Dividend Payment	211.52	162.75	Dividend paid based on the percentage of holding and the Dividend rate approved by the Shareholders
	Rent Paid	9.55	8.94	
	Payment of Electricity Expenses	0.55	0.56	
	Payment for Staff training, Conference, etc.	-	-	
	Reimbursement of Gratuity, Mediclaim, GSLI and Pension Fund for staff posted from from LIC	1.85	1.25	
	Net Contribution to LIC of India, P & GS, for Gratuity premium for employees (Post Employment Benefit)	18.25	10.90	
	Balance as at year end towards Non Convertible Debentures (Credit)	13,050.00	14,550.00	-
	Balance as at year end towards Interest Accrued on Non Convertible Debentures (Credit)	291.32	399.14	-
	Balance as at year end-Others (Credit)	2.09	1.08	-
LICHFL Care Homes Limited	Dividend Income	-	(1.00)	
	Rent Received	(0.39)	(0.26)	
	Investment in Public Deposit of LICHFL	(26.52)	(35.30)	-
	Redemption in Public deposit of LICHFL	35.30	-	-
	Interest Expense on Public Deposit with LICHFL	2.03	0.33	As per Card Rate applicable for all investors.
	Balance as at year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	26.88	35.63	-

Related Party	Nature of transaction	For year ended March 31, 2022	For year ended March 31, 2021	BASIS OF TRANSACTION
LICHFL Financial Services Limited	Dividend Income	(2.38)	(2.38)	Receipt of Dividend of ₹ 2.38 crores i.e. ₹ 2.50 per Equity Share for 95,00,000 equity shares for FY 2020-21.
	Investment in Public Deposit by LICHFL Financial Services Limited in LICHFL	(10.00)	(15.00)	-
	Redemption of Public Deposit by LICHFL Financial Services Limited in LICHFL	15.00	24.00	-
	Interest Expense on Public Deposit by LICHFL Financial Services Limited	0.27	1.31	As per Card Rate applicable for all investors.
	Commission Expenses on Loan Business	69.05	58.03	As per the circular issued by the Company to Corporate agents
	Commission Expenses on Public Deposit	0.09	0.19	As per Card Rate applicable for all intermediaries
	Rent Received	(0.65)	(0.49)	
	Payment of Expenses	0.20	0.19	
	Reimbursement of Expenses received from LICHFL Financial Services Limited	(0.20)	(0.19)	
	Balance as at year end towards payment of Commission Expense on Loan Business (Credit)	11.01	11.79	-
	Balance as at year end towards payment of Commission Expense on Public Deposit (Credit) (11K)	0.00	0.00	-
	Balance as at year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	10.10	15.88	-
	Balance as at year end -Others (Debit)	(0.01)	(0.01)	-
LICHFL Asset Management Co. Ltd.	Dividend Income	(2.39)	(2.39)	Receipt of Dividend of ₹ 2.39 crores i.e. ₹ 2.75 per Equity Share for 87,00,000 equity shares for FY 2020-21.
	Investment in Public Deposit by LICHFL Asset Management Co. Ltd. in LICHFL	(11.94)	(7.97)	-
	Redemption of Public Deposit	10.92	7.53	-
	Interest Expense on Public Deposit by LICHFL Asset Management Co. Ltd.	0.96	1.06	As per Card Rate applicable for all investors.
	Payment of Expenses	0.09	0.18	
	Reimbursement of Expenses received from LICHFL Asset Management Co. Ltd.	(0.09)	(0.18)	
	Balance as at year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	16.10	15.28	-
	Balance as at year end - Others (Debit)	(0.01)	(0.01)	-
LIC Mutual Fund Asset Management Co. Ltd	Dividend Income	(0.43)	-	Receipt of Dividend of ₹ 43 lakhs i.e ₹ 1,000 per equity share for 4323 equity shares for FY 20-21

Related Party	Nature of transaction	For year ended March 31, 2022	For year ended March 31, 2021	BASIS OF TRANSACTION
Shri Siddhartha Mohanty, MD & CEO (Resigned on 01.02.2021) Shri Y. Viswanatha Gowd , MD &CEO (From 01.02.2021)	*Managerial remuneration-Total	**0.84	**0.59	-
	Short term Employee Benefits	0.83	0.58	-
	Post-Employment Benefits	0.01	0.01	-
	Investment in Public Deposit	(0.18)	-	-
	Interest Expense on investment in Public Deposit by Close Members	0.01	0.01	-
	Balance as at year end towards investment in Public Deposit by Close Members and Accrued Interest on Public Deposit (Credit)	0.26	0.07	-
	Outstanding Amount of Loan taken from the Company	-	-	-
Shri Nitin K Jage, Company Secretary	*Managerial remuneration-Total	**0.69	**0.42	-
	Short term Employee Benefits	0.69	0.42	-
	Interest Expense on investment in Public Deposit (8K)	0.00	0.00	-
	Redemption of Public Deposit	-	0.03	-
	Balance as at year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	0.01	0.01	-
	Outstanding Amount of Loan taken from the Company (39K)	0.00	0.04	-
Shri Sudipto Sil	*Managerial remuneration-Total	**0.55	0.33	-
	Short term Employee Benefits	0.55	0.33	-
	Investment in Public Deposit by a Close Member	(0.22)	(0.07)	-
	Redemption in Public Deposit by a Close Member	0.22	-	-
	Interest Expense on investment in Public Deposit by Close Members	0.05	0.05	-
	Balance as at year end towards investment in Public Deposit by Close Members and Accrued Interest on Public Deposit (Credit)	0.61	0.63	-
Directors (Executive or Otherwise)	Sitting Fees Paid	0.74	0.48	-
Shri Jagdish Capoor, Independent Director	Interest Expense on investment in Public Deposit	0.01	0.01	-
	Redemption in Public Deposit by a Close Member	0.10	-	
	Balance as at year end towards investment in Public Deposit and Accrued Interest on Public Deposit (Credit)	-	0.10	-
Shri Raj Kumar Non-Executive Nominee Director	Outstanding Amount of Loan taken from the Company	0.07		-

*As the Provision for Performance Linked Incentive (PLI) and Leave encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the financial year 2021-2022 has been included.

** The amount includes Performance Linked Incentive (PLI), Arrears (from August 2017-August 2021) and salary paid to Shri Y. Viswanatha Gowd , MD &CEO, Shri Nitin Jage, Company Secretary and Shri Sudipto Sil , CFO.

Gratuity payable by the Company to the Company Secretary and CFO is ₹ 0.20 Crore as a post-employment benefit. For the MD & CEO, an amount of 5% of Basic Salary plus DA is contributed as a post- employment benefit to LIC.

ANNEXURE 6
TO THE BOARD'S REPORT

FORM AOC-1

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.

Part 'A' Subsidiaries

Amt in ₹

Sl. No.	Name of the Subsidiary Company	Reporting period	Reporting currency	Issued, subscribed and paid up Capital	Reserves & surplus	Total assets	Liabilities (excluding share capital & reserves)	Investments	Turnover	Profit/ (Loss) before taxation	Tax Expenses / (Credit)	Profit / (Loss) after taxation	Proposed dividend	% of shareholding
1	LICHFL Care Homes Limited	April 2021 - March 2022	INR	500,000,000	(16,787,932)	1,279,055,935	795,843,867	184,684,819	66,713,263	(172,372,414)	99,235	(172,471,649)	Nil	100
2	LICHFL Financial Services Limited	April 2021 - March 2022	INR	95,000,000	712,943,000	951,021,000	143,078,000	Nil	744,687,000	216,908,000	55,768,000	161,140,000	30%	100
3	LICHFL Asset Management Company Limited	April 2021 - March 2022	INR	91,944,000	452,557,000	623,850,000	79,349,000	577,271,000	144,109,000	85,421,000	19,495,000	65,926,000	27.50%	94.62
4	LICHFL Trustee Company Private Limited	April 2021 - March 2022	INR	900,000	6,390,510	7,563,270	272,760	7,447,260	1,717,740	1,501,150	394,660	1,106,490	Nil	100
Part 'B' Associate														
1	LIC Mutual Fund Asset Management Company Limited (Unaudited)	April 2021 - March 2022	INR	110,000,000	1,115,703,500	1,453,932,670	228,229,170	608,724,330	625,772,800	18,294,670	-	18,294,670	Nil	39.30
2	LIC Mutual Fund Trustee Private Limited (Unaudited)	April 2021 - March 2022	INR	100,000	3,827,766	3,977,766	50,000	Nil	2,128,730	623,524	159,661	463,863	Nil	35.30

ANNEXURE 7
TO THE BOARD'S REPORT

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

Normally Companies do not distribute entire profit earned amongst the shareholders. Part of profit is ploughed back as retained earnings and only part of the profit gets distributed to the shareholders. The part that is distributed is the **dividend**. Dividends are declared at the Annual General Meeting of the shareholders based on the recommendation of the Board of Directors of the Company.

Dividend policy of a company is the strategy followed to decide the amount of **dividends** and the timing of the payments. There are various factors that frame a dividend policy of the Company viz availability of better investment opportunities, estimated volatility of future earnings, tax considerations, financial flexibility, legal restrictions, profitability, stability of dividend payout and retained earnings, liquidity and cash flows, investment variables and financial variables, financial leverage, last year's dividend, regulations, industry growth rate and capital investment needs.

DIVIDEND DISTRIBUTION POLICY OF LIC HOUSING FINANCE LIMITED

The Board of Directors (the "Board") of LIC Housing Finance Limited (the "Company") has to adopt the Dividend Distribution Policy (the "Policy") of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 16.01.2017.

PURPOSE:

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place, by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year. The Company being one of the top five hundred listed company as per the market capitalization as on the last day of the immediately preceding financial year, the Board of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

OBJECTIVES:

Objective of Dividend Distribution policy of the Company would be to define policy and procedures in relation to the calculation, declaration, and settlement of dividend and time period within which dividend payments would be made to its shareholders. There are various financial parameters, external and internal factors which are considered in forming the Dividend Distribution Policy for the Company.

To ensure that the Company has sufficient distributable profits and / or general reserves, as determined by a review of the Company's audited financial statements, prior to any declaration and / or payment of dividend.

Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board of Directors.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be consistent with the performance of the Company over the years.

SCOPE, LAW AND REGULATIONS IN RESPECT OF DIVIDEND PAYMENT:

The declaration and payment of dividend shall be governed by various provisions of the Companies Act, 2013 and most importantly chapter - VIII i.e. from Section 123 to 127 deals with "Declaration and payment of dividend", The Companies (Declaration and Payment of Dividend) Rules, 2014 ; Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; section 27 of Security Contract Regulation Act, 1956; Income-tax Act, 1961; Secretarial Standards on Dividend (SS-3); NHB Guidelines / Circulars / Notifications, FEMA 1999, SEBI Guidelines / Circulars etc. as amended from time to time and to the extent applicable.

The Company will adhere to the provisions of Law as stated in above para.

The policy set out herein generally relates to final Dividend, certain principles also apply to Interim Dividend declared by the Board of Directors, as stated hereinafter.

Trading Window: In terms of regulation 2(1)(n) of SEBI (Prohibition of Insider Trading) Regulations, 2015, declaration of dividends (interim or final) shall be treated as "Unpublished Price Sensitive Information" hence company shall comply with norms / compliances of trading window read with company's Insider Trading Policy viz. Code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders pursuant to regulation 9(1) and Schedule B of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

Secretarial Standards: The Company will comply with Secretarial Standards as and when the Secretarial Standards are notified and enforced by the Ministry of Corporate Affairs.

Right / Title to dividends: It shall be governed by Section 27 of Securities Contract Regulation Act, 1956 and other applicable laws, rules and regulation as amended and enforced from time to time.

The Policy shall not apply to:

Determination and declaring dividend on preference shares if any, issued in future as the same will be as per the terms of issue, approved by the shareholders;

Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;

Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

However, the Board reserves the right to modify this policy to accommodate the preference shares or make a separate policy for preference shares in accordance with applicable provisions of the law as stated in above para as and when it deems fit and necessary.

I. GENERAL TERMS

The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:

The management would discuss and recommend to the Board on dividend payment, considering the circumstances or factors but not limited to the following:

a) Future expansion plans;

b) Profit earned during the current financial year;

c) Overall financial conditions;

d) Cost of raising funds from alternative sources;

e) Applicable taxes; (including dividend distribution tax / tax deductible at source on dividend (TDS) as the case may be)

f) Money market conditions;

g) Macro-economic situations,

h) Investor's expectation and other relevant factors.

i) Carry forward losses, if any.

The dividends are declared at the Annual General Meeting of the Company, based on recommendations of the Board.

Free Reserves:

The word "Free reserves" has been defined under Section 2(43) of Companies Act, 2013 to mean such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend. However the following shall not be treated as free reserves; any amount representing unrealized gains, notional gains on revaluation of assets, whether shown as a reserve or otherwise or any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

Clause 2(1)(l) of the NHB Directions, 2010 defines "Free reserves" to include the balance in the share premium account, capital and debenture redemption reserves and any other reserve shown or published in the balance sheet of the Company and created through an allocation of profits, not being (1) a reserve created for repayment of any future liability or for depreciation in assets or for bad debt or (2) a reserve created by revaluation of the assets of the Company;

Interim Dividend:

The Board of Directors of a company may declare interim dividend during any financial year out of the surplus in the profit and loss account and/or out of profits of the financial year in which such interim dividend is sought to be declared. In case the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years in terms of Section 123(3) of Companies Act, 2013.

Final Dividend:

It is declared by the members at an Annual General Meeting as "Ordinary Business" in terms of Section 102(2)(ii) of the Companies Act, 2013 only if recommended by the Board of Directors and at a rate not more than what is recommended by the Directors in accordance with the Articles of Association of a Company.

Powers to SEBI:

Since, the Company is listed on the stock exchanges, Section 24 of the Companies Act, 2013 confers on SEBI, the power of administration of the provisions pertaining to non-payment of dividend. In any other case, the powers remain vested in Central Government.

Dividend Payout Ratio:

The dividend payout ratio measures the percentage of Profit After Tax (PAT) that is distributed to Shareholders in the form of dividends during the year. In other words, this ratio shows the portion of profits, the Company decides to keep to fund for operations and the portion of profits that is distributed amongst its shareholders. It is calculated by dividing the proposed dividend (excluding taxes on dividend) by the profit after tax and depreciation.

II. PARAMETERS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND PAY-OUT

The Board shall consider the following, while taking decisions of a dividend payout during a particular year:

1. Dividend shall be declared or paid only out of:
   I. Current period profit
      a) after providing for depreciation in accordance with law;
      b) after transferring to reserves such amount of profits as may prescribed under National Housing Bank Act, 1987, Companies Act, 2013 and the rules made thereunder, Income-Tax Act, 1961 or under any other laws or statutes.

   II. The profit from any previous financial year(s)
      a) after providing for depreciation in accordance with law; and
      b) out of the amount available for dividend that remains undistributed after prescribed appropriations have been made; or

   III. Out of I or II or both

2. Before declaring any dividend, the losses, if any, of any previous year(s) must be set off against the profit of the Company for the current year or previous year.

3. In terms of third proviso of Section 123(1)(b) of the Companies Act, 2013 no dividend shall be declared or paid by a company from its reserves other than free reserves.

III. OTHER FINANCIAL PARAMETERS

In addition to the aforesaid parameters such as realized profits, the decision of dividend payout or retention of profits shall also be based on the following:

1. Income and profitability parameters:
   I. Net Interest Income (NII);
   II. Profit Before Tax (PBT) and Profit After Tax (PAT);
   III. Return on Assets (RoA);
   IV. Return on Equity (RoE);
   V. Earnings Per Share (EPS);
   VI. Profit growth targets and market expectations.

2. Capitalization level parameters:
   I. Net Owned Funds (NOF);
   II. Capital Risk Adequacy Ratio (CRAR), Tier I capital and Tier II capital;
   III. Gross leverage and net leverage.

3. Portfolio quality parameters:
   I. Absolute values of gross NPA and net NPA;
   II. Gross NPA and net NPA as percentage of loan assets;
   III. Provisioning levels and provision coverage;
   IV. Change in regulatory provisioning requirements;
   V. Outlook on portfolio quality.

IV. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

A. External Factors

Taxation and other regulatory concern

- Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend.
- Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

Product/market expansion plan

The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run, which shall have to be considered by the Board before taking dividend decision.

Macroeconomic conditions

Considering the state of economy in the country, the policy decisions that may be formulated by the Government / regulator and other similar conditions prevailing in the market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

Various macroeconomic factors like GDP growth rate, inflation rate, government policies (especially related to housing), industry specific factors like demand for housing, real estate scenario, etc. would be considered by the Company in finalizing the dividend payment for the financial year.

B. Internal Factors

The Board and Management may decide to utilize its profit for

i. Business expansion and growth;
ii. Capital expenditure;

iii. Up gradation of technology and physical infrastructure;

iv. Creation of contingency fund;

v. Acquisition of brands and businesses;

Growth outlook for the housing sector and competition intensity may result in margin pressures and result in need to shore up equity capital levels to strengthen operational leverage.

Present liquidity scenario and outlook for the same is the most important fact for any finance company. The Company being in the lending business, it relies on its ability to raise funds efficiently to undertake its lending activities. If the liquidity scenario is poor or if the outlook is adverse, then the Company may choose to hold back dividend pay-outs to shore up equity capital levels.

Being in financial sector, the Company is subject to operational risk, fraud risk, regulatory risk, and legal risk. Incidence of substantial loss from these risks may impact dividend pay-outs.

V. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The Board shall consider the factors provided above under Para II, III and IV, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

VI. DECLARATION OF DIVIDEND IN THE EVENT OF INADEQUACY OR ABSENCE OF PROFITS IN ANY YEAR

Declaration of dividend out of accumulated profits: In terms of second proviso to section 123(1) of the Companies Act, 2013 where, owing to inadequacy or absence of profits in any financial year, any company proposes to declare dividend, out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, such declaration of dividend shall not be made except in accordance with the Companies (Declaration and Payment of Dividend) Rules, 2014.

In terms of Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014 as amended from time to time, in the event of inadequacy or absence of profits in any year, the Company may declare dividend out of free reserves subject to the fulfilment of the following conditions, namely:—

(1) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it, in the three years immediately preceding that financial year:

Provided that this sub-rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years.

(2) The total amount to be drawn from such accumulated profits shall not exceed one tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.

(3) The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared, before any dividend in respect of equity shares is declared.

(4) The balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid up share capital as appearing in the latest audited financial statement.

(5) No company shall declare dividend unless carried over previous losses and depreciation not provided in previous year are set off against the profit of the Company of the current year, the loss or depreciation, in previous years is set off against the profit of the Company for the year for which dividend is declared or paid.

VII. MANNER OF DIVIDEND PAYOUT

The discussion below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations:

In case of final dividends

1. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

2. The dividend as recommended by the Board shall be approved / declared at the annual general meeting of the Company.

3. The payment of dividends shall be made within 30 days from the date of declaration, to the shareholders entitled to receive the dividend as per the record date / book closure period pursuant to the applicable law/regulations.

4. In terms of Regulations 29(1) and (2) of the Listing Regulations, an intimation of atleast 2 working days (excluding the date of intimation and date of meeting of the Board) is required to be given to the stock exchanges, prior to the meeting of the Board at which the recommendation of final dividend is to be considered.

5. In terms of Regulation 30, of the Listing Regulations, the outcome of the meeting shall be intimated, online, immediately to the Stock Exchanges within 30 minutes of the closure of the board meeting.

6. In terms of Regulation 43(1) of the Listing Regulations, the Company shall declare and disclose the dividend on per share basis only.

7. In terms of Regulation 42(3) of the Listing Regulations, the Company shall intimate book closure / Record date for recommendation or declaration all dividend at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.

8. In terms of Section 123(5) of the Companies Act, 2013 (**Dividend to be paid to Registered Shareholders**), no dividend shall be paid by a company in respect of any share therein except to the registered shareholder of such share or to his order or to his banker and shall not be payable except in cash. Provided that nothing in this sub-section shall be deemed to prohibit the capitalization of profits or reserves of a company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

9. Any dividend payable (**Mode of payment of dividend**) in cash shall be paid by using any of the electronic mode of payment facility approved by the Reserve Bank of India. Provided that where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or demand draft / pay order may be issued and if the dividend amount exceeds ₹ 1,500/-, the 'payable-at-par' warrants or cheques shall be sent by speed post/ registered post.

   For the above purpose, a separate bank account of the Company in the name and style of ₹LIC Housing Finance Limited - Dividend – cum - unpaid Dividend A/c – ---' would be opened with any Nationalised / Scheduled Bank / Private Bank.

   Further, the Company, through its Registrar & Share Transfer Agent (RTA) shall maintain bank details of their investors (a) for investors holding securities in dematerialized mode, by downloading the same from the system of depositories. (b) for investors holding securities in physical mode, by updating bank details of the investors at their end. The Company/RTA shall mandatorily print the bank account details of the investors on such payment instruments and in cases where the bank details of investors are not available, the listed entity shall mandatorily print the address of the investor on such payment instructions.

10. Dividend distribution tax / tax deductible at source on dividend will be deducted & paid as per the applicable laws, as amended from time to time.

11. A company which fails to comply with the provisions of Sections 73 (Prohibition on acceptance of deposits from public) and Section 74 (Repayment of deposits, etc., accepted before commencement of this Act) of the Companies Act, 2013 shall not, so long as such failure / default continues, declare any dividend on its equity shares in terms of Section 123(6).

12. Right of dividend to be held in abeyance pending registration of transfer of shares, shall be governed in terms of Section 126(a) of the Companies Act, 2013 as amended from time to time.

13. The Company shall determine the date of closure of the register of members and the share transfer register of the Company as per requirements of Section 91 of the Companies Act, 2013 read with Regulation 42 of the Listing Regulations. The Company shall give notice in advance of atleast seven working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date. The date of commencement of closure of the transfer books should not be on a day following a holiday.

14. The Company shall give atleast a seven days prior notice by advertisement, stating the dates of closure of its transfer books / record date, at least once in a vernacular newspaper in the principal vernacular language having a wide circulation in the district in which the registered office of the Company is situated and atleast once in English language in an English newspaper circulating in the district and has wide circulation in the place where the registered office is located and publish the Notice on the website of the Company in terms of Rule 10 of the Companies (Management and Administration) Rules, 2014.

15. The time gap between two book closure and record date would be at least SEBI time limit days in terms of Regulation 42(4) of the Listing Regulations.

16. A cheque or warrant for payment of Dividend would be valid for three months from the date thereof and, where such cheque or warrant remains unpaid after this initial period of validity, a fresh instrument by way of demand draft / pay order would be issued which would have a validity of three months from the date of issue.

17. The Company would issue a fresh demand draft or pay order or electronic transfer of funds, in lieu thereof, within 30 days of the receipt of a request for revalidation.

18. A duplicate Dividend warrant would be issued only after the expiry of the validity of the original Dividend warrant and the reconciliation of the paid amounts thereof. In case the original instrument is not tendered to the Company, a duplicate warrant would be issued only after obtaining requisite indemnity / declaration from the Shareholder. Where the amount of dividend warrant exceeds a sum of ₹ 5,000/- the indemnity / declaration shall be obtained from the shareholder on a non-judicial stamp paper of ₹ 100/-.

19. In the case of defaced, torn or decrepit or error crept-in while printing, if any, on the Dividend warrants, a duplicate warrant may be issued before the expiry of the validity period of the Dividend warrant on surrender to the Company of such defaced, torn, decrepit warrant or the warrant with printing error.

20. Particulars of every Dividend warrant issued as aforesaid should be entered in a Register of Duplicate Dividend Warrants, indicating the name of the member to whom the Dividend warrant is issued, the number and amount of the Dividend warrant, in lieu of which the duplicate warrant is issued, the date of issue of such duplicate warrant and the reason for issuing duplicate warrant.

In case of interim dividend

1. Interim dividend, if any, shall be declared by the Board.

2. Before declaring interim dividend, the Board shall consider the financial position of the Company that enables the payment of such dividend.

3. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on record date/book closure period pursuant to the applicable law.

   4 to 20 of above para i.e. **In case of final dividend under VII Manner of Dividend Payout** is also applicable to Interim Dividend.

VIII. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Diversification of business;
- Long term strategic plans;
- Other such criteria as the Board may deem fit from time to time.
- To maintain adequate liquidity levels, the Company may also invest a part of the retained earnings in liquid mutual funds, bonds, non-convertible debentures, pass through certificates and other securities.
- Upgradation and introduction of new technology.
- Regulatory requirement of maintaining / increasing Capital Adequacy Ratio.

IX. PARAMETERS FOR VARIOUS CLASSES OF SHARES

1. The factors and parameters for declaration of dividend to different class of shares (**though at present there is only one such class**) of the Company shall be same as covered above.

2. The payment of dividend shall be based on the respective rights attached to each class of shares (**though at present there is only one such class**) as per their terms of issue.

3. The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

4. Dividend when declared shall be first paid to the preference shareholders of the Company (**though at present there is none**) as per the terms and conditions of the issue.

X. UNPAID OR UNCLAIMED DIVIDEND TO BE TRANSFERRED TO INVESTOR EDUCATION PROTECTION FUND (IEPF)

Transfer to IEPF after 7 years: Any money transferred to the unpaid dividend account of a company in pursuance of Section 124 of the Companies Act, 2013 which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established u/s 125(1) of the Companies Act, 2013 and the Company shall file a statement in "Form DIV-5" to the Authority constituted under the Act to administer the fund and such authority shall issue a receipt to the Company as evidence of such transfer. [Section 124(5)].

Shares shall also be transferred to IEPF: In terms of section 124(6) of the Companies Act, 2013, all shares in respect of which dividend has not been claimed/ remained unpaid for seven consecutive years or more shall be transferred in the name of IEPF alongwith a statement containing such details as may be prescribed. If any person who has a claim on such shares and/or dividend can lodge his claim with IEPF in such manner as may be prescribed.

Manner in which unclaimed dividend to be transferred to IEPF: The Company shall deposit the unclaimed dividend amount after lapse of 7 years to IEPF within the prescribed period, in the prescribed mode maintain the particulars of unpaid dividend transferred to IEPF for a period of 8 years from the date of such transfer.

In terms of Regulation 43(2) of the Listing Regulations, the listed entity shall not forfeit unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.

Display of details in the web site: The Company shall upload the details of unpaid and unclaimed dividend transferred to IEPF in the company's website in PDF format, year wise.

ROC filing after 7 years: The Company shall file with the ROC one copy of the challan evidencing deposit of the amount to the Fund in Form-1 in terms of Rule 3 (ii)(b) of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, as amended from time to time.

XI. REVIEW

Dividend Policy shall be reviewed at least once a year. The revised policy shall be put up to the Board for approval.

XII. AMENDMENT

To the extent any change/amendment is required as per any applicable law, the Managing Director & CEO of the Company shall be authorised to review and amend the Policy, to give effect to any such changes / amendments. Such amended policy shall be periodically placed before the Board for ratification immediately after such changes.

XIII. SYNOPSIS

The management upon compliance to all the rules, guidelines, and regulations as applicable from time to time while recommending to the Board of Directors the rate of dividend (exclusive of the dividend distribution tax / including tax deductible at source on dividend, as the case may be as per the Finance Act from time to time) would also take into account dividend declared during the three preceding years.

Nonetheless, the Board reserves the right not to declare dividend or decide any rate of dividend, for a particular year owing to certain regulatory restrictions, if any, during the year, capital conservation prudence, or other exigencies which shall be stated by the Board.

ANNEXURE 8
TO THE BOARD'S REPORT

Web links

Pursuant to various provisions of the Companies Act, 2013, Housing Finance Companies-Corporate Governance (National Housing Bank) Directions, 2016 and Listing Regulations, the web link of some of the important policies / code placed on the website of the Company is provided below:

Sr. No.	Name of the policy / code / document	Brief Summary	Web link
1.	Dividend Distribution Policy	The policy details guidelines for dividend distribution for equity shareholders as per Listing Regulations	https://www.lichousing.com/static-assets/pdf/DIVIDEND%20DISTRIBUTION%20POLICY%202021.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
2.	Corporate Social Responsibility Policy	The Company recognizes its obligation towards society and therefore the policy lays down its focus areas for contributions, mechanism for implementation, monitoring of the projects / activities towards social and economic development of the underprivileged / economically backward section of the society irrespective of gender, caste, creed and religion in areas around which Company operates.	https://www.lichousing.com/static-assets/pdf/Corporate_Social_Responsibility_Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
3.	Policy For Determining Material Subsidiaries	The policy determines the guidelines for material subsidiaries of the Company and also provides governance framework for material subsidiaries.	https://www.lichousing.com/static-assets/pdf/Policy_for_Determining_material_Subsidiaries.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
4.	Policy For Determination of Materiality	The policy determines the requirements for disclosing material events including deemed material events for the Company.	https://www.lichousing.com/static-assets/pdf/Policy%20for%20determination%20of%20Materiality%20of%20an%20Event%20or%20information%202021.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
5.	Governance Guidelines	The Governance Guidelines has been prepared to keep abreast with regulatory changes, incorporate best professional practices and enhance board effectiveness.	https://www.lichousing.com/static-assets/pdf/Governance%20Guidelines.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
6.	Whistle Blower Policy	The Company adopted whistleblower mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud.	https://www.lichousing.com/static-assets/pdf/Whistle_Blower_Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
7.	Related Party Transaction Policy and Procedures	The policy regulates all the transactions between the Company and its related parties	https://www.lichousing.com/static-assets/pdf/Related_Party_Transaction.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
8.	Code of conduct for Board of Directors and senior Management	The code details on uncompromising business ethics and compliance program.	https://www.lichousing.com/static-assets/pdf/Code%20of%20Conduct%20for%20Board%20Members%20and%20Senior%20management.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
9.	Familiarisation Programme For Independent Directors	The policy is aimed at familiarising Independent directors about their role, rights, responsibilities, business model, etc.	https://www.lichousing.com/static-assets/pdf/FAMILIARISATION_PROGRAMME_FOR_INDEPENDENT_DIRECTORS.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true

Sr. No.	Name of the policy / code / document	Brief Summary	Web link
10.	Nomination and Remuneration Policy	The policy details the compensation principles	https://www.lichousing.com/static-assets/pdf/Remuneration-Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
11.	Policy On Archiving of Information or Content Hosted on Website	The policy lays the guidelines on archival and retention of records of the Company.	https://www.lichousing.com/static-assets/pdf/POLICY%20ON%20ARCHIVING%20OF%20INFORMATION%20OR%20CONTENT%20HOSTED%20ON%20WEBSITE%202021.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
12.	Corporate Disclosure Policy	The policy lays down procedure for disclosure / dissemination of Price Sensitive Information.	https://www.lichousing.com/static-assets/pdf/Corporate%20Disclosure%20Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
13.	Policy On Preservation Of Documents	The policy is as per the Regulation 9 of the Listing Regulations, 2015 and it determines preservation period for records / documents based on their reference value and legal requirements.	https://www.lichousing.com/static-assets/pdf/Policy-on-Preservation-of-Documents-1.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
14.	Board Diversity Policy	The policy sets out the approach to e n s u r e diversity and committed to equality of opportunity in all aspects of its business.	https://www.lichousing.com/static-assets/pdf/Board-Diversity-Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
16.	Business Responsibility and Sustainability Reporting (BRSR) Policy	In accordance with Regulation 34(2) (f) of the SEBI Listing Regulations, notified on 5th May, 2021	https://www.lichousing.com/static-assets/pdf/Principles-and-Policies-of-Business-Responsibility.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
17.	Code Of Internal Procedure and Conduct for Insider Trading-2015	The code is guideline to regulate, monitor and report trading in securities of the Company.	https://www.lichousing.com/static-assets/pdf/Prohibition%20of%20Insider%20Trading.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
18.	Policy on appointment of Joint Statutory Auditors	The policy contains procedures to be followed for the appointment of SAs and is in line with the RBI vide its circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 , which provides for guidelines for Appointment of Statutory Auditors (SA's) of Commercial banks, (excluding RRBs), UCBs and NBFCs (including HFCs). T	https://www.lichousing.com/static-assets/pdf/Policy_on_Appointment_of_Statutory_Auditors.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
19.	Policy on succession planning for appointment/ nomination / induction to the Board of Directors and senior management	The Policy has been formulated as per the requirement of Regulation 17(4) of SEBI (LODR), 2015 which requires that the board of directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management.	https://www.lichousing.com/static-assets/pdf/Policy_on_Succession_Planning.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
20.	Terms and Condition of appointment of Managing Director	Contains the Terms and Condition of appointment of Managing Director	https://www.lichousing.com/static-assets/pdf/TermsAndConditions%20of%20appointment%20of%20Managing%20Director-2021.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
21.	Terms and Condition of appointment of Independent Directors	As per Regulation 46 (2) (b) which requires that the listed entity shall disseminate terms and conditions of appointment of independent directors .	https://www.lichousing.com/static-assets/pdf/TermsAndConditions%20of%20appointment%20of%20Independent%20Directors-2022.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true

Sr. No.	Name of the policy / code / document	Brief Summary	Web link
22.	Terms and Condition of appointment of Non-Independent Directors	Contains the terms and Condition of appointment of Non-Independent Directors	https://www.lichousing.com/static-assets/pdf/TermsAndConditions%20of%20appointment%20of%20Non%20Independent%20Director-2021.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
23.	Policy on 'Fit and Proper' Criteria for Directors	As per Direction 52 of the Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (Annex VII 'Fit and Proper' Criteria for Directors of HFCs)	https://www.lichousing.com/static-assets/pdf/Policy%20on%20Fit%20and%20Proper%20Criteria%20for%20Directors%20adopted%20by%20the%20Company.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
24.	PR Publicity Policy	To provide a framework for the Company for all future PR & Publicity strategies and to ensure uniformity in the Company's brand communication.	https://www.lichousing.com/static-assets/pdf/PR_Publicity_Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
25.	Fair Practices Code	As per Direction 77.2 of the Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (Annex XIII , Fair Practice Code)	https://www.lichousing.com/static-assets/pdf/FAIR_PRACTICES_CODE.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
26.	Code of Conduct for Direct Recover Agents	As per Direction 85.5 of the Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (Annex XI, Guidelines for engaging Recovery Agents by Housing Finance Companies)	https://www.lichousing.com/static-assets/pdf/CODE_OF_CONDUCT_FOR_THE_RECOVERY_AGENTS.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
27.	Model Code Of Conduct For Marketing Intermediaries	As per Direction 82.7 of the Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (Annex X, Model Code of Conduct for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) of Housing Finance Companies)	https://www.lichousing.com/static-assets/pdf/CODE%20OF%20CONDUCT%20FOR%20MARKETING%20INTERMEDIARIES.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
28.	Memorandum and Articles of Association	As per the requirements of Companies Act, 2013	https://www.lichousing.com/static-assets/pdf/Memorandum%20and%20Articles%20of%20Association.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
29.	Anti-Fraud Policy	Policy to minimize the incidents of Fraud and its impact.	https://www.lichousing.com/static-assets/pdf/Anti_Fraud_Policy.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
30.	List of CSR Projects Approved by Competent Authority FY 21-22	As required by the Companies Act, 2013 and Rules Made Thereunder	https://www.lichousing.com/static-assets/pdf/List_of_CSR_Projects_Approved_by_Competent_Authority.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true
31.	Annual Report	Annual Reports from FY 2009-2010 to FY 2020-2021	https://www.lichousing.com/annual-report
34.	Policy on Protection of Women against Sexual Harassment.	To ensure implementation of provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. 2. To provide protection against sexual harassment of women at workplace, for prevention and also for redressal of complaints of sexual harassment and matter connected therewith or incidental thereto.	https://www.lichousing.com/static-assets/pdf/Policy_for_Implementation_of_Preventation_of_Sexual_Harassment_of_Women_at_Workplace.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true

ANNEXURE 9
TO THE BOARD'S REPORT

FORM NO. MR-3

To,
The Members,
LIC Housing Finance Limited

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

(1) Maintenance of Secretarial Record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.

(2) We have followed the Audit Practices and Processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on Test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Where ever required we have obtained the Management Representation about the Compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

DATE: JUNE 10, 2022.
PLACE: MUMBAI.

FOR M/S. N.L. BHATIA & ASSOCIATES
PRACTICING COMPANY SECRETARIES
UIN: P1996MH055800
UDIN: FO05436DO00482407

BHARAT UPADHYAY
PARTNER
FCS: 5436
CP. NO.: 4457
PR NO.: 700/2020.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To,
The Members,
LIC Housing Finance Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices adopted by **LIC Housing Finance Limited having Corporate Identification Number (CIN) L65922MH1989PLC052257 (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/Statutory Compliances and expressing our opinion thereon.

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

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2022 according to the provisions of:

(i) The Companies Act, 2013 **("the Act")** and the Rules made thereunder including statutory amendments made thereto and modifications thereof for the time being in force.

(ii) The Securities Contracts (Regulation) Act, 1956 **("SCRA")** and the Rules made thereunder.

(iii) The Depositories Act, 1996 and the Regulation 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, Overseas Direct Investment and External Commercial Borrowings to the extent applicable.

(v) The National Housing Bank Act, 1987 and the Guidelines and Circulars issued thereunder from time to time.

(vi) The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.

(vii) Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014.

(viii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time.

b. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996/ Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time.

c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

e. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time.

f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, as amended from time to time.

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company during the Financial Year.**

i. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company during the Financial Year.**

j. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable to the Company during the Financial Year.**

(ix) Other specifically applicable Laws as per the list attached **Annexure-A**.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

(ii) MCA and SEBI Notification holding Meetings through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notice is given to all Directors to Schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

Decisions at the Board Meetings were **passed unanimously and with requisite majority in General Meeting**. The decisions at all Board level Committee Meetings were taken unanimously and reason / rational for the decision has also been recorded in the minutes.

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

During the period under review, **the Shareholders of the Company** have approved the following:

i. Issue and allotment of 4,54,00,000 Shares at a price of ₹ 514.43/- per share to Life Insurance Corporation of India (LIC), the promoters of the Company on a preferential basis.

ii. Issuance of Redeemable Non-Convertible Debentures and /Or Other Hybrid Instruments on a Private Placement Basis for cash at par, premium or discount up to ₹ 43, 000/- Crore.

iii. Appointment of Shri Yerur Viswanatha Gowd (DIN 09048488) as the Managing Director & CEO of the Company.

iv. Appointment of Shri Akshay Kumar Rout (DIN-08858134) as Non-Independent Director (Non-Executive) of the Company.

v. Appointment of Smt. J Jayanthi (DIN 09053493) as an Independent Director of the Company.

vi. Appointment of Shri Raj Kumar (DIN 06627311) as Non-Executive Nominee Director of the Company.

vii. Amending the Article of Association by substituting the Clause - 11 (a) (III) of the Articles of Association (AOA) the Company pertaining to 'Further issue of Capital'.

viii. Alteration in Clause III (Objects) of the Memorandum of Association and adoption of new set of Memorandum of Association of the Company.

FOR M/S. N.L. BHATIA & ASSOCIATES
PRACTICING COMPANY SECRETARIES
UIN: P1996MH055800
UDIN: FO05436DO00482407

BHARAT UPADHYAY
PARTNER
FCS: 5436
CP. NO.: 4457
PR NO.: 700/2020.

DATE: JUNE 10, 2022.
PLACE: MUMBAI.

ANNEXURE –A

LIST OF OTHER SPECIFICALLY APPLICABLE LAWS

1. Tax Laws.

2. Negotiable Instruments Act, 1881.

3. Information Technology Act, 2000.

4. The Prevention of Money Laundering Act, 2002

5. Compliance with Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI).

6. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

REPORT ON CORPORATE GOVERNANCE

The Company adhere to the highest level of governance, compliance as its highest priority ongoing basis in order to meet the expectations of all of its stakeholders, with highest sustainability growth. The Board of the Company acts as trustee, safeguard the Shareholder capital, maintain transparency, with high level of integrity build simple and transparent processes driven by business needs of all stakeholders.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Corporate Governance is a large spectrum of systems and practices that ensures commitment to values - fairness, transparency, responsibility and ethical behaviour in doing business. The Company transforms these core values in to business policies and practices with the aim of sustainable growth for all stakeholders.

The Company endeavours to achieve operational excellence and customer delight in every sphere of business operation through constant awareness about its responsibility in relation to stakeholders, customers, government, employees and society at large. Being a responsible organisation your Company honestly and effectively discharges its obligations to government and strives to empower the employees.

Your Company has strong legacy of transparency and ethical governance practices. The Company has adopted code of conduct for its Directors and employees which is hosted on its website. The Company complies with all requirements stipulated under Security Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, "SEBI LODR REGULATIONS" and shortened version of Listing Agreement entered into with the Stock Exchanges with regard to Corporate Governance. The Company also complies with the applicable provisions of the Master Direction- Non Banking Financial Company (Reserve Bank) Directions, 2021.

BOARD OF DIRECTORS

Composition

It is our belief that the Board of Directors of the Company needs to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain its independence and clearly carve out functions of governance and management. The SEBI LODR REGULATIONS mandate that for a company with a regular non-executive chairman, who is representing a promoter, at least half of the Board should consist of independent directors. As on 31st March, 2022, the Board of the Company comprised of Twelve members consisting of two Non-Executive Non-Independent Promoter Directors including Chairman, Shri M. R. Kumar, and Non-Executive Nominee Director Shri Raj Kumar, one Executive Nominee Director, Shri Y.Viswanatha Gowd, who is Managing Director & CEO,

Three Non-Executive Non Independent Directors and Six Non-Executive Independent Directors includes one women Independent Director Ms. Jagennath Jayanthi, thereby fulfilling the requirement of the Companies Act, 2013 and the SEBI LODR REGULATIONS.

The Executive and Non-Executive Directors are competent and knowledgeable personalities in their respective fields. None of the Directors on the Board hold Directorship in more than 10 Public Companies and none of them is a member of more than 10 Committees or Chairman of more than 5 Committees in Companies in which they are Directors. Necessary disclosures in this regard as on 31st March, 2022 have been made by the Directors. The Directors are not related to each other.

The average tenure of Members on our Board is 3.1 years as of 31st March, 2022. The average tenure of Executive Director (Whole-Time Director) is 1.2 years, Independent Directors is 5.7 years and that of the Non-Executive Non-Independent Directors including Chairman is 2.36 years.

The average tenure of Board Members in years as on 31st March, 2022 is as follows:

Tenure on Board

Name of the Director	Original date of appointment	Tenure (in years) as on 31st March, 2022	Earlier of retirement date / term ending date	Average tenure (in years)
Non-Executive Non independent Directors including Chairman				
Shri M. R. Kumar	25.03.2019	3.0	NA	2.36
Shri Raj Kumar	13.08.2021	0.7	NA	
Shri P Koteswara Rao	11.06.2018	3.8	NA	
Shri Sanjay Kumar Khemani	01.07.2019	2.7	NA	
Shri Akshay Kumar Rout	28.09.2020	1.6	NA	
Executive – Whole-Time Director				
Shri Y. Viswanatha Gowd	01.02.2021	1.2	NA	1.2
Independent Directors				
Shri Jagdish Capoor*	25.05.2012	9.9	23.05.2022	5.7
Dr. Dharmendra Bhandari**	19.08.2014	7.6	18.08.2024	
Shri Ameet N Patel****	19.08.2015	6.6	18.08.2025	
Shri V. K. Kukreja***	30.06.2015	6.8	30.06.2025	
Ms. Jagennath Jayanthi	05.02.2021	1.1	04.02.2026	
Shri Kashi Prasad Khandelwal	01.07.2019	2.7	30.06.2024	

*reappointed for a second term w.e.f 24.05.2017. ** reappointed for a second term w.e.f 19.08.2019.
*** reappointed for a second term w.e.f 30.06.2020. **** reappointed for a second term w.e.f 19.08.2020.

The Independent Directors actively take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the Board and Committee meetings, and do not have any other material or pecuniary relationship or transactions with the Company, its Promoters, its Directors, Management, Subsidiaries or Associates. In F.Y. 2021-22, the composition of the Board was in conformity with "SEBI LODR REGULATIONS" Details of Board Meetings and the last Annual General Meeting attended by Directors, number of other Directorships / Committee membership and chairmanship viz. Audit Committee and Stakeholders Relationship Committee as per "SEBI LODR REGULATIONS" held by them as on 31st March, 2022 are tabulated below:

Sr. No.	Directors	Category of Directorship	Attendance at 32nd Annual General Meeting	Attendance at the Board meetings (No. of meetings held – 9)	No. of Directorships of other Companies (other than LIC Housing Finance Ltd.)	No. of Committees Membership / Chairmanship (other than LIC Housing Finance Ltd.)		Directorships in other Listed entities and category
						Member	Chairman	
1.	Shri M. R. Kumar (DIN-03628755)	Non-Executive Nominee Director Chairman	Present	9	11	-	8	i. IDBI Bank Ltd- Chairman ii. ACC LTD- Non-Executive Director
2.	Shri Raj Kumar** (DIN- 06627311)	Non-Executive Non Independent	Present	7	6	10	1	GRASIM INDUSTRIES LTD- Non-Executive Director
3.	Shri Jagdish Capoor*** (DIN- 00002516)	Independent and Non-Executive	Present	7	6	1	1	i. SPANDANA SPHOORTY FINANCIAL LIMITED- Independent Director
4.	Dr. Dharmendra Bhandari (DIN- 00041829)	Independent and Non-Executive	Present	9	5	1	1	-
5.	Shri V. K. Kukreja (DIN- 01185834)	Independent and Non Executive	Present	9	1	-	-	-
6	Shri Ameet N. Patel (DIN- 00726197)	Independent and Non Executive	Present	9	1	4	1	-
7.	Shri P Koteswara Rao (DIN- 06389741)	Non-Executive Non Independent	Present	8	-	-	-	-
8.	Shri Kashi Prasad Khandelwal (DIN - 00748523)	Independent and Non-Executive	Present	9	5	3	8	i. Kesoram Industries Ltd-Independent Director. ii. GPT Infra projects Limited- Independent Director iii. Birla Tyres Limited - Independent Director
9.	Shri Sanjay Kumar Khemani (DIN -00072812)	Non-Executive Non Independent	Present	8	1	-	-	-
10.	Shri Akshay Kumar Rout (DIN- 08858134)	Non-Executive Non Independent	Present	9	-	-	-	-
11	Shri Y Viswanatha Gowd (DIN- 09048488)	Executive	Present	9	4	6	-	-
12	Ms. Jagennath Jayanthi (DIN- 09053493)	Independent and Non Executive	Present	9	1	-	-	-
13	Shri Vipin Anand (DIN- 05190124)*	Non Executive Non Independent	Not Applicable	2	-	-	-	-

*Shri Vipin Anand was resigned on 30th July, 2021 attainment of superannuation from the services of Life Insurance Corporation of India (LICI).

** Shri Raj Kumar was appointed on 13th August, 2021.

***Shri Jagdish Capoor (DIN- 00002516) has completed two consecutive terms of 5 years each, as an Independent Director on the Board of LIC Housing Finance Limited at the close of the business day on 23rd May, 2022.

Note:

1) Excludes Foreign Companies, Private Limited Companies and Companies under Section 8 of Companies Act, 2013, Trusts and Alternate Directorships as per Regulation 26 of the SEBI LODR REGULATIONS.

2) Includes only chairmanship / membership of Audit Committee and Stakeholders' Relationship Committee in public companies.

3) None of the Directors are related inter-se.

Role of the Board of Directors:

The primary role of the Board is that of trusteeship to protect and enhance shareholders' value through strategic direction to the Company. The Board has fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth. The Board carries out its duties with care, skill and diligence and exercises independent judgement. It sets strategic goals and seeks accountability from the management and employees.

Certificate from Company Secretary in Practice:

Shri Bharat Upadhyay (FCS: 5436 and Certificate of Practice No.: 4457), Partner of M/s. N. L. Bhatia & Associates, Practicing Company Secretaries, Mumbai (UIN: P1996MH055800) has issued a certificate as required under the SEBI LODR REGULATIONS, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the "SEBI LODR REGULATIONS" / Ministry of Corporate Affairs or any such statutory authority.

Board Appointments / Membership Criteria:

The Company inducts eminent personalities from diverse fields as Directors on its Board. The Nomination and Remuneration Committee (NRC) works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Board members are expected to possess required qualifications, integrity, expertise and experience for the position and relevant to the Company and also ability to contribute to its growth.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and SEBI LODR REGULATIONS and are independent of the Management.

The table below, summarizes the key qualifications, skills and attributes which are taken into consideration while nominating individuals as Board members:

Definitions of director qualification, skills and attributes	
Corporate Governance	Need to have the knowledge to steer the organisation towards achieving its objectives while operating effectively, responsibly, legally and sustainably, adopts best practices in corporate governance, including relevant governance codes, practices, roles, duties, responsibilities and accountabilities of individual directors and of the Board as a whole.
Leadership and Stakeholder Relations	Need to understand how to deliver effective leadership, build good stakeholder relations and develop a strategically aligned and value based organisational performance.
Strategy	Demonstrate an understanding of market demands including retail customer needs as well as the importance of customer centric service, good commercial judgement, understanding of the relationship between risk and reward, Company's relative position and challenges and understanding of alternative / disruptive business models.
Finance / Technical	Need to understand how to assess the organisation's financial position and steer its financial performance in order to stay solvent and develop sustainable plans, demonstrate an understanding of how to interpret financial statements and accounts in order to assess the financial health of an organisation, understating of finance in all its facets including housing finance, knowledge of relevant products / schemes, housing, banking, funding through debt and equity, capital markets, regulatory framework and knowledge of relevant legislative issues.
Strategic thinking	Ability to identify opportunities and threats to the organisation, taking account of the internal and external business environment, propose alternative options, present creative and innovative solutions. Identify the potential impact of decisions and offer contingency plans and risk mitigation.
Analysis and use of information	Ability to actively seek reliable, sufficiently detailed and timely information from wide range of sources, assimilate and synthesise financial, technical and qualitative information, simplify complex information.

Definitions of director qualification, skills and attributes	
Decision making	Ability to evaluate proposals using a range of criteria, SOP, existing schemes, etc., identify their advantages and disadvantages, take decisions even in the face of uncertainty, take calculated risks in the context of the organisation's strategy and protecting its commercial interests.
Communication	Ability to communicate effectively, listen dispassionately, carefully, and attentively. Communicate articulately, clearly and concisely.
Leadership	Strong leadership skills enable Directors to solve problems, cope with crisis and change and inspire others to follow them in pursuit of the values and goals of the organisation, display confidence, self-assurance and conviction. Inspire, support and motivate others.
Influencing	Ability to build good network and relationships within and beyond the organisation, persuade and influence others including those of equal, greater or subordinate status and power. Identify the needs, interests and influence of internal and external stakeholders and build appropriate and effective relationships as well as demonstrate shrewdness and political astuteness.
Ethical	Demonstrate behaviour which conforms to high standards of public conduct, place interest of the organisation above self in all business matters, identify and disclose conflicts of interest relating to self and others when these become apparent.
Professional	Need to have professional attitude and outlook towards their role, maintain high standards of skill, care and diligence in professional activities, take responsibility for one's performance and behaviour and that of the organisation, act as an advocate for the organisation, both internally and externally.
Performance Oriented	Focus on the goals of the organisation and the priorities agreed by the Board, identify and take opportunities to enhance the organisation's business advantage, set challenging but achievable goals and standards of performance for themselves and others. Encourage a culture of learning in the organisation.
Independent	Should be willing to disagree and take an independent stance in the face of dissenting views and to potential detriment, encourage rigorous discussion and diverse views, adopt an inquisitive approach and actively question assumptions and test propositions. Willing to challenge the status quo and historical ways of doing things.

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted.

Name of Director	Area of expertise													
	Corporate Governance	Leadership and stakeholder relations	Strategy	Finance / Technical	Strategic thinking	Analysis and use of information	Decision making	Communication	Leadership	Influencing	Ethical	Professional	Performance oriented	Independent
Shri M R Kumar, Chairman														
Shri Raj Kumar, Non-Executive Director	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri Shri Y. Viswanatha Gowd, MD & CEO	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri Jagdish Capoor	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Dr. Dharmendra Bhandari	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri Ameet N Patel	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri V. K Kukreja	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri P Shri Koteswara Rao	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri Kashi Prasad Khandelwal	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri Sanjay Kumar Khemani	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Shri Akshay Kumar Rout	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Ms. J. Jayanthi	√	√	√	√	√	√	√	√	√	√	√	√	√	√

EVENTS AFTER BALANCE SHEET DATE:

Shri Jagdish Capoor (DIN- 00002516) has completed two consecutive terms of 5 years each, as an Independent Director on the Board of LIC Housing Finance Limited at the close of the business day on 23rd May, 2022.

Shri Nitin K. Jage, Company Secretary (Membership no. ACS8084) has superannuated at the end of the business day of 31st May, 2022 and consequently, Ms. Varsha Hardasani (Membership no. ACS50448) have been taken charge as the Company Secretary and Compliance Officer in place of Shri Nitin K. Jage with effect from 1st June, 2022.

Appointment of Shri Ravi Krishan Takkar

As per the recommendation of the Nomination & Remuneration Committee, which has after having undertaken process of due diligence, and after considering the candidature have found it suitable and eligible based on evaluation, qualification, expertise, track record, integrity and 'fit and proper' criteria, the Board has at its meeting dated 25th July, 2022 approved the appointment of Shri Ravi Krishan Takkar (DIN 07734571), as an Additional Director (Independent Category) in the Board Meeting held on 25th July 2022 for a period of five consecutive years, not liable to retire by rotation, subject to the approval of the shareholders of the Company in the forthcoming 33rd Annual General Meeting (AGM).

BOARD MEETINGS

The Meetings of the Board of Directors are scheduled in advance. The Company Secretary prepares the agenda for the meetings in consultation with the Managing Director & CEO. The detailed agenda and other relevant notes are circulated to the Directors well in advance. The Directors can suggest additional items for deliberation. Members of the Senior Management team are invited in the Meetings to provide additional information and clarification, if required. During FY 2021-2022, Nine (9) Board Meetings were held, as listed below:

Sr. No.	Dates on which the Board Meetings were held	Total Strength of the Board	No. of Directors Present
1	15th June, 2021	12	12
2	29th July, 2021	12	12
3	20th August, 2021	12	12
4	27th September, 2021	12	11
5	21st October, 2021	12	12
6	21st December, 2021	12	11
7	27th January, 2022	12	12
8	11th March, 2022	12	12
9	23rd March, 2022	12	10

Directorship Term:

The Board constantly evaluates the contribution of members and as and when reappointments are made, the same are updated on the Company's website. As per the Act / Regulations, two-third of the non-independent directors are liable to retire by rotation and one-third of them should mandatorily retire by rotation every year. Executive Director is appointed by the Shareholders for a maximum term of five years or up to the term of superannuation whichever is earlier. An Independent Director shall hold the term of office for five (5) consecutive years on the Board of the Company and would be eligible for reappointment by passing of a special resolution by the shareholders.

Shri Sanjay Kumar Khemani who have been longest in office would be retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Succession Planning:

The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and in the Senior Management. The Company strives to maintain an appropriate balance of skills and experience within the organization and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

By integrating workforce planning with strategic business planning, the Company puts the necessary financial and human resources in place so that its objectives can be met.

Our Board includes nine directors with broad and diverse skills and viewpoints to aid the Company in advancing its strategy. In addition, promoting senior management within the organization fuels the ambitions of the talent force to earn future leadership roles.

As part of succession planning and in order to ensure stability and effective implementation of long term business strategies and for smooth transition at MD & CEO level, the Board considered and approved that senior official from LIC of India may be deputed to LIC Housing Finance Limited, at least 4 to 6 months in advance before the retirement / elevation / transfer of MD & CEO, by creating a new position of Chief Operating Officer (COO) who would subsequently take over as MD & CEO on retirement / elevation / transfer of the MD & CEO with a view to ensuring stability and effective implementation of long term business strategies.

In terms of Article 138(b) of the Articles of Association of Company, LIC of India is entitled to nominate upto one third of the total number of directors of the Company and therefore, the Board after consideration, approved posting of senior official from LIC of India as Nominee of LIC of India for the post of COO as part of succession plan for MD & CEO with a view to ensuring stability and effective implementation of long term business strategies. LIC of India had posted Shri Y.Viswanatha Gowd as COO of the Company and subsequently was appointed as MD and CEO on 1st February, 2021 whose appointment have been approved by the Members in the 32nd AGM which was held on 27th September, 2021.

NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY DIRECTORS:

Except Shri M. R. Kumar, and Dr. Dharmendra Bhandari, who hold 300 and 500 Equity Shares respectively, none of the Directors of the Company are holding any Equity Shares of the Company. The Company has not issued any convertible instruments till date.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

During the year under review, the Company had provided suitable training to Independent Directors, familiarizing them with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates and business model of the Company. The details of such familiarisation programme are disclosed on the Company's Website

https://www.lichousing.com/static-assets/pdf/FAMILIARISATION_PROGRAMME_FOR_INDEPENDENT_DIRECTORS.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true

SITTING FEE:

Sitting Fee is paid to the Directors (other than Shri M. R. Kumar, Chairman, Shri Raj Kumar, Director, Shri Y. Viswanatha Gowd, Managing Director & CEO), for every Board and Committee meeting; attended by them. Remuneration is paid to Shri Y.Viswanatha Gowd, as applicable to an officer in the cadre of Executive Director of LIC of India and Productivity Linked Incentive as approved by the NRC.

BOARD COMMITTEES:

The Board has constituted various Committees to facilitate a more focused attention on important issues. The Committees deliberate and decide on the issues falling within their terms of reference and make recommendations to the Board wherever necessary.

AUDIT COMMITTEE:

The Committee comprises of Three Non-Executive Independent Directors and One Non -Executive Non- Independent Director with expertise in finance, accounts, and treasury. During the year, **Ten (10) Audit Committee Meetings were held**. The composition of Audit Committee, the dates on which the Audit Committee meetings were held and the attendance of the members at the said meetings are as under:

Composition :

Shri Jagdish Capoor*	Chairman	Independent Director
Dr. Dharmendra Bhandari	Member	Independent Director
Shri Kashi Prasad Khandelwal	Member	Independent Director
Shri Sanjay Kumar Khemani	Member	Non-Executive Director

Dates of Audit Committee Meetings & Attendance of Members:

Sr. No.	Dates on which Audit Committee Meetings were held	Shri Jagdish Capoor*	Dr.Dharmendra Bhandari	Shri Ameet N. Patel**	Shri Kashi Prasad Khandelwal	Shri Sanjay Kumar Khemani**
1	28th May, 2021	Attended	Attended	Attended	Attended	Not Applicable
2	7th June, 2021	Attended	Attended	Attended	Attended	Not Applicable
3	14th June, 2021	Attended	Attended	Attended	Attended	Not Applicable
4	28th July, 2021	Attended	Attended	Attended	Attended	Not Applicable
5	21st October, 2021	Attended	Attended	Not Applicable	Attended	Attended
6	20th December, 2021	Not Attended	Attended	Not Applicable	Attended	Attended
7	25th January, 2022	Attended	Attended	Not Applicable	Attended	Not Attended
8	27th January, 2022	Attended	Attended	Not Applicable	Attended	Attended
9	10th March, 2022	Attended	Attended	Not Applicable	Attended	Attended
10	22nd March, 2022	Attended	Attended	Not Applicable	Attended	Attended

* Shri Jagdish Capoor, Independent Director superannuated from the Board on the completion of his second term on 23rd May, 2022.

**The Audit Committee was reconstituted on 15th September, 2021 wherein Shri Sanjay Kumar Khemani was inducted in place of Shri Ameet Patel.

Shri Nitin K. Jage, General Manager (Taxation) and Company Secretary, acts as Secretary to the Committee.

The Audit Committee possesses adequate powers and its terms of reference enable it to play an effective role as mentioned in "SEBI LODR REGULATIONS".

Role and Powers of Audit Committee:

The terms of reference of the Audit Committee comprise:

Role:

i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, adequate and credible;

ii. Recommendation for appointment, remuneration, and terms of appointment of Auditors of the Company;

iii. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;

iv. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:

a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

b. Changes, if any, in accounting policies and practices and reasons for the same;

c. Major accounting entries involving estimates based on the exercise of judgement by management;

d. Significant adjustments made in the financial statements arising out of audit findings;

e. Compliance with listing and other legal requirements relating to financial statements;

f. Disclosure of any Related Party Transactions;

g. Modified opinion(s) in the draft Audit Report.

v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency on utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii. Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions of the company with related parties.

ix. Scrutiny of inter-corporate loans and investments.

x. Valuations of undertakings or assets of the company wherever it is necessary.

xi. Evaluation of Internal Financial Controls and Risk Management systems.

xii. Reviewing, with the management, performance of Statutory and Internal auditors, adequacy of the Internal Control Systems;

xiii. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiv. Discussion with the Internal Auditors of any significant findings and follow up thereon;

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii. To review the functioning of the Whistle Blower Mechanism;

xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate;

xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

xxi. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

xxii. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

xxiii. Review of Anti Fraud Policy and taking note of the reporting requirements and noting requirement as may be prescribed.

(The term Related Party Transactions shall have the same meaning as provided in "SEBI LODR REGULATIONS".)

Powers :

i. To investigate any activity within its terms of reference.

ii. To seek information from any employee.

iii. To obtain external legal or other professional advice.

iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee mandatorily reviews the following:

1. Management discussion and analysis of financial condition and results of operations;

2. Management letters / letters of internal control weakness issued by the statutory auditors;

3. Internal audit reports relating to internal control weakness;

4. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit committee.

5. Statement of deviations :

   a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable.

   b) Annual Statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice.

Meetings are scheduled well in advance. The Audit Committee considers and recommends quarterly and yearly financial results for approval by the Board. The Joint Statutory Auditors and Internal Auditor of the Corporate Office are invited to attend the meeting. The head of the Internal Audit function attends the Audit Committee meetings; the Committee also invites other Heads of the Departments (HODs) to be present as may be necessary.

EXECUTIVE COMMITTEE:

The Executive Committee formed by the Board has been empowered with the following:

1) To frame the norms, policies, guidelines, conditions, parameters for all housing loan schemes including Project Finance schemes.

2) To relax / waive / alter the norms/ guidelines/ conditions of the housing loan schemes including Project Finance schemes on case to case basis.

3) To sanction loans to Builders and Developers under Project Loans beyond the limits delegated to GM's Committee as per Financial Power Standing Order, 1990 (as amended from time to time) on recommendation of the HODs Committee as constituted by the Managing Director & CEO from time to time.

4) To sanction loans under Rental Securitization of the loan amount more than the amount delegated to General Managers' Committee as per FPSO.

5) To sanction loans under Individual loan schemes beyond the loan amount delegated to General Managers' Committee as per FPSO.

6) To approve any new loan scheme that the Company may launch.

7) To revise the interest rate in the existing schemes & new schemes of Individual/ Project loans/ Apna Hospital / Unsold Inventory.

8) To modify/ restructure existing and new schemes for Individual / Project loans.

9) To revise terms and conditions of the existing & new Individual/ Project loans.

10) To take over the portfolio of the Housing Loans, subject to the limits as specified by the Board from time to time.

11) To waive Interest, Additional Interest, and other charges beyond the limits delegated to Managing Director & CEO in respect of the One Time Settlement under FPSO.

12) To waive principal amount irrespective of the waiver amount involved in respect of One Time Settlement beyond the limits delegated to Managing Director & CEO under FPSO.

13) To approve the Reserve price under SARFAESI Act, 2002 beyond the limits delegated to Managing Director & CEO under FPSO.

14) To approve LICHFL- PLR and to review & revise the same from time to time.

15) To approve the purchase / construction of the property for office building / staff quarters beyond the limits delegated to Managing Director & CEO, generally on such terms and conditions as it may think fit and in any such purchase or other acquisition to accept such title, as it may believe or may advise to be reasonably satisfactory.

16) To borrow money for the purpose of the business of the Company subject to the limit specified by the Board from time to time.

17) To approve the payment to arrangers for fund mobilization.

18) To approve the payment of processing or any other fees payable to Banks/FIs.

19) To approve the availing of re-finance from National Housing Bank.

20) To delegate to Managing Director & CEO any or all of the powers listed above for a specific period.

21) To approve / ratify relaxation/ waiver/ refund of processing fees, administrative fee, prepayment charges in respect of project finance (including at the time of revalidation).

22) To approve / ratify restructuring / reschedulement of project loan.

23) To approve revision of rate of interest in respect of project loans on case to case basis.

24) To approve/ ratify issue of NOC, release of charge in respect of project loan.

25) To approve the cases under consortium/ Joint financing.

26) To approve takeover of existing project loan/ term loan of other institution/s.

27) To approve loan against unsold inventory.

28) To approve loan against Apna Hospital Scheme.

29) To modify existing schemes.

The Executive Committee meets as and when required for considering and approving loan proposals / offers within the power delegated to it. During the year, **Twenty One (21) Executive Committee Meetings were held**. The Composition of Executive Committee, the dates of the Meetings held and the Attendance of the Members at the said Meetings are as under:

Composition of the Executive Committee:

Shri V.K. Kukreja	Chairman	Independent Director
Shri Ameet N. Patel	Member	Independent Director
Shri P. Koteswara Rao	Member	Non-Independent Non- Executive Director
Shri Y Viswanatha Gowd	Member	Managing Director and CEO

Dates of Executive Committee Meetings & Attendance of Members:

Sr. No.	Dates on which Executive Committee Meetings were held	Shri V. K. Kukreja	Shri Ameet N Patel	Shri P Koteswara Rao	Shri Y. Viswanatha Gowd	Shri Sanjay Kumar Khemani
1	31st May, 2021	Attended	Not Applicable	Not Attended	Attended	Attended
2	29th June, 2021	Attended	Not Applicable	Attended	Attended	Attended
3	17th July, 2021	Attended	Not Applicable	Attended	Attended	Attended
4	13th August, 2021	Attended	Not Applicable	Attended	Attended	Attended
5	8th September, 2021	Attended	Not Applicable	Attended	Attended	Attended
6	22nd September, 2021	Attended	Attended	Attended	Attended	Not Applicable
7	29th September, 2021	Attended	Attended	Attended	Attended	Not Applicable
8	13th October,2021	Not Attended	Attended	Attended	Attended	Not Applicable
9	27th October, 2021	Attended	Attended	Attended	Attended	Not Applicable
10	9th November, 2021	Attended	Attended	Attended	Attended	Not Applicable
11	29th November, 2021	Attended	Attended	Attended	Attended	Not Applicable
12	17th December, 2021	Attended	Attended	Not Attended	Attended	Not Applicable
13	27th December, 2021	Attended	Attended	Attended	Attended	Not Applicable
14	4th January, 2022	Attended	Attended	Attended	Attended	Not Applicable
15	20th January, 2022	Attended	Attended	Attended	Attended	Not Applicable
16	31st January, 2022	Attended	Attended	Attended	Attended	Not Applicable
17	24th February, 2022	Attended	Attended	Attended	Attended	Not Applicable
18	7th March, 2022	Not Attended	Attended	Attended	Attended	Not Applicable
19	17th March, 2022	Attended	Attended	Attended	Attended	Not Applicable
20	23rd March, 2022	Attended	Attended	Attended	Attended	Not Applicable
21	25th March, 2022	Attended	Attended	Attended	Attended	Not Applicable

The Executive Committee was reconstituted on 15th September, 2021 wherein Shri Ameet N Patel was inducted in place of Shri Sanjay Kumar Khemani.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee (SRC) looks into issues related to Shareholders, like transfer / transmission of shares, issue of duplicate share certificate/s, non-receipt of dividend, annual report and other related matters. The Committee also advises to improve investor services and to provide prompt and sufficient information. Further, to expedite share transfers in physical form, the Board has delegated power for approving the share transfers to the Committee of Officers of the Company.

SEBI (LODR) (Amendment) Regulations, 2018, Para 3(g) and Para 3(u)(b)(ii), has modified and extended the Roles and Responsibilities of SRC to include the following:

i. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.

ii. Review of measures taken for effective exercise of voting rights by the shareholders

iii. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent

iv. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / Annual Reports / statutory notices by the shareholders of the company.

Further, the Chairman of the SRC is required to be present at the AGMs to answer queries of the security holders.

Composition of the SRC is as follows

Smt.Jagennath Jayanthi	Chairman	Independent Director
Shri Kashi Prasad Khandelwal	Member	Independent Director
Shri Y. Viswanatha Gowd	Member	Managing Director & CEO

Date of Stakeholder Relationship Committee Meeting & Attendance of Members:

Sr. No.	Dates on which Stakeholder Relationship Committee meeting were held	Smt. Jagennath Jayanthi	Shri Kashi Prasad Khandelwal	Shri Y. Viswanatha Gowd
1.	10th March, 2022	Attended	Attended	Attended

The Stakeholder Relationship Committee was reconstituted on 15th September, 2021 wherein Smt. Jagennath Jayanthi was inducted in place of Shri. Ameet N Patel.

The Board has delegated power to issue duplicate share certificate/s to the Committee of Directors so as to expedite the process of issuing duplicate share certificate/s from time to time to the shareholders in case original share certificate/s is/are lost, upon receipt of necessary documents required for the purpose.

COMPLIANCE OFFICER:

As per the requirements of the RBI/2022-23/24 Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23 dated 11th April, 2022 the Company appointed Shri D R Muralidharan as the Chief Compliance Officer of the Company.

Ms. Varsha Hardasani acts as the Company Secretary & Compliance Officer w.e.f 1st June, 2022 after the superannuation of Shri Nitin K. Jage who was the General Manager (Taxation) and Company Secretary until 31st May, 2022

DETAILS OF SHAREHOLDERS' COMPLAINTS:

Particulars	No. of Complaints
Number of Complaints at the beginning of the Year	1
Number of complaints / requests in respect of non-receipt of Annual Report, Address change, change in ECS details, non-receipt of Duplicate Share Certificate/s, Revalidation of Dividend Warrant etc. received during the year	31
Number of complaints / requests in respect of non-receipt of Annual Report, Address change, change in ECS details, non-receipt of Duplicate Share Certificate/s, Revalidation of Dividend Warrant etc. resolved during the year	32
Number of Complaints at the end of the Year	0

Request pertaining to Dematerialisation and Transfer of Shares:

Nature of request	Requests received	No. of Shares involved
Dematerialisation	556	377055
Transfer of shares	13	8000

The requests for Dematerialisation and Transfers were promptly attended and there were no requests pending for approval as on 31st March, 2022.

OTHER COMMITTEES:

Debenture Allotment Committee:

The Debenture Allotment Committee is empowered to raise funds by allotting Non-Convertible Debentures (NCDs), to the successful applicants from time to time in different tranches. All tranches are listed on National Stock Exchange (NSE) in whole sale debt segment. During the year, **Twenty One (21) Debenture Allotment Committee meetings were held**.

Composition of the Debenture Allotment Committee is as follows:

Shri Y. Viswanatha Gowd	Member	Managing Director & CEO
Shri Jagdish Capoor**	Alternate Member	Independent Director
Dr. Dharmendra Bhandari	Alternate Member	Independent Director

Dates of Debenture Allotment Committee Meetings & Attendance of Members:

Sr. No.	Dates on which Executive Committee Meetings were held	Shri Y Viswanatha Gowd	Shri Jagdish Capoor (Alternate Member)	Dr. Dharmendra Bhandari (Alternate Member)
1	19th May, 2021	Attended	Attended	Not Applicable *
2	24th May, 2021	Attended	Not Applicable *	Attended
3	31st May, 2021	Attended	Attended	Not Applicable *
4	4th June, 2021	Attended	Not Applicable *	Attended
5	3rd September, 2021	Not Attended	Attended	Attended
6	9th September, 2021	Attended	Attended	Not Applicable *
7	20th September, 2021	Attended	Not Applicable *	Attended
8	24th September, 2021	Attended	Not Applicable *	Attended
9	1st October, 2021	Attended	Not Applicable *	Attended
10	12th November, 2021	Not Attended	Attended	Attended
11	23rd November, 2021	Not Attended	Attended	Attended
12	30th November, 2021	Attended	Attended	Not Applicable *
13	7th December, 2021	Attended	Not Applicable *	Attended
14	14th December, 2021	Attended	Attended	Not Applicable *
15	27th December, 2021	Attended	Not Applicable *	Attended
16	17th January, 2022	Attended	Attended	Not Applicable *
17	25th January, 2022	Attended	Not Applicable *	Attended
18	15th February, 2022	Not Attended	Attended	Attended
19	23rd February, 2022	Attended	Attended	Not Applicable *
20	14th March, 2022	Not Attended	Attended	Attended
21	23rd March, 2022	Attended	Attended	Not Applicable *

*being Alternate Member(s)

** Shri Jagdish Capoor, Independent Director superannuated from the Board on the completion of his second term on 23rd May, 2022

NOMINATION & REMUNERATION COMMITTEE (NRC):

Nomination & Remuneration Committee comprises of four Non-Executive Directors and the Chairman of the Committee is an Independent Director as per "SEBI LODR REGULATIONS". During the year, **Five (5) Nomination & Remuneration Committee meetings were held**.

The terms of reference of the NRC are as follows:

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors, a policy relating to, the remuneration of the Directors, Key Managerial Personnel and Other Employees;

1(A) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

(2) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

(3) devising a policy on diversity of Board of Directors;

(4) identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

(5) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

(6) recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

Composition of the NRC is as follows:

Shri Jagdish Capoor*	Chairman	Independent Director
Shri V K Kukreja	Member	Independent Director
Dr Dharmendra Bhandari	Member	Independent Director
Shri. Akshay Kumar Rout	Member	Non- Independent Non – Executive Director

Dates of NRC Meetings and Attendance of Members

Sr. No.	Dates on which Nomination & Remuneration Committee Meetings were held	Shri Jagdish Capoor	Shri V K Kukreja	Dr Dharmendra Bhandari	Shri. Sanjay Kumar Khemani **	Shri Akshay Kumar Rout**
1	14th June, 2021	Attended	Attended	Attended	Attended	Not Applicable
2	28th July, 2021	Attended	Attended	Attended	Not Attended	Not Applicable
3	20th October, 2021	Attended	Attended	Attended	Not Applicable	Attended
4	20th December, 2021	Not Attended	Attended	Attended	Not Applicable	Attended
5	17th January, 2022	Attended	Attended	Attended	Not Applicable	Attended

* Shri Jagdish Capoor, Independent Director superannuated from the Board on the completion of his second term on 23rd May, 2022.

**The Nomination and Remuneration Committee was reconstituted on 15th September, 2021 wherein Shri Akshay Kumar Rout was inducted in place of Shri Sanjay Kumar Khemani.

INVESTMENT COMMITTEE:

Investment Committee form for consideration of proposal of strategic investment in the equity capital as well as investment in subsidiary as well as associate companies and recommend the same to the Board for approval.

The scope of the Committee is to review the valuation of any proposal of strategic investment that may be received by the Company and recommend to the Board the same. **During the year, Two (2) Investment Committee meetings were held**.

Composition of the Investment Committee is as follows:

Dr Dharmendra Bhandari	Chairman	Independent Director
Shri V K Kukreja	Member	Independent Director
Shri Ameet Patel	Member	Independent Director
Shri. P Koteswara Rao	Member	Non-Independent Non-Executive Director

Dates of Investment Committee Meetings and Attendance of Members

Sr. No.	Dates on which Investment Committee Meetings were held	Dr Dharmendra Bhandari	Shri V K Kukreja	Shri Ameet N. Patel	Shri P Koteswara Rao
1	28th July, 2021	Attended	Attended	Attended	Attended
2	24th January, 2022	Attended	Attended	Attended	Attended

PREFERENTIAL ISSUE COMMITTEE:

Preferential Issue Committee was form for allotment of 4.54 crore equity shares to Promoter namely LICI. During the year one Preferential Issue Committee was held on 8th September, 2021 and all the Directors were present.

Composition of the Preferential Issue Committee is as follows:

Dr Dharmendra Bhandari	Chairman	Independent Director
Shri Ameet N. Patel	Member	Independent Director
Shri Kashi Prasad Khandelwal	Member	Independent Director
Shri Akshay Rout	Member	Non- Independent Non-Executive Director

CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:

The Directors except Shri M R Kumar, Chairman, Shri, Raj Kumar Director, Shri Y.Viswanatha Gowd, Managing Director & CEO, and Shri Vipin Anand Ex- Nominee Director, were paid sitting fees for attending Board and Committee meetings, other Committee meetings.

During the financial year ended 31st March, 2022, the sitting fees was enhanced in the Board meeting dated 27th January, 2022,directors except nominee directors, namely Shri M. R. Kumar, Shri Raj Kumar and Shri Y.Viswanatha Gowd were paid sitting fees @ ₹ 50,000/- for attending every Board meeting, ₹ 35,000/- for attending every Executive Committee Meeting and Audit Committee Meeting, ₹ 25,000/- for attending every Debenture Allotment Committee / Corporate Social Responsibility Committee Meeting/ Risk Management Committee / Nomination & Remuneration Committee / Stakeholder Relationship Committee / Investment Committee Meetings / Independent Directors' Meeting.

The details of sitting fees paid to the Directors during the period from 1st April, 2021 to 31st March, 2022 is mentioned below:

Names of Non –Executive Directors	Sitting fees (In ₹)
Shri Jagdish Capoor*	9,15,000/-
Dr. Dharmendra Bhandari	11,30,000/-
Shri V. K. Kukreja	11,10,000/-
Shri Ameet N. Patel	10,85,000/-
Shri P Koteswara Rao	9,05,000/-
Shri Kashi Prasad Khandelwal	6,60,000/-
Shri Sanjay Kumar Khemani	6,20,000/-
Shri Akshay Kumar Rout	5,15,000/-
Smt. Jagennath Jayanthi	4,60,000/-

* Shri Jagdish Capoor, Independent Director superannuated from the Board on the completion of his second term on 23rd May, 2022.

REMUNERATION POLICY:

The Company framed the Remuneration Policy in order to align with various provisions under "SEBI LODR REGULATIONS" vide its Circular No.CIR/CFD/Policy Cell/2/2014 dated 17th April 2014 and Circular No.CIR/CFD/Policy Cell/7/2014 dated 15th September 2014.

The Nomination & Remuneration Committee recommends to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees as per sub-section (3) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per Section 149) annexed to the Companies Act, 2013 and the Rules made there under.

Accordingly, the Remuneration policy relating to the remuneration of Directors, Key Managerial personnel and Other Employees is as below:

Remuneration to Non-Executive Directors:

The Non-Executive Directors would be paid such amount of Sitting Fees as decided from time to time for every Board and Committee Meeting they attend. Apart from Sitting Fees no other Remuneration / Commission would be payable to them.

In future if Company decides to pay any Remuneration / Commission to Non–Executive Independent Directors, then the same will be in compliance with Regulation 17(6) (ca) of the "SEBI LODR REGULATIONS" as amended from time to time.

Remuneration to Non-Executive Nominee Directors:

The Non-Executive Nominee Directors are not paid any Sitting Fees for any Board and Committee Meetings they attend. The Non-Executive Nominee Directors are not paid any Salary and / or other benefits by the Company.

Remuneration to Executive Nominee Director:

The Executive Nominee Director who is designated as Managing Director & CEO is paid remuneration as applicable to an Officer in the cadre of Executive Director of LIC of India. This apart, the Executive Nominee Director is entitled for PLI as per criteria approved by the Nomination and Remuneration Committee of the Board.

As and when there is any revision in the pay scales of the Executive Nominee Director as per the charter decided by the LIC of India, then the same is made applicable to the Executive Nominee Director at par with those of the officials in the similar cadre. Further, tenure and terms and conditions of appointment of Executive Nominee Director are as decided by LIC of India from time to time and as approved by the Board of Directors of the Company.

However, the remuneration payable to Executive Nominee Director at any point of time shall be within the limits specified as per Regulation 17(6)(e) of the SEBI LODR REGULATIONS as amended from time to time.

Remuneration to Key Managerial Personnel (other than MD & CEO) and Other Employees:

In the present set up of the Company, Key Managerial Personnel, other than Managing Director & CEO, are Company Secretary and Chief Financial Officer. Remuneration payable to Company Secretary, Chief Financial Officer and other employees is as decided by the Board of Directors as per Service Terms, Conduct Rules 1990 as amended from time to time.

Except Managing Director & CEO who is a Whole Time Executive Director, none of the Directors of the Company is paid any other remuneration or any elements of remuneration package under major groups, such as salary, benefits, bonuses, stock options, pension, and performance linked incentive etc.

The remuneration paid to Managing Director & CEO of Company for Financial Year 2021-2022 is as under:

Names of Non-Executive Directors	Shri Y. Viswanatha Gowd April 2021 to March 2022* Amount In ₹
Gross Salary, Sodexo and medical lumpsum	67,17,672/-
Contribution to pension and gratuity funds	3,97,218/-
Perquisites in cash or in kind	12,99,771/-
Total	**84,14,661/-**

* It may be mentioned here that Performance Linked Incentive (PLI) for F.Y. 2021-2022 was paid during the F.Y. 2022-2023 and calculated as per the performance criteria (like growth in portfolio, recovery ratio, NPA ratio and Profit After Tax) approved by the Board.

The evaluation criteria for performance evaluation of Independent Directors as well as Remuneration Policy laid down by the NRC are appended to this Annual Report.

MEETING OF INDEPENDENT DIRECTORS:

Separate Meeting of the Independent Directors of the Company was held on 8th March, 2022 in which, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole. The Independent Directors reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors.

ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE:

To improve the effectiveness of the Board and its committees, as well as that of each individual Director, and as per regulatory requirements a formal and rigorous Board review is undertaken on an annual basis.

The performance of the Board was evaluated after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board process, information and functioning, process of disclosure and communication, access to timely, accurate and relevant information etc.

The Committee evaluated its own performance after seeking inputs from the Committee Members on the basis of criteria such as the Composition of Committee, effectiveness of Committee Meetings, functioning, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the criteria such as contribution of individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in Meetings, presenting views convincingly, being resolute in holding views etc. In addition, the performance of the Chairman was also evaluated on the key aspects of his role.

In a separate Meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of Chairman was evaluated. The performances of the Independent Directors were evaluated by circulation of the questionnaire, wherein the Non-Independent Directors assigned their comments on various attributes of skill, expertise and experience of the Independent Directors. In this manner the performance of the entire Board was evaluated during FY 2021-2022.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility (CSR) Committee monitors implementation of the CSR Policy and apprises the Board accordingly. The CSR Budget of the Company for the F.Y.2021-22 was ₹ 66.97 crore out of which the Company spent ₹ 18.84 crore and a provision of ₹ 48.13 crore has been made for CSR proposals sanctioned by the Company during F.Y.2021-22. The projects undertaken under CSR expenditure are spread across following sectors viz. health care, education, livelihood development, community development and COVID-19 relief.

Composition of the CSR Committee is as follows:

Shri Jagdish Capoor*	Chairman	Independent Director
Shri Akshay Rout	Member	Non- Independent Non –Executive Director
Smt. J. Jayanthi	Member	Independent Director
Shri Y. Viswanatha Gowd	Member	Managing Director & CEO

Dates of CSR Meetings & Attendance of Members:

Sr. No.	Dates on which CSR Committee Meetings were held	Shri. Jagdish Capoor	Shri Akshay Kumar Rout**	Smt. J. Jayanthi**	Shri. Y. Viswanatha Gowd
1	15th November, 2021	Attended	Attended	Attended	Attended
2	14th January, 2022	Attended	Attended	Attended	Attended
3	28th February, 2022	Attended	Attended	Attended	Attended
4	25th March, 2022	Attended	Attended	Attended	Attended

* Shri Jagdish Capoor, Independent Director superannuated from the Board on the completion of his second term on 23rd May, 2022.

** Dr Dharmendra Bhandari was a member of the CSR Committee until 14th September, 2021, thereafter the CSR Committee had been reconstituted and Shri Akshay Kumar Rout and Smt. J. Jayanthi were inducted therein w.e.f 15th September, 2021.

RISK MANAGEMENT COMMITTEE :

The Company has Risk Management Committee (RMC) to identify the risks impacting the business of the Company and to take appropriate measures to mitigate the same. The terms of reference of RMC shall comprise of:

- review of Risk Management Policy,
- review of the current status of the Risk Management Policy and Report to the Board,
- review the matters on Risk Management and
- review and monitor types of risks the Company is exposed to.

Composition of the RMC is as follows:

Shri V. K. Kukreja	Chairman	Independent Director
Dr. Dharmendra Bhandari	Member	Independent Director
Shri Ameet N. Patel	Member	Independent Director
Shri Y. Viswanatha Gowd	Member	Managing Director & CEO

Dates of RMC Meetings and Attendance of Members:

Sr. No.	Dates on which Risk Management Committee Meetings were held	Shri V. K. Kukreja	Dr. Dharmendra Bhandari	Shri P. Koteswara Rao	Shri Y. Viswanatha Gowd	Shri Ameet N. Patel
1	14th June, 2021	Attended	Attended	Attended	Attended	Not Applicable
2	28th July, 2021	Attended	Attended	Attended	Attended	Not Applicable
3	20th October, 2021	Attended	Attended	Not Applicable	Attended	Attended
4	20th December, 2021	Attended	Attended	Not Applicable	Attended	Attended
5	21st January, 2022	Attended	Attended	Not Applicable	Attended	Attended
6	10th March, 2022	Attended	Attended	Not Applicable	Attended	Attended

The Risk Management Committee was reconstituted on 15th September, 2021 wherein Shri Ameet N. Patel was inducted in place of Shri P. Koteswara Rao.

IT STRATEGY COMMITTEE:

As per NHB/ND/DRS/Policy Circular No. 90/2017-18 dated 15th June, 2018, all Housing Finance Companies are mandated to form IT Strategy Committee. Therefore the Board constituted the IT Strategy Committee and prescribed the role of the committee as below:-

(a) Formulating policies pertaining to IT strategies, cyber securities including Cyber Crisis Management Plan (CCMP), and other interrelated matters to IT governance.

(b) Providing inputs to Board and senior management for implementation.

(c) Review of Policies, strategies, cyber security arrangements, etc., and amendment thereto, as and when required.

(d) Ascertaining that the management has implemented processes and practices to ensure that the deliverables as per the Policies framed are achieved.

(e) Reviewing periodically on the value added to the business, by the IT strategies implemented.

(f) Ensuring that IT investments represent a balance of risk and benefits and conduct cost-benefit analysis by evaluating that the budgets are acceptable.

(g) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

(h) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

(i) Carrying out any other function as may be required by other applicable laws and amendments thereto.

Composition of the IT Strategy Committee is as follows:

Shri Ameet Patel	Chairman	Independent Director
Shri Sanjay Kumar Khemani	Member	Non- Independent Non –Executive Director
Shri Akshay Kumar Rout	Member	Non- Independent Non –Executive Director
Shri Y. Viswanatha Gowd	Member	Managing Director & CEO
Ms Angel Johnson	Chief Information Officer	Senior Management Personnel
Shri Hitesh Talreja	Chief Technology Officer	Senior Management Personnel

Dates of IT Strategy Committee Meetings and Attendance of Directors:

Sr. No.	Dates on which IT Strategy Committee Meetings were held	Dr Dharmendra Bhandari	Shri V K Kukreja	Shri Y. Viswanatha Gowd	Shri Ameet Patel	Shri Sanjay Kumar Khemani	Shri Akshay Kumar Rout
1	27th July, 2021	Attended	Attended	Attended	Not Applicable	Not Applicable	Not Applicable
2	17th January, 2022	Not Applicable	Not Applicable	Attended	Attended	Attended	Attended
3	21st January, 2022	Not Applicable	Not Applicable	Attended	Attended	Attended	Attended

The IT Strategy Committee was reconstituted on 15th September, 2021 wherein Shri Ameet N. Patel, Shri Sanjay Kumar Khemani and Shri Akshay Rout was inducted in place of Dr Dharmendra Bhandari, Shri V K Kukreja.

SUBSIDIARY COMPANIES

The Company has four subsidiaries, namely LICHFL Care Homes Limited, LICHFL Financial Services Limited, LICHFL Asset Management Company Limited and LICHFL Trustee Company Private Limited.

The Company does not have a 'material non-listed Indian subsidiary'. During the year, the Audit Committee reviewed the financial statements of said unlisted subsidiary companies and in particular the investment made by them.

The minutes of the Board meetings of Subsidiary companies were placed before Audit Committee and the Board. The management also appraised their Boards, the statement of significant transactions entered into by the unlisted subsidiaries of the Company.

GENERAL BODY MEETINGS:

Annual General Meeting:

The details of the location and time of the last three Annual General Meetings are given below:

Year	Location	Date	Time
2018-19	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	28th August, 2019	3.00 P.M.
2019-20	Through Video Conference ('VC') / Other Audio Visual Means ('OAVM') in compliance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular no. 14/2020, dated 8th April, 2020, MCA General Circular no. 17/2020, dated 13th April, 2020 and MCA General Circular no. 20/2020 dated 5th May, 2020.	28th September, 2020	3:00 P.M.
2020-21	In compliance with the applicable provisions of the Companies Act, 2013 read with MCA general circular no. 14/2020, dated 8th April, 2020, MCA general circular no. 17/2020, dated 13th April, 2020 and MCA general circular no. 20/2020 dated 5th may, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020 and 39/ 2020 dated December 31, 2020 and circular no. 10/2021 dated June 23, 2021 issued by the Ministry of Corporate Affairs (referred to as the "MCA circulars") and SEBI circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020 and SEBI circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021.	27th September, 2021	3:00 P.M.

Special Resolutions passed at the three previous Annual General Meetings:

2019:
- (i) Issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis.
- (ii) Re-appointment of Dr Dharmendra Bhandari as Independent Director of the Company.
- (iii) Approving the increase in limits of borrowing by the Company.

2020:
- (i) Approval of Issuance of Redeemable Non-Convertible Debentures and /or other hybrid Instruments on a private placement basis.
- (ii) Re-Appointment of Shri V K Kukreja (DIN-01185834) as an Independent Director of the Company for the second term.
- (iii) Re-Appointment of Shri Ameet Patel (DIN-00726197) as an Independent Director of the Company for the second term

2021:
- (i) Approval for Issuance of Redeemable Non-Convertible Debentures and / or other Hybrid Instruments on a Private Placement Basis.
- (ii) Approval for substituting the Clause 11 (A) (iii) Of the Articles of Association (AOA) the Company pertaining to 'Further Issue of Capital.
- (iii) Approval for alteration in Clause iii (Objects) of the Memorandum of Association and adoption of new set of Memorandum of Association of the Company.

During the year 2021-2022 Extraordinary General Meeting was held on Monday, 19th day of July, 2021 at 11.30 A.M., Through Video Conference ('VC') / Other Audio Visual Means ('OAVM') In compliance with the applicable provisions of the General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020 and 39/ 2020 dated December 31, 2020 and circular no. 10/2021 dated June 23, 2021 issued by the Ministry of Corporate Affairs (referred to as the "MCA Circulars") and SEBI Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020 issued by the Securities And Exchange Board Of India ("SEBI") (referred to as the "SEBI circular") (collectively referred as the "applicable circulars") for Issuance of 4,54,00,000 equity shares on preferential basis to the Promoter namely LIC of India. During the Year 2021-2022 the Company did not conduct any Postal Ballot.

UNCLAIMED DIVIDENDS AND TRANSFER TO Investor Education and Protection Fund (IEPF):

Pursuant to Section 124 of Companies Act 2013, the Company has transferred the unclaimed final dividend for the financial year 2013-14 on due date to the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012. The Company has uploaded the details of unclaimed dividends lying with the Company as on 27th September, 2021 (date of last Annual General Meeting) on the website of the Company namely www.lichousing.com and also on the website of the Ministry of Corporate Affairs. After completion of seven years, no claims shall lie against the said fund or against the Company for the amount of Dividend so transferred, nor shall any payment be made in respect of such claims under Companies Act, 1956. The Companies Act, 2013 provides for claiming such dividends from the Central Government. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund)

Rules, 2016 (as amended from time to time), equity shares in respect of which dividends have not been claimed for seven (7) consecutive financial year from 2013-14 will be transferred to the IEPF Authority in accordance with the aforesaid rules.

DISCLOSURES:

None of the transactions with any of the related parties were in conflict with the interests of the Company.

The details of all transactions with Related Parties, in the manner required, to be tabled before the Audit Committee as per the "SEBI LODR REGULATIONS", on quarterly basis during Financial Year 2021-22. The policy on dealing with Related Party transactions and procedures is disclosed on the company's website and Related Party Transactions are appended to the Directors' Report.

https://www.lichousing.com/consolidated-related

There were no instances of non-compliance, penalties, strictures imposed on the Company by the Stock Exchanges or the "SEBI LODR REGULATIONS" or any statutory authority of any matter related to the capital markets during the last three years.

The Company has laid down the procedures to inform Board Members about the risk assessment and minimization procedures and the Board reviews the Risk Management report on quarterly basis.

The Company has a Code of Conduct for prevention of insider trading known as "LICHFL Code of Conduct for Prevention of Insider Trading" in the shares and securities of the Company by its Directors and designated employees.

Consequent to the amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 as well as issuance of certain clarifications by SEBI on Prohibition of Insider Trading, the Company's "LICHFL Code of Conduct for Prevention of Insider Trading" was revised during the year. It 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 Company during the restricted trading periods notified by the Company, from time to time and whilst in possession of any unpublished price sensitive information relating to the Company.

The Company has a Code of Conduct for its Directors and the Senior Management. The code includes the duties of Independent Directors as laid down in the Companies Act, 2013.

The above Codes are hosted on the Company's website –

https://www.lichousing.com/static-assets/pdf/Prohibition%20of%20Insider%20Trading.pdf?crafterSite=lichfl-corporate-website-cms&embedded=true

and has been circulated to all the members of the Board and Senior management and the compliance of the same has been affirmed by them. A declaration confirmed by Managing Director and CEO is given below:

Compliance with Code of Conduct for

I confirm that for the year under review, Directors and senior management have affirmed their adherence to the provisions of the Code of Conduct.

For LIC Housing Finance Limited

Y. Viswanatha Gowd

Managing Director & CEO

Mumbai, 31st March, 2022

The Company has a whistle blower policy – a Vigil Mechanism for employees to Report to the Management any concerns about unethical behaviour, actual or suspected fraud or violation of the rules and regulations. The Board confirms that no personnel were denied access to the Audit Committee.

The Company does not have an Employee Stock Option Scheme.

In the preparation of financial statements no treatment materially different from that prescribed in the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and applicable in respect of these financial statements has been followed.

Directors confirm that the Company has adequate resources to continue its business and, therefore, financial statements are prepared on a going concern basis.

The Company has formulated policy for determining 'material' subsidiaries. The same has been hoisted on the website of the Company namely www.lichousing.com/Polices & Codes/Policy for Determining Material Subsidiaries. However, none of the Company's subsidiaries' income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth of the listed holding company (LIC Housing Finance Limited) and its subsidiaries in the F.Y. 2021-2022.

The Company has also adopted Policy on archiving of information content, hosted on website (www.lichousing.com/Policies & Codes/Policy on Archiving of Information or Content) and Policy for Preservation of Documents (www.lichousing.com/Policies & Codes/Policy on Preservation of Documents).

Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the year: Nil

b. Number of complaints disposed of during the financial year: Nil

c. Number of complaints pending as on end of the financial year: NIL

POLICY ON FIT AND PROPER CRITERIA FOR THE DIRECTORS:

The Company has formulated and adopted a Policy on Fit and Proper Criteria for the Directors, in accordance with NHB CG Directions pursuant to Master Directions – Non - Banking Financial Company (Reserve Bank) Directions, 2021 which inter-alia, lay down the fit and proper criteria of the Directors at the time for their appointment/reappointment and on a continuing basis.

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of fees paid to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part is presented below :

Particulars	For the year ended March 31, 2022 Amount (₹ In crore)	For the year ended March 31, 2021 Amount (₹ In crore)
As auditor	0.44	0.31
Tax Audit	0.07	0.08
For Quarterly Limited Reviews	0.19	0.15
In any other manner (Certification work)	0.23	0.07
Reimbursement of Expenses to Auditors	0.07	0.06
Total	**1.00***	**0.67***

- The present Joint Statutory Auditors namely Gokhale & Sathe, Chartered Accountants [Firm Registration No. (FRN) 103264W] and M.P. Chitale & Co., Chartered Accountant (FRN 101851W) were appointed in the 30th Annual General Meeting held on 28.08.2019.

*** Including Ineligible GST**

Total fees for all services paid by the Subsidiary Company and Associate Company on a consolidated basis, to the Statutory Auditors, is given below:

Sr. No.	Name Of Subsidiary and Associate Company	Total fees paid (₹ In lakh)
	Subsidiary	
1	LICHFL Care Homes Limited	1.9
2	LICHFL Financial Services Limited	1.81
3	LICHFL Asset Management Company Limited	5.5
4	LICHFL Trustee Company Private Limited	0.376
	Associates	
1	LIC Mutual Fund Asset Management Company Limited	7.75#
2	LIC Mutual Fund Trustee Private Limited	0.75#

V. C. Shah & Co., Chartered Accountant (FRN 108918W) are the Statutory Auditors of this Associate Company.

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE:

The Company has formulated and adopted the Internal Guidelines on Corporate Governance in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 which lay down the Corporate Governance practices of the Company and the same is available on the website of the Company at the URL:

https://www.lichousing.com/downloads/Governance%20 Guidelines.pdf

CEO / CFO CERTIFICATION:

As required by “SEBI LODR REGULATIONS”, the Managing Director & CEO / CFO certificate is appended in the Annual Report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

As required by “SEBI LODR REGULATIONS”, Certificate from M/s. N. L. Bhatia & Associates, Practicing Company Secretaries, Mumbai (UIN: P1996MH055800, FCS 8663 and Certificate of Practice No.:9625), on compliance of the conditions of Corporate Governance is appended in the Annual Report.

MANDATORY / NON-MANDATORY REQUIREMENTS:

During Financial Year 2021-2022, the Company has duly complied with all mandatory requirements of “SEBI LODR REGULATIONS”. The Company is in compliance with all the Non – Mandatory requirements listed in “SEBI LODR REGULATIONS” except that half-yearly financial results including summary of significant events are presently not being sent to the shareholders. However, the quarterly, half-yearly as well as the annual results are published in the newspapers.

FINANCIAL CALENDAR FOR 2022-23 (PROVISIONAL):

a.	Unaudited Financial Result for the first quarter ending 30th June, 2022	In the month of August, 2022
b.	Unaudited Financial Result for the second quarter ending 30th September, 2022	In the month of November, 2022
c.	Unaudited Financial Result for the third quarter ending 31st December, 2022	In the month of February, 2023
d.	Audited Financial Result for the fourth quarter & year ending 31st March, 2023	In the month of May, 2023
e.	Annual General Meeting for the year ending March, 2023	In the month of September, 2023

MEANS OF COMMUNICATION:

Timely disclosure of relevant and reliable information on financial performance is at the core of good governance.

The channels of communication include informative Annual Report containing Directors' Report, Report on Corporate Governance, Management's Discussion and Analysis Report and the audited Financial Statements (standalone & consolidated).

The Company also communicates with the shareholders through its website, www.lichousing.com. The quarterly and annual financial results as well as shareholding pattern and Memorandum and Articles of Association of the Company, Code of Conduct for Board of Directors and Senior Management and Code of Conduct for Insider Trading are hosted on the Company's website for information of its shareholders.

Quarterly / Annual Financial Results: The quarterly unaudited financial results and audited yearly financial results of the Company are announced within stipulated period. The audited/ unaudited financial results were published in vernacular language newspaper and leading English newspapers namely Business Standard - English (all editions), Business Line (all editions), The Free Press Journal (all editions), Navshakti (all editions) and Business Standard-Hindi (all editions).

The audited financial statements viz., Balance Sheet, Profit and Loss Account, Cash-Flow Statement including schedules and notes thereon, press releases and presentations made to analysts were hosted on the Company's website.

NEAPS (NSE Electronic Application Processing System) and BSE Corporate Compliance & Listing Centre: NSE and BSE have developed web-based applications for corporates. Periodical compliances like financial results, shareholding pattern, corporate governance reports, etc. are filed electronically on NEAPS and BSE Listing Centre.

Press Release, Presentations etc.: The Company quarterly organizes Investors' Meet to communicate with institutional investors and analysts, etc. Official news/press releases and presentations, transcripts of the ConCalls made to investors/ analysts are hosted on the Company's website from time to time and also informed to Stock Exchanges.

Website: The Company's website www.lichousing.com contains dedicated section 'INVESTORS' having updated relevant information for shareholders.

Annual Report: Annual Report containing inter-alia Standalone Audited Financial Statements, Audited Consolidated Financial Statements, Auditors' Report, Directors' Report, Management Discussion and Analysis, Corporate Governance Report, Business Responsibility Report is circulated to the members who are entitled. The same is also uploaded on the website of the Company which can be accessed at the following link- https://www.lichousing.com/annual_general_meeting.php

SCORES (SEBI Complaints Redressal System): SEBI processes investors' complaints in a centralized web-based complaints redressal system i.e. SCORES. Through this system, a shareholder can lodge complaint(s) against a Company for his grievance, The RTA under intimation to the Company uploads the action taken on the complaint which can be viewed by shareholder. The Company and shareholder can seek clarifications online through SEBI.

Letters to Investors: Regular reminders are being sent to the Shareholders for claiming unpaid/ unclaimed dividend/ Shares every year.

Green Initiative: Sending important communication to shareholders through email - In terms of the Green initiative launched by the Ministry of Corporate Affairs, to allow service of documents to the members through electronic mode. The Company from the last few years has been sending various communications/ documents like Annual Report, Notice of AGM, NACH intimation etc. through e-mail to those shareholders who have registered their email id with the DP/ RTA.

In view of the prevailing COVID situation and in compliance of MCA/SEBI Circulars, Annual Report has been sent to all eligible shareholders through email only. Efforts have also been made to update / validate the registered email-IDs of shareholders, through CDSL and NSDL, prior to sending emails to eligible shareholders.

To comply with the newly enacted provisions of the Income Tax Act, 1961 and to give fair chance to all eligible shareholders with respect to exemption from deduction of TDS on dividend, communication was sent to shareholders giving them an opportunity to submit necessary documents (Form 15 G, Form 15 H, Form 10 F, declaration-NRI,FPI,FII).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report forms part of the Directors' Report.

GENERAL SHAREHOLDER INFORMATION

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65922MH1989PLC052257.

(a) Annual General Meeting :

Date and time: 29th September, 2022 (Thursday) at 3:30 P.M.

Venue: "Through Video Conference (VC)/ Other Audio Visual Means (OAVM)"

(b) Financial year: The financial year of the Company starts on April 1 and ends on March 31 of next year.

(c) Book closure : From, 21st September, 2022 to, 29th September, 2022 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the Members.

(d) Dividend payment date: On or after 6th October, 2022 but within 30 days from the date of declaration.

Pursuant to the changes introduced by the Finance Act, 2020, with effect from 1st April, 2020, the Company would be required to deduct tax at the prescribed rates on the dividend paid to its Shareholders. The TDS rate would vary depending on the residential status of the Shareholders and the documents submitted by them and accepted by the Company.

(e) The shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and the Luxembourg Stock Exchange.

(f) Stock Exchanges:

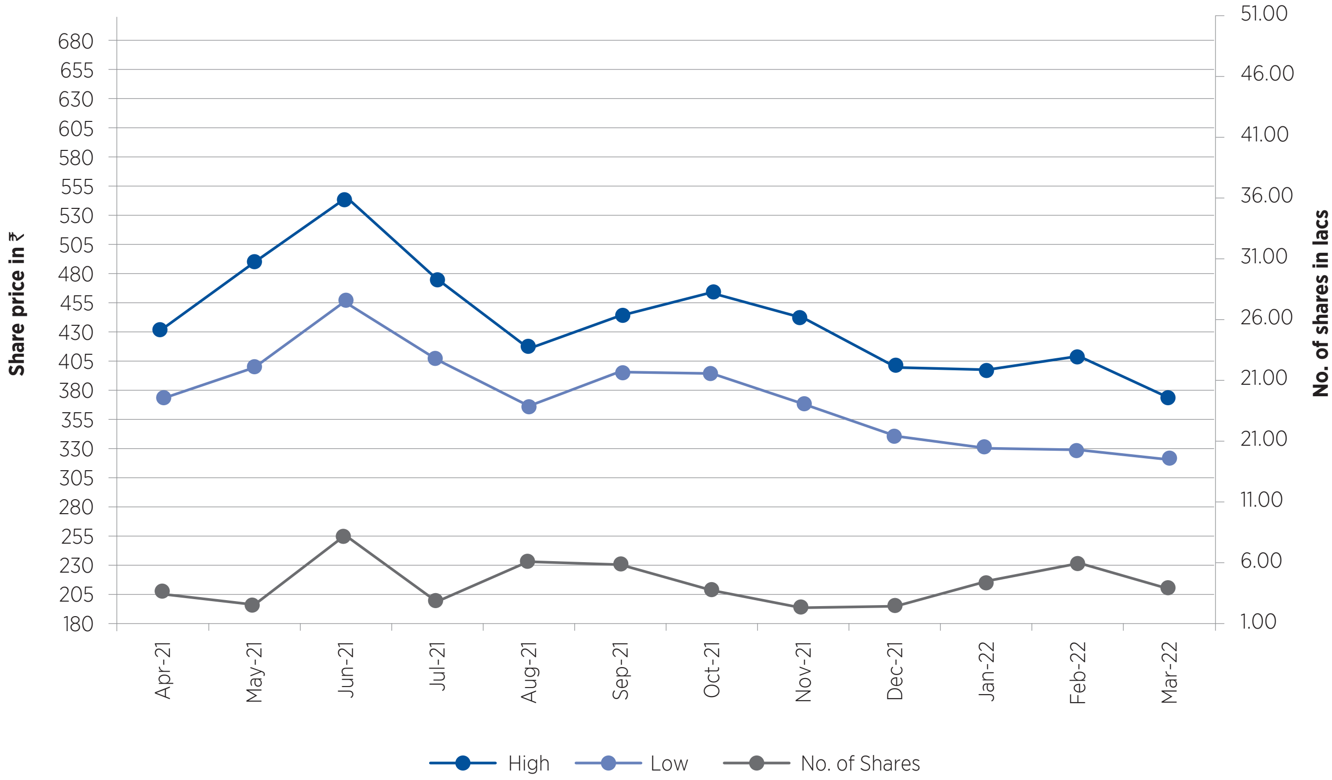
Name of Stock Exchanges	Address	Stock Code
Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Stree, Mumbai – 400001 Tel.Nos. :022-22721233 / 22721234 Fax Nos. : 022-22721919 Website : www.bseindia.com	500253
National Stock Exchange of India Ltd.	Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra – East, Mumbai – 400051. Tel Nos: 022-26598100-114 Fax Nos. : 022-26598120 Website : www.nseindia.com	LICHSGFIN EQ LICHSGFIN(Debt)
Luxembourg Stock Exchange	35A Boulevard Joseph II L-1840 Luxembourg. Tel: (352) 47 79 36 – 1 Fax: (352) 47 32 98 Website : www.bourse.lu	US50186U2033

(g) International Securities Identification Number (ISIN): INE115A01026

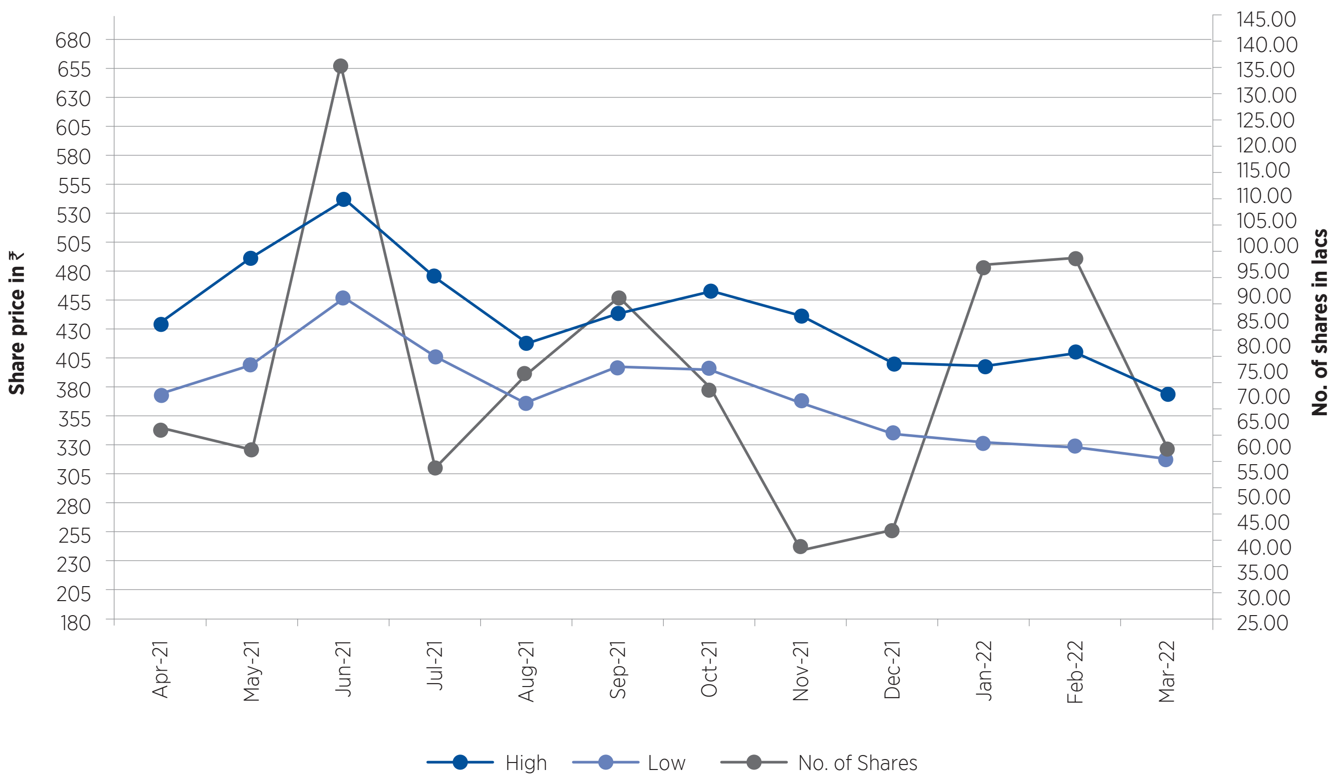
(h) Market price data: The monthly high and low stock quotations during the last financial year on BSE and NSE were:

Month	BSE			BSE Sensex		NSE		
	Company's share price (₹)		Volume of shares (Nos.)			Company's share price (₹)		Volume of shares (Nos.)
	High	Low		High	Low	High	Low	
Apr-21	433.85	372.75	3601387	50375.77	47204.50	433.90	372.70	62889960
May-21	489.70	398.95	2647854	52013.22	48028.07	490.00	398.75	58789748
Jun-21	542.35	456.00	8364109	53126.73	0.00	542.45	455.85	135625792
Jul-21	475.60	406.00	2918194	53290.81	51802.73	475.30	406.10	55136536
Aug-21	416.70	365.05	6174809	57625.26	52804.08	416.85	365.10	73776250
Sep-21	444.00	395.55	5978229	60412.32	57263.90	443.85	395.60	89026045
Oct-21	462.50	394.25	3788147	62245.43	58551.14	462.50	394.05	70841689
Nov-21	440.30	367.45	2338757	61036.56	56382.93	440.30	367.00	39103484
Dec-21	399.30	339.85	2306167	59203.37	55132.68	399.20	339.75	42368310
Jan-22	396.65	329.70	4378260	61475.15	56409.63	396.75	329.65	95350309
Feb-22	407.90	328.40	5970053	59618.51	54383.20	408.00	328.10	96517527
Mar-22	372.50	321.20	3960851	58890.92	52260.82	372.95	321.00	59177804

BSE


Share price in ₹
No. of shares in lacs
High
Low
No. of Shares

NSE


Share price in ₹
No. of shares in lacs
High
Low
No. of Shares

(i) Details of Shareholders holding more than 1% of the share capital of the Company as at 31st March, 2022 are given below:

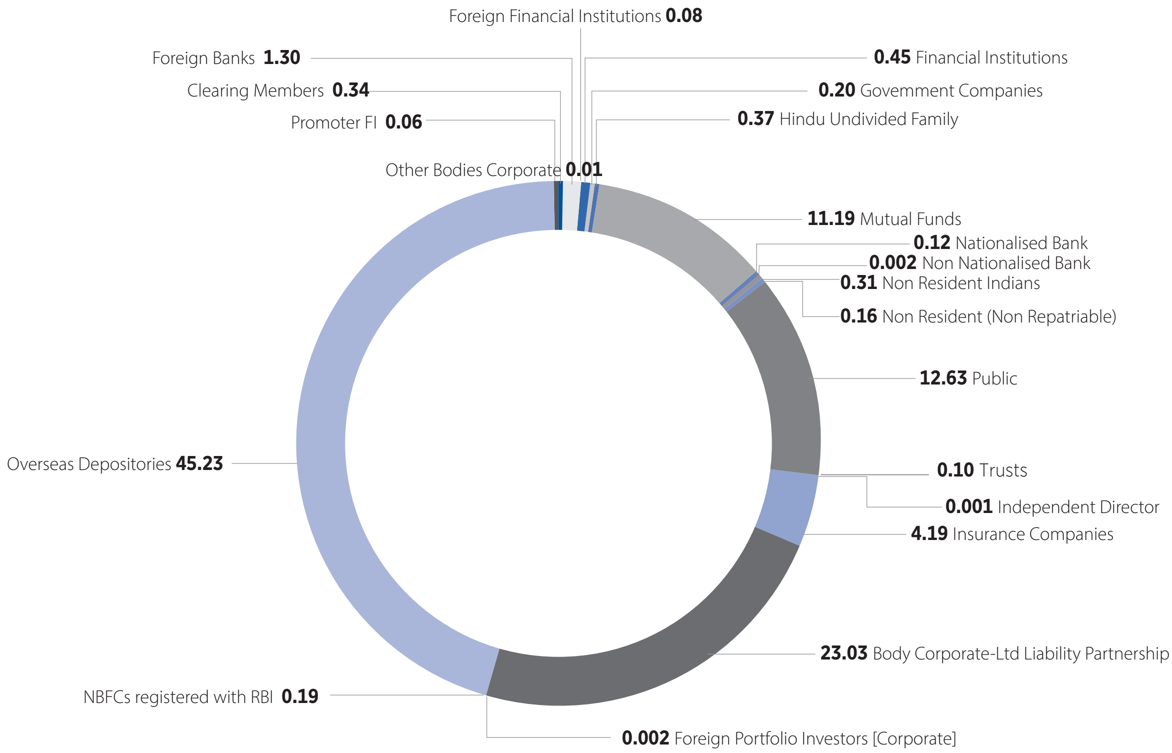
LIC Housing Finance Limited				
LIST OF HOLDERS HOLDING 1.00 % & ABOVE AS ON 31.03.2022				
SR. No.	**FOLIONO**	**SHAREHOLDER'S NAME**	**SHARES**	**%**
1	'IN30134820176093	Life Insurance Corporation Of India	248842495	45.239
2	'IN30014210645352	Bank Muscat India Fund	11496000	2.0899
3	'IN30005410076881	Government Pension Fund Global	11416278	2.0754
4	'IN30016710142910	Hdfc Life Insurance Company Limited	9175796	1.6681
5	'IN30014210402331	The Prudential Assurance Company Limited	8018186	1.4577
6	'IN30378610004798	Icici Prudential Value Discovery Fund	7977017	1.4502
		Total	**296925772**	**53.98**

Distribution of shareholding as at 31st March, 2022

LIC Housing Finance Limited							
DISTRIBUTION OF SHAREHOLDING (RUPEES) VALUE AS ON 31.03.2022							
SR. NO.	**SHAREHOLDING OF NOMINAL SHARES**			**SHAREHOLDER**	**PERCENTAGE OF TOTAL**	**TOTALSHARES**	**PERCENTAGE OF TOTAL**
1	1	to	5000	459446	99.2952	111244238	10.1120
2	5001	to	10000	1840	0.3977	13416460	1.2195
3	10001	to	20000	652	0.1409	9535098	0.8667
4	20001	to	30000	208	0.045	5146966	0.4679
5	30001	to	40000	98	0.0212	3535236	0.3213
6	40001	to	50000	71	0.0153	3213148	0.2921
7	50001	to	100000	117	0.0253	8492692	0.7720
8	100001	to	100001 and above	275	0.0594	945542162	85.9485
Total	**462707**	**100**	**1100126000**	**100**			

Details of shareholding based on category as on 31st March, 2022:

	Physical Form		**Demat Form**		**Total**		**% to total**
Particulars	**No. of Shareholders**	**No. of Shares**	**No. of Shareholders**	**No. of Shares**	**No. of Shareholders**	**No. of Shares**	**Capital**
Promoter-LIC of India	0	0	1	248842495	1	248842495	45.2389
Foreign Institutional Investors	2	4500	256	126701586	258	126706086	23.0348
Public	4758	2508936	449568	69098297	454326	71607233	13.018
Banks & Financial Institutions	0	0	3580505	15	15	3580505	0.651
Non Resident Indians	1	500	6444	2668387	6445	2668887	0.4852
Mutual Funds	0	0	85	61597382	85	61597382	11.1982
Private Corporate Bodies	19	21500	1336	7289827	1355	7311327	1.3292
Other Insurance Companies	1	5500	22	23043689	23	23049189	4.1903
Global Depository Receipts	0	0	1	1067112	1	1067112	0.194
Others	1	1000	197	3631784	198	3632784	0.6604
TOTAL	**4782**	**2541936**	**4038415**	**543940574**	**462707**	**550063000**	**100**



(j) Global Depository Shares (GDS):

Of the total 5,00,000 GDS issued by the Company, 992 GDSs were outstanding as on 31st March, 2022.

(k) Plant location: The Company is mainly engaged in providing housing finance and as such does not have any manufacturing plant.

(l) Address for correspondence:

Investors and shareholders can correspond with the Company at following address:

A) The Company Secretary

LIC Housing Finance Limited

Corporate Office,

131 Maker Tower, "F" Premises, 13th Floor, Cuffe Parade,

Mumbai - 400 005.

Phones: (91-22) 22178600 / 22178700 / 22178611.

Fax: (91-22) 22178777.

CIN: L65922MH1989PLC052257.

and / or

B) The Registrar and Transfer Agent of the Company at its following address:

Link Intime India Pvt. Limited
C-101, 247 Park, L.B.S. Marg,
Vikroli (West), Mumbai - 400 083,
Phones: (91-22) 49186000
Fax: (91-22) 49186060

(m) Share transfer system:

All the share transfers are processed by the Registrar and Transfer Agent, namely, Link Intime (India) Pvt. Limited and approved by the Committees of the Officers of the Company constituted for this purpose. The Committee meets as and when required to approve share transfers received in physical form.

(n) Dematerialisation of shares and liquidity:

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems — National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2022, 54,75,48,564 equity shares i.e., 99.54% of the Company's share capital were dematerialised.

(o) Debt Securities:

The Secured Redeemable Non-Convertible Debentures and Un-secured Redeemable Non-Convertible Debentures issued by the Company are listed for trading on the Wholesale Debt Market Segment of the NSE. Further there has been no instance whereby at any time, the securities (both equity and / or debt) of the Company was suspended from trading.

Debenture Trustees:

Axis Trustee Services Ltd - Axis House, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400025. Phones:022-24255215 / 24255216, Email : debenturetrustee@axistrustee.com, Website : www.axistrustee.com.

Vistra ITCL (India) Limited - Plot C-22, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai – 400051. Phones : 022-26533333 Email: info@ilfsindia.com, Website : www.ilfsindia.com

SBICAP Trustee Company Limited - Mistry Bhavan, 4th Floor, 122 Dinshaw Vachha Road, Churchgate, Mumbai – 400 020

Phone: 022 4302 5500/5566
Email : nazer.kondkari@SBICAPTRUSTEE.COM

Catalyst Trusteeship Limited- Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098. Phone 022-49220555 Website:- www.catalysttrustee.com

(p) List of all credit ratings obtained by the entity along with any revisions thereto during the financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

CRISIL had reaffirmed its outstanding rating as 'CRISIL AAA/Stable' rating to the non-convertible debentures issue of LIC Housing Finance Limited and has also reaffirmed its 'CRISIL AAA/FAAA/Stable/CRISIL A1+' ratings on other debt instruments, bank facilities and fixed deposit programme of the Company.

Total Bank Loan Facilities Rated	₹ 99085.88 crore
Long Term Rating	CRISIL AAA/Stable (Reaffirmed)
Short Term Rating	CRISIL A1+ (Reaffirmed)
₹ 25000 Crore Non-Convertible Debentures	CRISIL AAA/Stable (Assigned)
₹ 3000 Crore Tier II Bond	CRISIL AAA/Stable (Reaffirmed)
₹ 25000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 25000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 25000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 25000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 5000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 15000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 10000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 5000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 5976 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 15000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 15000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 20000 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 33833 crore Non-Convertible Debentures	CRISIL AAA/Stable (Reaffirmed)
₹ 1600 crore Upper Tier II Bond	CRISIL AAA/Stable (Reaffirmed)
₹ 1750 crore Tier II Bond	CRISIL AAA/Stable (Reaffirmed)
Fixed Deposits Programme	CRISIL AAA /Stable (Reaffirmed)
₹ 17500 crore Commercial Paper	CRISIL A1+ (Reaffirmed)

CARE Ratings had reaffirmed its 'CARE AAA; Stable' rating for ₹ 22564.10 crore for non-convertible debenture issue of LIC Housing Finance Limited.

Also, CARE Ratings had assigned its 'CARE AAA; Stable' rating to the tune of ₹ 3000 crore for Tier II Bonds issue of LIC Housing Finance Limited and reaffirmed its 'CARE AAA; Stable'. The unutilised amount as on 30.06.2022 was ₹ 1200 crore

ICRA Limited had reaffirmed ICRA A1+ rating to the ₹ 17,500 crore commercial paper issue of LIC Housing Finance Limited and has reaffirmed its ICRA A1+.

(q) Listing Fees:

The Company has paid listing fees to Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd., (NSE) for listing of equity shares on BSE and NSE for Financial Year 2021-2022. The Company has also paid listing fees for listing of Non-Convertible Debenture on Wholesale Debt market segment on NSE for Financial Year 2021-2022. In respect of GDS listed on' Luxembourg Stock Exchange, the Company has paid the listing fees to the Luxembourg Stock Exchange.

(r) Demat Suspense Account / Unclaimed Suspense Account:

There are no shares lying under Demat Suspense Account / Unclaimed Suspense Account and hence the Company does not have any Demat Suspense Account / Unclaimed Suspense Account.

(s) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

The Company has foreign exchange exposure and hedging is done for a significant portion of the same. The Company is not involved in commodity trading and its hedging activities.

(t) Details of non-compliance by listed entity, penalties, strictures imposed on the listed entity by Stock Exchange(S) or the Board or any statutory authority, on any matter related to capital markets, during the last three years;

During 2021-2022, the Company has complied with requirements of the National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010.

(u) Details of compliance with mandatory requirements:

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and all the applicable clauses of Regulation 46(2) (b) to (i) of the SEBI LODR REGULATIONS. All applicable Secretarial Standards on Board Meeting and General Meeting were duly complied.

This Corporate Governance Report of the Company for the FY 2021-2022 is in compliance with the requirements of Corporate Governance under SEBI LODR REGULATIONS.

(v) CEO/CFO Certificate:

The Compliance Certificate of the MD & Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) to the Board of Directors as specified in Part B of Schedule II of the SEBI (LODR) has been annexed as **Annexure 1 and 2** to this Report.

(w) Certification from Company Secretary in Practice:

i) Shri Bharat Upadhyay (FCS: 5436 and Certificate of Practice No.:4457), Partner of M/s. N. L. Bhatia & Associates, Practicing Company Secretaries, Mumbai (UIN: P1996MH055800) has conducted Secretarial Audit in respect of the FY 2021-2022, as per the provisions of Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as per Regulation 24A of the SEBI (LODR), 2015 as amended by SEBI (LODR) (Amendment) Regulations, 2018 and the Secretarial Audit Report in Form MR-3 provided by the PCS has been submitted to stock exchanges and annexed to the Board's Report; and the same would be forwarded to the Ministry of Corporate Affairs at the time of submitting this Annual Report.

ii) The Company has also obtained the Annual Secretarial Compliance Report from Shri Bharat Upadhyay (FCS: 5436 and Certificate of Practice No.:4457), Partner of M/s. N. L. Bhatia & Associates, Practicing Company Secretaries, Mumbai (UIN: P1996MH055800) as required by Capital Market Regulator, SEBI as per Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019, which is to be submitted by a PCS to the listed entity on an annual basis, regarding compliance of all applicable SEBI Regulations and Circulars/ Guidelines issued thereunder.

iii) Shri Bharat Upadhyay (FCS:5436 and Certificate of Practice No.:4457), Partner of M/s. N. L. Bhatia & Associates, Practicing Company Secretaries, Mumbai (UIN: P1996MH055800) has also issued a certificate as required under Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI LODR REGULATIONS, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The said certificate of non-disqualification of directors has been annexed herewith in **Annexure-3**.

The Certificates mentioned in (i) and (ii) above has been enclosed with the Report of Directors as **Annexure-9**.

(x) Utilization of funds raised through Preferential Allotment or Qualified Institutions Placement- Regulation 32(7A):

During the year under review the Company has raised an amount of Rs.23,35,51,22,000/- (Rupees Two Thousand three hundred and thirty five crore fifty one lakh twenty two thousand only) through allotment of 4,54,00,000 equity shares of face value Rs.2/- (Indian Rupees Two only) having ("Shares") at an issue price of Rs. 514.43/- (Rupees Five hundred and fourteen and forty three paisa only) [Rounded off to two decimal places] with includes a securities premium of Rs. 512.43 to its promoter namely Life Insurance Corporation of India (LICI), on 8th September, 2021

(y) Recommendations of Committee(s) of the Board of Directors:

During the Financial Year 2021-22, there was no instance, where the Board had not accepted the recommendation(s) of any committee of the Board which is mandatorily required.

CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members of
LIC HOUSING FINANCE LIMITED

We have examined all the relevant records of **LIC HOUSING FINANCE LIMITED** ("the Company") for the purpose of certifying compliance with the conditions of the Corporate Governance under Chapter - IV to the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the financial year from **April 01, 2021 to March 31, 2022.**

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

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

FOR M/S. N.L. BHATIA & ASSOCIATES
PRACTICING COMPANY SECRETARIES
UIN: P1996MH055800
UDIN: F005436D000734197

BHARAT UPADHYAY
PARTNER
FCS: 5436
C.P. NO.:4457

DATE: AUGUST 04, 2022
PLACE: MUMBAI

Annexure-1

The Board of Directors,
LIC Housing Finance Limited.,
Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai – 400 001.

Date: 18th May, 2022

ANNUAL CERTIFICATION

We the undersigned Viswanatha Gowd Y, Managing Director & CEO and Sudipto Sil, Chief Financial Officer hereby certify that for the financial year ended 31st March 2022, we have reviewed annual accounts, financial statement and the cash flow statement and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

(3) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct;

(4) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of some internal control system of the Company and we have disclosed to the auditors and the Audit Committee the deficiencies, of which we are aware, in the design or operation of the internal control systems and we have taken the steps to rectify these deficiencies.

(5) We further certify that:

(a) there have been no significant changes in internal control during this year.

(b) there have been no significant changes in accounting policies during this year except as mentioned in the significant accounting policies and notes to accounts.

(c) there have been some instances of fraud though not significant. There were no involvement of management and there would not have been involvement of employees having a significant role in the Company's internal control system.

Managing Director & CEO **Chief Financial Officer**

Annexure-2

The Board of Directors,
LIC Housing Finance Limited.,
Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai – 400 001.

Date: 18th May, 2022

CERTIFICATION

We the undersigned Viswanatha Gowd Y, Managing Director & CEO and Sudipto Sil, Chief Financial Officer hereby certify that for the Quarter ended 31st March 2022, we have reviewed the financial results and that to the best of our knowledge and belief:

1. These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

2. These Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

Managing Director & CEO **Chief Financial Officer**

Annexure-3

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
LIC Housing Finance Limited
Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai- 400001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **LIC Housing Finance Limited** having **CIN: L65922MH1989PLC052257** and having its registered office at **Bombay Life Building, 2nd Floor, 45/47, Veer Nariman Road, Mumbai- 400 001 (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 Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2022** have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Directors	DIN	Date of Appointment in Company
1.	Mr. Jagdish Capoor*	00002516	25/05/2012
2.	Mr. Dharmendra Bhandari	00041829	19/08/2014
3.	Mr. Sanjay Kumar Khemani	00072812	01/07/2019
4.	Mr. Ameet Navinchandra Patel	00726197	19/08/2015
5.	Mr. Kashi Prasad Khandelwal	00748523	01/07/2019
6.	Mr. Vipan Kumar Kukreja	01185834	30/06/2015
7.	Mr. Mangalam Ramasubramanian Kumar	03628755	25/03/2019
8.	Mr. Pottimutyala Koteswara Rao	06389741	11/06/2018
9.	Mr. Akshay Rout	08858134	28/09/2020
10.	Ms. Jagennath Jayanthi	09053493	05/02/2021
11.	Mr. Viswanatha Gowd Yerur	09048488	01/02/2021
12.	Mr. Raj Kumar	06627311	13/08/2021

* Shri Jagdish Capoor, Independent Director superannuated from the Board on the completion of his second term on 23rd May, 2022.

Ensuring the eligibility of 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 M/S. N. L. BHATIA & ASSOCIATES
PRACTICING COMPANY SECRETARIES
UIN: P1996MH055800
UDIN: F005436D000388491

BHARAT UPADHYAY
PARTNER
FCS NO.: 5436
CP. NO.: 4457
P/R NO.:700/2020

DATE: MAY 25, 2022
PLACE: MUMBAI

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L65922MH1989PLC052257

2. **Name of the Company:** LIC Housing Finance Limited

3. **Registered Address:** Bombay Life Building, 2nd Floor, 45/47, Veer Nariman Road, Fort, Mumbai 400001.

4. **Corporate Office:** 131, Maker Tower "F" Premises, 13th Floor, Cuffe Parade, Mumbai 400 005.

5. **Website:** www.lichousing.com

6. **E-mail id:** lichousing@lichousing.com

7. **Phone:** (+91) 22 2217 8600

8. **Fax:** (+91) 22 2217 8777

9. **Financial Year Reported:** 1st April, 2021 to 31st March, 2022.

   The Company is engaged in the business of providing housing loans to customers (Industrial Activity Code 59225). The motto of the Company is "Sagrahiya arthasahay" which means, enabling individuals to own a house by providing them financial assistance. The Company believes that, every individual shall have their own house. Based on this belief the Company makes efforts to enable individuals to own their house by way of extending loans at competitive rates and follows it up with customer friendly services. The company started its operations in the year 1989 and since then has emerged as a key player in the Housing Finance Sector, as it has enabled millions of individuals to own their dream homes. Accordingly, the main thrust of the business of the Company lies in extending loans to individuals for purchase or construction of house. The Company has till 31st March, 2022 enabled around 32,46,287 individuals to acquire their dream home. Out of this 7,49,980 have women, as first or sole owners and 24,96,307 have men, as first or sole owners. The Company also provides loans to builders and professionals. In order to establish its footprints in the international market, the Company had set up its representative offices in Dubai. In India, the Company has a top-down structure with the Corporate office at its helm. At the operational level the Company has Nine (9) Regional offices, 24 Back Offices, 283 Marketing offices and One Customer Service Point. Further, the Company has around 8131 active marketing intermediaries who guide the customers through the loan processes. The Company also provides Online Home loan approvals through its website www.lichousing.com and through the HOMY application. The Company has also enhanced its digital initiatives in the recent past to provide a better customer experience and in this regard have also on-boarded digital connector. The Company has also come-up with the concept of digital offices.

   The Corporate office frames policies with the guidance of the Board of directors and monitors the overall activities of other offices. The Data Centre (the IT wing of the Company) is a part of the Corporate Office and is responsible for providing and safeguarding data. The Regional Offices oversees the functions of the Area Offices covered under their jurisdictions and the Back Offices are the Accounting units which provide support to the Regional Offices and the Area Offices within their purview.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital:** Rs. 110.08 crore

2. **Revenue from Operations:** Rs. 19,919.07 crore

3. **Profit after Taxes (PAT):** Rs.2,282.56

4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** The CSR spend during FY 2021-2022 aggregates to Rs.18.84 crore, however, the total amount committed by the Company for CSR activities during FY 2021-2022 is Rs.64.68 crore, which turns out to be 2.82 % of the PAT. (The Company has sanctioned the funds aggregating to Rs. 66.97 crore, which is the total amount that the Company is required to spend as per Section 135 of the Companies Act, 2013 and accordingly has made a provision of Rs. 45.72 crore.

5. **List of activities in which expenditure in 4 above has been incurred:**

   The CSR activities carried out by company during FY2021-2022 are

   i) Promoting education including special education:
      (a) Contributions to public funded Universities
      (b) Imparting employment enhancing vocational skills

   ii) Promoting Healthcare:
      (a) Including preventive health care.
      (b) Through assisting in curative treatment
      (c) Through scientific research

   iii) Promoting sanitation and hygiene
      (a) Construction of sanitation complex in school
      (b) Promotion of personal hygiene among students and rural villages.

(c) Promotion of menstrual health among young girls in rural villages

iv) Through vocational training and entrepreneurship development

(a) Formation of Self Help Group for marginal famers and women

(b) Introducing innovative methods of cultivation

(c) Creating market linkages

(d) Soft skill training on enterprises / income generation

v) Measures for the benefit of armed forces veterans, war widows and dependents

vi) Disaster relief

(a) Providing humanitarian assistance for COVID-19 relief and management.

vii) Rural development activities

(a) Promoting gender equality, empowering women

(b) reducing inequalities faced by socially and economically backward groups

viii) Ensuring environmental sustainability

(a) promoting solid waste management

(b) conservation of natural resources and maintaining quality of soil, air and water

(c) Promotion of renewable sources of energy

ix) Contributions to public funded Universities

Further details in respect of the above are provided in Annexure 5 to the Board's Report which is a part of this Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

The Company has four (4) subsidiaries namely LICHFL Care Homes Limited, LICHFL Asset Management Company Limited, LICHFL Financial Services Limited and LICHFL Trusteeship Company Limited.

2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary companies.

No, the Subsidiary Companies have their own BR Initiatives and they have their own CSR budget for undertaking their own business responsibility initiatives.

3. Do any other entity/ entities (e.g. suppliers, distributors etc) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30 percent, 30-60 percent, More than 60 percent]

No, the Company does not participate subsidiary companies / suppliers/ distributors in corporate social responsibility initiatives of LIC HFL.

SECTION D: BR INFORMATION

1. Details of Director/ Directors responsible for BR

a. Details of the Director/ Directors responsible for implementation of the BR policy/ policies:

The Board of the Company is collectively responsible for the implementation of the BR policies of the Company and The Company has formulated Specific Committee for the implementation and supervision of Corporate Social Responsibility activities of the Company.

b. Details of the BR head:

Sr no.	Particulars	Details
1.	DIN Number	09048488
2.	Name	Shri Y. Viswanatha Gowd
3.	Designation	MD & CEO
4.	Telephone number	022-22178602/603
5.	E-mail id	pa.mdceo@lichousing.com

2. Principle – wise (as per NVGs) BR Policy/ policies (Reply in Y/N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. The gist of the guidelines is enlisted below:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses, should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sr no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for the above principles	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	All the operations of the Company are carried out in compliance with all the applicable statutes, rules and regulations. The Company frames the policies as per the various regulatory requirements and as per the advice of the Board, based on the requirements of the day-to-day operations of the Company. Thereafter, the said policies are reviewed on an ongoing basis. At the time of formulation and review of the policies, the Company ensures that the policies reflect and address the needs, requirements, benefit and overall wellbeing of its stakeholders.								
3.	Does the policy conform to any national / international standards?	All the policies adopted by the Company are in line with the best practices in the industry and are in compliance with the various statutes governing the Company.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	https://www.lichousing.com/policy-codes								
7.	Has the policy/policies been formally communicated to all relevant internal and external stakeholders?	Yes, the policy/policies have been communicated to concerned stakeholders. The Company ensures that the communication is an ongoing process. Further, the said policy/policies have also been hosted on the Company's website and are available in the public domain.								
8.	Does the company have in-house structure to implement the policy / policies?	Yes, the Company has an in-house structure to implement the policy / polices and the Board of Directors review the same at regular intervals.								
9.	Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes, the company has a grievance redressal mechanism to address grievances of different stakeholders at different level of its organizational structure.								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The various policies of the Company have been framed keeping in mind the overall good of various stakeholders. All the policies of the Company are reviewed on a yearly basis. The Company undergoes various Audits both by internal team of auditors and also by external auditors. During the course of such audit(s), it verifies whether all the policies are in place and whether or not they have been properly reviewed. Further, the Company engaged an external agency to monitor and evaluate the progress of ongoing CSR projects of the Company which are being implemented by the various implementation agencies.								

NOTE-1:

Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

  The Board of Directors reviews the Principles and Policies of Business Responsibility on an annual basis. The CSR Committee of the Company met 4 times during the FY 2021-2022.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  Business Responsibility Report forms part of the Annual Report and is published annually. The said Annual Report is also hosted on the Website of the Company.

Principle-wise performance are as under:

PRINCIPLE 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relate to ethics, bribery and corruption cover only the company?**

   The policy relating to ethics, bribery and corruption extends to the suppliers such as agents, valuer etc. These suppliers have to abide by the provisions of the policies governing them and any deviation from the same would result into discontinuance of their services with the Company. Further, at the time of appraisal of CSR projects all efforts are made to ensure that the implementation agencies (NGOs) to whom the contribution is being extended have a clean track record.

2. **Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

   The policy relating to ethics, bribery and corruption extends to the suppliers such as agents, valuers etc. These suppliers have to abide by the provisions of the policies governing them and any deviation from the same would result into discontinuance of their services with the Company. Further, at the time of appraisal of CSR projects all efforts are made to ensure that the implementation agency (NGO) to whom the contribution is being extended, has an established track record in carrying out similar projects.

3. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   There were 101 unresolved stakeholder complaints (pertaining to depositors, investors including shareholders and customers) at the beginning of financial year 2021-2022 and 8,986 complaints were received during the financial year 2021-2022, from various stakeholders. Out of the total complaints in hand i.e. 9, 087 complaints, 8,988 complaints, working out to 98.91 percent have been satisfactorily resolved during the year. At the end of the year 99 complaints remained unresolved.

PRINCIPLE 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. **List upto 3 products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.**

   It is the constant endeavor of the Company to provide products and services that meet customer requirements. These have been designed in such a manner that they fulfil the expectations of the customer and contribute positively to socio-economic development. Preference is given to local suppliers for specialized products and services. The Company has a focus on creating value for customers and the biggest social responsibility of helping people to have their own shelter, is the main objective of the Company and thus, the motto “Sagrahiya Arthasahay”. To facilitate the same, the Company has been providing loans to home buyers at competitive rates of interest through its various schemes. The Company through this social objective has enabled the healthy growth of households and has also optimized their investment opportunities, thereby creating an environment conducive to a positive outlook in society.

   The Following are the initiative taken by the Company in this regard:

   a) **Loans guaranteed by IMGC:** The Company continues to be committed to inclusive housing finance and also in facilitating the ‘Housing for All’ initiative of the Government. The Company aim at addressing the housing finance needs of the customers belonging to the informal sector of the society who have sufficient income, but limited documentation. In this regard the Company has also partnered with Indian Mortgage and Credit Guarantee Corporation (IMGC), who against reasonable premium would provide guarantee for fixed part of the loan extended by the Company to the Customers satisfying prescribed criteria, who would otherwise not be eligible to avail housing loan facility.

   b) **Griha Varishta:** The Company has been the first in the industry to launch a product for the senior citizens, who have either retired from PSU insurers, PSUs, Nationalized Banks, Central Govt. & State Govt. and drawing pension under Defined Benefit Pension Schemes (DBPS) who are upto 65 years of age as per last birthday or are Working with PSU Insurers, PSUs, Nationalized Banks, Central Govt. & State Govt. and eligible for pension under Defined Benefit Pension Scheme (DBPS).

   c) **Apna Ghar (Scheme on the lines of Pradhan Mantri Awas Yojana):**

   In line with Government of India, the Pradhan Mantri Awas Yojana- Credit Linked Subsidy Scheme (PMAY- CLSS) has been introduced to finance those customers who have no pucca house in any part of India and who does not own a pucca house either in his/her name or in the name of any member of his/her family in any part of India also , the unit should be in the name of the female head of the household or in the joint name of the male head of the household and his wife.

2. For each product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

Since the Company is not involved in any manufacturing activity, the reporting on use of energy, water, raw material etc. is not applicable. However, while considering financing housing project these factors are given due importance.

Further, the Company minimises the consumption of electrical energy and natural resources and tries to prevent pollution of air, water and land. The Company uses energy efficient products wherever it is required and encourages paperless methods in order to limit the use of paper to the extent practicable and also reuse waste paper wherever possible.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

The Company differentiates itself from the others due to the large army of the foot soldiers in the form of various agents/ market intermediaries. The Company not only extends home loans but also provide the opportunity to individuals to make their living by being MIs. The Company is providing opportunity to younger people by grooming them and training them to make their living. This year the Company has also commenced a club membership scheme for the agents to ensure that the agents persist with the Company. The Company also keeps its MIs abreast with the latest changes in the regulatory regime in the line of business in which they are involved so that they may be at their best while representing the Company before the customers. The Company also sensitizes the agent to hand hold the customers so that the trust factor evolves between the Company and the Customer. The Company takes all suitable measures to groom their MIs to become the best representative of the Companies ethos.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

In today's competitive scenario, the company is utilizing multiple channels and touch points to source business. They are the distribution channels viz. Home loan agents, Customer Relationship Associates and Direct Selling Agents. Also in addition, the Company has developed alternate distribution channel called Direct Marketing Executive (DME). This channel was conceptualized during the year 2017-18 and it has contributed approximately 10% towards Company's Annual Disbursement Target for the year 2021-22 .DMEs are paid fixed stipends on achievement of the prescribed threshold business levels alongside the incentives.

The company has a training policy aimed at capacity building of the marketing teams and distribution channels. There are external agencies empaneled for the purpose of training. Training sessions are conducted through classrooms and virtual platforms in addition to the in-house trainings on a regular basis in line with introduction of new tools and products. Also under its digitization and business reengineering initiative project namely "project RED", the Company has made available certain mobile applications to the MIs and other intermediaries, which enables them interface with the customers in a better manner and serve them better. Further, under the project RED, the Company is also endeavoring to design such systems and processes wherein it would help the intermediaries in completing certain regulatory compliances through a software interface built by the Company and thereby ensure capacity building of its intermediaries and would also have a synergy benefit for the common benefit of both the Company as well as the intermediaries. Through these digital initiatives the Company has made the work of its intermediaries very easy, quick and convenient.

Further, the Marketing department of the Company publishes 3 monthly magazines pertaining to DMEs , PMAY and another magazine pertaining to the Marketing team. The Compliance department of the Company publishes a monthly magazine namely 'Anvesha'. All these magazines, which are for internal circulation, contains information pertaining to market intelligence and appreciation for the top performers in the respective region and segment.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5 percent, 5-10 percent, >10 percent). Also, provide details thereof, in about 50 words or so.

Since the Company is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable. However, the IT wastes are outsourced to an agency which disposes off the wastes as per proper waste disposal mechanism. Also, the old papers and documents are scrapped in a manner such that they may be recycled. The Company also has in place an IT Asset Disposal. Disposal of IT asset is done as per clauses mentioned in E-waste (Management and Handling) rule.

E-waste is managed and handled by authorized E-waste vendors/dismantler.

Materials have to be disposed, picked by vendor, payment and certificate within the specific days from the release of PO.

PRINCIPLE 3

Businesses should promote the wellbeing of all employees

1. **Please indicate the total number of employees:**

   Total number of employees as on 31st March, 2022 is 2,467.

2. **Please indicate the total number of employees hired on temporary/contractual/ casual basis:**

   During the financial year 2021-2022, 58 individuals were hired from an outsourcing agency. As at 31.03.2022, 186 individuals are hired from an outsourcing agency.

3. **Please indicate the number of permanent women employees:**

   Out of the total employee strength of 2467 permanent employees as on 31st March, 2022, 806 are women employees as compared to 790 women employees on 31st March, 2021. This constitutes 32.67 per cent of the total strength as against 32.55 per cent in the previous year.

4. **Please indicate the number of permanent employees with disabilities:**

   Four (4) permanent employees with disabilities are engaged with the company as on 31st March, 2022.

5. **Do you have an employee association that is recognized by the management?**

   There is no management recognized employee Zassociation. However, mechanisms are in place for employees to represent their issues, if any, and those are resolved amicably. The Company also has a proper whistle blower mechanism in place.

6. **What percentage of your permanent employees are members of this recognized employee association?**

   Not applicable.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. **What safety & skill up-gradation training was provided in the last year?**

   - Permanent employees
   - Permanent Women employees
   - Casual/ Temporary/ Contractual employees
   - Employees with disabilities

   During the year 2021-2022, twenty-one (21) training programmes for upgradation of the skills were conducted in house and the employees of the Company participated in fourteen (14) training programmes conducted by external training institutions. In these 35 training programmes a total of 1,093 employees of the Company were trained. During the pandemic, training sessions were held online. The Company believes in providing the best quality training to the employees at all levels in order to improve their professional knowledge and enable them to equip themselves with the necessary skill sets. The Company has a training policy in place, which has been reviewed and upgraded from time to time to adapt to the changed external scenarios.

   The Company has also adopted a policy with regard to prevention of Sexual Harassment at work place which is in line with the applicable Act and has in place the prescribed mechanism to deal with the incidents pertaining to Sexual Harassment at work place at the Corporate office level and at the Regional office level. The Company has also setup Internal Complaints Committee (ICC) at the Corporate office and all Regional Offices, which oversees the Sexual Harassment related complaints received from the Area Offices under its jurisdiction. The Service Rules of the company considers Sexual Harassment at work place as misconduct and has also prescribed consequences in case an employee is found guilty of such misconduct. The Management of the Company provides all required support to the ICC to conduct its functions and constantly endeavours for a safe and secure working environment for women.

PRINCIPLE 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. **Has the company mapped its internal and external stakeholders?**

   Yes, the Company has mapped the following cross-section of community, starting from promoters, investors, employees, customers, business associates, marketing Agents, recovery agents, investors, suppliers, regulatory agencies, CSR implementation agencies and local communities where we operate are treated as stakeholders of the Company.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   The Company considers the entire Country as its work station and thus considers all citizens of the Country as its potential stakeholders. The Company, during the financial year 2021-2022 has partnered with 49 Implementation Agencies (NGOs) through its CSR activities and has through its various initiatives, in the fields Education, Health care, Vocational Skill Development, Rural Development, Sanitation, Solid waste management, Natural Resource Management has undertaken several initiatives to engage with and ensure sustainable development of the marginalised groups in the local communities around its sites of operations and also across most backward regions of country. Awareness on menstrual hygiene is one such example of our efforts to debunk pervasive myths and taboos to facilitate a dignified life to women. In the course of carrying on the above initiatives, the Company's CSR team ensured that the Implementation Agency (NGOs) properly identified the disadvantaged, vulnerable and marginalised stakeholders and extended support to them.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

   The Company believes in inclusive growth and drives its CSR initiative towards inclusive growth of all, with equitable approach for economically weaker section (EWS). As humanitarian response for COVID -19 pandemic, the Company supported state governments, who were involved in catering to underprivileged. During the reporting period the Company has entered in to CSR partnership with Institute of Rural Management Anand to support social enterprise to multiply their impact at bottom of the pyramid.

   As part of business responsibility initiative of the Company, it has been partnering with credible NGO partners to implement its integrated rural development programme called HRIDAY or Holistic Rural Initiative for Development and Yield that has special focus on women empowerment, Livelihood development. For example, MYRADA, the NGO partner implementing project at remote tribal villages of Krishnagiri district has been successful in averting 3 child marriages, ensured water availability, provides remedial classes for girls, facilitated small enterprises for sustained income generation. HRIDAY programme is being implemented across 17 locations in India.

4. **Does the policy related to protection and making efforts to restore the environment cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company is determined to focus its attention towards achieving the goal of "Reduce, Reuse and Recycle" in its entire operation and process for sustainable development. As a responsible corporate citizen the company is fully aware of the direct and indirect environmental impacts of its operations and considers it as a major criterion in all its decisions. The Company being in the business of granting housing loans encourages housing projects which are environmentally safe and secure. Adding on the CSR initiative of the company has piloted solar school intervention at 5 government schools at Ramanagara district of Karnataka State for sustainable clean energy. The said project will help government schools for uninterrupted power supply for computer labs and smart class rooms and better educational outcomes had quantified among students.

PRINCIPLE 5

Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   All the policies of the Company have been drafted and adopted keeping in mind the creation of stakeholders value. The policies and code of conduct in respect of fair practices also cover the suppliers of the Company such as the home loan and recovery agents etc. No act of the Company has resulted into violation of Human Rights of any of the stakeholders and all the practices of the Company have been based on the principles of justice and equity.

2. **How many stakeholder complaints pertaining to violation of Human Rights have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaint was received from stakeholders pertaining to violation of Human Rights.

PRINCIPLE 6

Businesses should respect, protect and make efforts to restore the environment

1. **Does the policy relate to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?**

   The Company, commits itself to take all necessary initiatives towards optimization and continual reduction in utilization of natural resources and also manmade resources. The Company is determined to focus its attention towards achieving the goal of "Reduce, Reuse and Recycle" in its entire operation / process for sustainable development. The Company is committed to put efforts towards renewable resources to avoid depletion of natural resources wherever possible, during the course of carrying on its day to day operations. The Company complies with all legal / regulatory requirements related to environment protection, management and sustainable development.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming etc.?**

   The Company extended CSR support in promoting and preserving natural resource, waste management, promotion of green energy as part of rural development initiatives. Initiatives such as rejuvenation of ponds/ water streams, various type of check dams construction, afforestation drives, rainwater harvesting and ground water recharging, solar electrification of rural government schools etc. are taken up across CSR flagship project initiatives viz. HRIDAY, Sujalam, Charge to Change projects in pan India basis.

3. Does the company identify and assess potential environmental risks?

The Company being in the business of granting housing loans, encourages housing projects which are environmentally safe and secure. However, given the limited applicability, LICHFL is fully aware of the direct and indirect environmental impacts of its operations and considers it as a major criterion, in all its decisions and acts responsibly while funding Housing projects. The Company only considers such projects for funding which have all the environmental clearances. Further, the CSR Committee of the Company has been active in funding environmentally sustainable projects, as it intends to do its bit, in addressing the issue pertaining to environmental sustainability.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company under its CSR initiative has been instrumental in funding projects pertaining to renewable energy, solid waste management, water harvesting, environmental protection, and management of natural resources and providing clean and safe drinking water. Further, highlighting the Company's CSR partnership with Waste Warriors Society, a registered non-profit working on the solid waste management. The said project focus on creating a zero waste model across 7 village of Sahastradhara, a bustling tourist destination at Dehradun, Uttarakhand. Subsequently the project works from behavioural change communication, to the construction of a material recovery facility to manage end waste. Adding on the project try to generate income to economically weaker section from the processing of renewable waste with an active convergence with government schemes and programmes. Further, the Company is not required to file any environmental compliance report as the entity in not covered under manufacturing industry.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc? Y/N. If yes, please give hyperlink for web page etc.

The Company is engaged in providing loans for housing projects. At the time of appraisal of the Projects, it is mandatory for the builders etc. to ensure that the projects are environmentally viable and sustainable; the same is also reflected in the valuation report which forms part of the company's SOP guidelines (Standard Operating Procedures Guidelines). Any major deviations from the construction norms of the local authority is looked into in detail and in cases where the deviation is serious, the proposal for loan is aborted. Thus, the Company associates itself, only with environmentally safe projects.

Further, the Company has the practice of replacing old models of computers, printers, and other equipment which were consuming between 50 to 90 percent more energy than newer energy-efficient models. This has ensured reduction in energy consumption and resultant saving in costs.

Air conditioning equipment is cleaned and serviced on routine basis, thereby saving energy and costs and giving required cooling.

6. Are the Emissions/ Waste generated by the company within the permissible limits given by CPSB/ SPCB for the financial year being reported?

Since the company has been engaged in the business of extending housing loans the above question is not applicable to the Company. However, as mentioned above the Company is determined to focus its attention to achieve the goal of "Reduce, Reuse and Recycle" in its entire operation / process for sustainable development.

7. Number of show cause/ legal notices received from CPSB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

The Company has not received any such Legal notices as the same is not applicable to the Company.

PRINCIPLE 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association?

Although the Company has not secured the membership of any trade and chamber or association, it has close ties with top developer associations like CREDAI, NAREDCO, MCHI and chambers such as ASSOCHAM and FICCI. The Company partners with these associations for their initiatives related to Real Estate.

2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company conducts property fairs, wherein it brings the builders and the home buyers to a common platform by acting as a link between them. Through this initiative the Company helps in the growth of the housing as well as housing finance industry. Also, by way of better liaisoning with NHB and creation of a separate cell in the Corporate Office, the Company has, since inception, passed on the PMAY subsidy of more than Rs. 3,348 Crore and distributed to over more than 1,54,315 beneficiaries during the year.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof:

The Company has made efforts towards inviting proposals from various non-profitable organisation which are rigorously working towards the upliftment of the Society. Through CSR appraisal mechanism, the company has provided CSR funding to the NGOs working in the areas of education, health care and natural resource management as per the CSR action plan of FY2021-22. The driving force of the company in those CSR project contribution has been to ensure that there should be equitable growth and inclusive development. During the reporting period the Company has extended its CSR support on COVID-19 response to various Government to support frontline Covid warriors, oxygen concentrator etc.

The Company has also partnered with non-profitable organisation through Livelihood Initiative for Financial Empowerment (LIFE) flagship programme. The LIFE programme, focus on Livelihood promotion and capacity building of women Self-Help Groups (SHG). These groups or individual members are rotating money to start micro-enterprises. The SHG's are engaged in on-farm and off-farm income generating activities like poultry, goatery, piggery, value addition of produces and marketing of agriculture products etc. Further farmer's field schools and common resource centre are created for farmers to avail modern efficient methods and equipments to increase household income. With active participation in decision making of family, women members of SHGs are instrumental in promoting gender equality. LIFE is being implemented across 11 backward regions in the country with renowned organisations like SRIJAN, VRUTTI, SeSTA, Udyogini, People Science Institute, etc. Using the said approach beneficiaries are able to get 80% higher income than the previous year, hence the project will be sustainable and lead the community in to building self-reliant communities.

2. Are the programmes/ projects undertaken through in-house team/ own foundation / external NGO / Government structures / and any other organisation?

The Company had established in-house CSR department with regional resource allocation. The CSR department mobilise proposal as per the CSR action plan of the Company. Depending on the project requirement, in-house CSR function will opt for implementation partner (NGOs) or in-house business unit(s) or combined intervention, based on the approval of the competent authority. During the financial year 2021-22 the Company has partnered with 49 non-profit organisation for implementing CSR projects.

3. Have you done any impact assessment of your initiative?

The Company has conducted impact assessment of major CSR projects of previous financial year as per the provision of CSR Rule 2021. Adding on the company has undertaken frame work adopted by Organisation for Economic Co-operation and Development (OECD) for Impact reporting. The projects covered under impact assessment are: Educational merit scholarship, Rural development project, Humanitarian response to COVID-19, Health care project and skill development programmes. The summary report of impact assessment, of CSR contribution for the reporting period is attached as annexure of the annual report. Besides, the company also engages external agency for assessment of its ongoing projects to continuously monitor the progress and incorporate improvements.

4. What is your company's direct contribution to community development projects – Amount in INR and the details of the project undertaken?

The Company is committed towards building resilient communities through its CSR programmes. The company ensures the benefits of CSR initiatives will be directly available for poor/ marginalised and the local community at large. During the reporting period the Company has given more greater thrust for livelihood promotion, to alleviate people from socio-economic disruption caused by COVID-19. In the worst affected regions, the company provided skill training to 2650 youths under the flagship LIC HFL Udhyam with an assured placements,

Under the LIC HFL Swaach Vidyalaya, 225 schools in aspirational districts are being supported with Water, Sanitation and Hygiene (WASH) complex and behavioural change communication of sanitation and menstrual hygiene thus helping reduce absenteeism in schools, especially girl students.

Flagship CSR project of the company namely HRIDAY and LIFE project are at the epicentre of community based approach which will result in sustainable growth and development of community. In FY 2021-22, the Company has scaled up integrated community development project namely Holistic Rural Initiative for Development and Yield (HRIDAY) in 16 states across India. The HRIDAY project encompasses thematic areas: healthcare, education, water, sanitation and hygiene (WaSH), livelihood promotion, community empowerment, infrastructure development and Natural Resource Management. Through community engagement process the HRIDAY project will equip the villagers to build self-reliant community. A cluster of 5 villages in aspirational districts has been selected for a period of 3 years depending on their development circumstances project interventions are planned, through an annual renewal process execution of the project will be carried out by CSR implementation agencies. Key initiatives taken under HRIDAY such as remedial classes, adult literacy, malnutrition screening, farmer's seed and grain bank, common resource centre, goat bank, income generation program through self-help groups and natural resource management. Through HRIDAY and other major flagships the Company focuses to build a self-reliant model village by working on all dimensions of development.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

The Company ensures that sustainability is at the core of implementation of its diverse projects across different parts of country. Through our implementation partner we ensure all project activities are done through community participation in order to build self-reliant communities. From the project designing stage onwards, inclusive planning of project activities are derived from Participatory Rural Appraisal (PRA) process. By operationalising village development committee (VDC) beneficiary selection will be carried out by villagers, hence deserving individuals will be shortlisted to initiate the project. The said process will increase community cohesion and better project engagement among community members. As part of an effective project exit strategy, Community Based Institutions will be developed and community contribution and government convergence will be leveraged for sustenance of the project activities. Eventually we ensure proper ownership of institutions and assets such that activities are sustained for long term.

Apart from the strategic practices, the Company calls for quarterly monitoring reports from the implementation agencies to ensure the proper utilization of funds. Added to this, the Company analyses the ongoing projects, deliverables and suggests corrections in project intervention plan at regular intervals. Through all these initiatives the company ensures that these community development initiatives are successfully adopted and owned by the community.

PRINCIPLE 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/ consumer cases are pending as on the end of the financial year?**

There are 2 customer complaints that are pending as on 31st March, 2022, 7,839 out of the 7,841 complaints open during 2021-2022, has been resolved, by the in-house Customer Relationship Management team of the Company. The Company already has in place a Customer Relationship Management (CRM) Helpline for attending to Customer Complaints, an endeavour for speedy resolution of the same.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws?**

LICHFL is a housing finance company and hence this question has limited applicability. However, all terms and conditions of housing loan schemes are disclosed to the applicant before financing. The Company also displays the information pertaining to the basket of products at a conspicuous location at each of its operating offices across India. Further the Most Important Terms and Conditions (MITC) are part of the loan kit and the provisions relating thereto, are also explained to the Customer before disbursement. All the above mentioned information, along with much more additional information is also displayed on the Company's website. The Company also has a Comprehensive notice board on its website.

3. **Is there any case filed by any Stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

There is no such instance during the reporting period.

4. **Did your Company carry out any Consumer Survey/ Consumer Satisfaction trends?**

The Company has not carried out any consumer survey/ consumer satisfaction trends directly, however the Company has an 'Input Committee', consisting of experienced senior employees, having considerable experience in grass root operations of the Company. This committee brings out the customer sentiments and expectations before the 'Product Committee', which is a committee at the Corporate Office responsible for designing a new product.The 'Product Committee' considers the suggestions of the 'Input Committee' while designing a new product and incorporates therein the requirements and expectations of the customers and also makes all efforts to keep the product at par with the market trends and sentiments of the customers.

INDEPENDENT AUDITORS' REPORTS

To the Members of LIC Housing Finance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of LIC Housing Finance Limited (hereinafter referred to as "the Company"), which comprise the Standalone Balance Sheet as at March 31, 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and Standalone Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act ("the SAs"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How the matter was addressed in our audit
Expected Credit Loss – Impairment of carrying value of loans and advances Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets which are stated at amortised cost i.e. the loan portfolio of the Company. The calculation of impairment loss or ECL is based on significant management judgement and considers the historical default and loss ratios of the loan portfolio and, to the extent possible, forward-looking analysis. The significant areas in the calculation of ECL where management estimates and judgements are required as under: 1. Judgements about credit risk characteristics, taking into account class of borrowers, credit risk ratings, date of initial recognition, remaining term to maturity, property valuations, time taken for recovery of stressed loans, industry scenario and other relevant factors for collective evaluation of impairment under various stages of ECL. 2. Loan staging criteria. 3. Calculation of probability of default and loss given default. 4. Consideration of probability weighted scenarios and forward looking macro-economic factors.	**We performed audit procedures set out below** • We understood and assessed the Company's process on timely recognition of impairment in the loan portfolio, both retail loans and project loans. This included assessing the accuracy of the system generated reports of ageing and defaults. • We also performed a test check of the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge and management review controls over measurement of impairment allowances and disclosures in the Standalone Financial Statements. • We have discussed with the management and the external specialists to test the working of the ECL model and reasonableness of assumptions used, • We performed substantive procedures over validating completeness and correctness of the data and reasonableness of assumptions used in the ECL model including capturing of PD and LGD in line with historical trends of the portfolio and evaluation of whether the results support the appropriateness of the PDs at the portfolio level.;

INDEPENDENT AUDITORS' REPORTS

Key Audit Matter	How the matter was addressed in our audit
5. For Project loans, assessment based on a borrower's financial performance, solvency, liquidity and industry outlook. 6. Potential impact of Covid-19 pandemic The Company has also appointed a domain specialist to assist it in arriving at the ECL provisions required to be recognised. In our opinion this is considered as a Key Audit Matter in view of the criticality of the item to the Standalone Financial Statements and the complex nature of assumptions and judgements exercised by the management. Refer Note 2.14 A(f), "Impairment of Financial Assets" and Note 38.4.2.3, "Impairment Assessment" and 38.4.2.4, "ECL model and assumptions considered in the ECL model", to the Standalone Financial Statements. Refer Note 3.1, "Determination of Expected Credit Loss" to the Standalone Financial Statements and Refer Note 9, "Loans" to the Standalone Financial Statements.	• We performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans; • We test checked the basis of collateral valuation in the determination of ECL provision. • We have relied upon the work done by other experts like Independent Valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the company • We have also obtained management representations wherever considered necessary
IT Systems and controls The Company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to these softwares is critical for accurate compilation of financial information. Adequate supervision over these IT controls is required to ensure that these IT applications process data as expected, updates and changes are made in an appropriate manner and confidentiality, availability and integrity is maintained. Such controls mitigate the risk of incorrect financial reporting. Our audit outcome is dependent on the effective functioning of such IT controls.	We have carried out the following procedures to verify the effectiveness of IT controls: a. We have planned, designed and carried out the desired audit procedures and sample checks. We have also assessed if these have a bearing on the financial reporting. b. In addition, we have relied on IS and other related audit reports provided by the management, wherever available. c. We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit and performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Standalone Financial Statements. d. We have also obtained management representations wherever considered necessary.

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

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements, consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors and management are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of

INDEPENDENT AUDITORS' REPORTS

these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i. 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.

ii. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under the section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. 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 Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the financial year ended March 31, 2022 and are therefore the

INDEPENDENT AUDITORS' REPORTS

key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 "Annexure A", 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:

    i. 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;

    ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    iii. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    iv. in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

    v. on the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164(2) of the Act;

    vi. with respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

    vii. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        a. the Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 41(a) to the Standalone Financial Statements.

        b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        c. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Company.

        d. In respect of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014,

            a. The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

            b. Further, the management has represented that, no funds (which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

            c. Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come

INDEPENDENT AUDITORS' REPORTS

to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above contain any material misstatement.

d. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend. As stated in note 47 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

3. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No. 103264W

Rahul Joglekar
Partner
Membership No.: 129389
UDIN: 22129389AJERNR7856

Place: Mumbai
Date: May 18, 2022

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 101851W

Ashutosh Pednekar
Partner
Membership No.: 041037
UDIN: 22041037AJERIU6565

Place: Mumbai
Date: May 18, 2022

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of LIC Housing Finance Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment including intangible assets.

(b) The Company has a regular programme of physical verification of property, plant and equipment under which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and the records examine by us and based on the examination of the registered sale deed/ transfer deed /conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties of buildings that have been taken on lease and disclosed as property, plant and equipment in the Standalone Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The nature of the Company's business is such that it is not required to hold any inventories and, hence, reporting under paragraph 3(ii) of the order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, from banks and financial institutions on the basis of security of current assets. The company is not required to filed any quarterly returns to such banks and financial institutions.

(iii) (a) Since the Company is a Housing Finance Company whose principal business is to give loans, paragraph 3(iii)(a) of the Order is not applicable to the Company.

(b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 38.4.2.3 to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at the year end aggregating ₹ 11,616.40 crore were categorised as credit impaired ("Stage 3") and ₹ 7,665.50 crore were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 38.4.2.3 to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating ₹ 2,31,837.84 crore, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"). Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total overdue amount for more than 90 days as on March 31, 2022 is provided below:

No. of cases	Principal amount overdue (₹ Lakhs)	Interest overdue (₹ Lakhs)	Total overdue (₹ Lakhs)
31538	3,18,721.13	2,43,077.97	5,61,799.10

In our opinion, the Company has taken reasonable steps for the recovery of principal and interest.

(e) Since the Company is a Housing Finance Company whose principal business is to give loans, paragraph 3(iii)(e) of the Order is not applicable to the Company.

ANNEXURE A
TO INDEPENDENT AUDITOR'S REPORT

(f) The Company 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.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the provisions of Section 185 of the Companies Act, 2013 are not applicable to the Company. The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.

(v) As per the Ministry of Corporate Affairs notification dated March 31, 2014, 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 Company and, hence, reporting under Clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting under paragraph 3 (vi) of the order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, and on the basis of examination of the books of account of the company examined by us, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) The Company 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 Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

(c) The Company has utilized the money raised by way of terms loans during the year for the purpose for which they were raised.

(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates.

(f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has made preferential allotment of shares and requirement of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

(xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of material fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

ANNEXURE A
TO INDEPENDENT AUDITOR'S REPORT

(xii) The Company is not a Nidhi Company and hence, reporting under paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records, the Company is in compliance with Section 177 and 188 of the Act where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements, as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business except with regard to closure of the internal audit reports.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Hence, reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(b) The Company is a Housing Finance Company and it holds a valid Certificate of Registration (CoR) from the National Housing Bank issued under Section 29A(2) of the National Housing Bank Act 1987 for conducting housing finance business. Prior to 9th August 2019, the power of registration of Housing Finance Companies was vested with the National Housing Bank and not the Reserve Bank of India.

(c) In our opinion, the Company is not a Core Investment Company and there is no other Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi) (c) and (d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the auditor during the year hence there is no requirement to report under this clause.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and 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 indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and it should not be construed as a guarantee or assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act.

(b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account in compliance with the provisions of sub-section (6) of section 135 of the Act.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No. 103264W

Rahul Joglekar
Partner
Membership No.: 129389
UDIN: 22129389AJERNR7856

Place: Mumbai
Date: May 18, 2022

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 101851W

Ashutosh Pednekar
Partner
Membership No.: 041037
UDIN: 22041037AJERIU6565

Place: Mumbai
Date: May 18, 2022

ANNEXURE B
TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of LIC HOUSING FINANCE LIMITED of even date)

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

We have audited the internal financial controls with reference to financial statements of LIC Housing Finance Limited (hereinafter referred to as "the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls with reference to financial statements (the 'Guidance Note') issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal financial controls with reference to financial statements

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control

ANNEXURE B
TO INDEPENDENT AUDITOR'S REPORT

over financial reporting 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No. 103264W

Rahul Joglekar
Partner
Membership No.: 129389
UDIN: 22129389AJERNR7856

Place: Mumbai
Date: May 18, 2022

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 101851W

Ashutosh Pednekar
Partner
Membership No.: 041037
UDIN: 22041037AJERIU6565

Place: Mumbai
Date: May 18, 2022

BALANCE SHEET

AS AT MARCH 31, 2022

(₹ in crore)

	Note	As at March 31, 2022	As at March 31, 2021
Assets			
(1) Financial Assets			
(a) Cash and Cash Equivalents	5	822.19	1,329.15
(b) Bank Balance other than (a) above	6	115.20	17.57
(c) Derivative Financial Instruments	7	79.17	5.69
(d) Receivables	8		
(I) Trade Receivables		-	-
(II) Other Receivables		-	-
(e) Loans	9	2,45,296.33	2,28,114.27
(f) Investments	10	6,198.60	4,635.61
(g) Other Financial Assets	11	16.57	105.87
Total Financial Assets		**2,52,528.06**	**2,34,208.16**
(2) Non-Financial Assets			
(a) Current Tax Assets (Net)	12	135.17	-
(b) Deferred Tax Assets (Net)	13	1,368.08	912.93
(c) Property, Plant and Equipment	14.1	135.74	130.32
(d) Capital Work in Progress	14.2	0.04	-
(e) Intangible Assets under Development	14.3	1.45	3.63
(f) Right of Use Assets	14.4	128.64	110.78
(g) Other Intangible Assets	14.5	21.75	2.29
(h) Other Non-Financial Assets	15	141.15	139.02
(i) Assets Held for Sale		107.38	126.19
Total Non-Financial Assets		**2,039.40**	**1,425.16**
Total Assets		**2,54,567.46**	**2,35,633.32**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Derivative Financial Instruments	7	-	-
(b) Lease Liabilities		143.12	121.03
(c) Payables	16		
(A) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		2.79	2.80
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		61.51	93.32
(B) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(d) Debt Securities	17	1,27,341.99	1,25,597.96
(e) Borrowings (Other than Debt Securities)	18	76,447.22	62,132.74
(f) Deposits	19	18,073.50	18,335.67
(g) Subordinated Liabilities	20	1,795.44	1,795.12
(h) Other Financial Liabilities	21	5,508.99	6,598.06
Total Financial Liabilities		**2,29,374.56**	**2,14,676.70**
(2) Non-Financial Liabilities			
(a) Current Tax Liabilities (Net)	22	-	7.76
(b) Provisions	23	169.98	142.48
(c) Other Non-Financial Liabilities	24	351.08	285.07
Total Non-Financial Liabilities		**521.06**	**435.31**
(3) EQUITY			
(a) Equity Share Capital	25	110.08	100.99
(b) Other Equity	26	24,561.76	20,420.32
Total Equity		**24,671.84**	**20,521.31**
Total Liabilities and Equity		**2,54,567.46**	**2,35,633.32**
See accompanying notes forming part of the Standalone Financial Statement	1-57		

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director &
Chief Executive Officer
DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.)
& Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager
(Accounts)

Place: Mumbai
Date : May 18, 2022

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

		Note	Year ended as at March 31, 2022	Year ended as at March 31, 2021
(1)	**REVENUE FROM OPERATIONS**			
	(i) Interest Income	27	19,688.46	19,697.11
	(ii) Fees and Commission Income	28	98.17	78.82
	(iii) Net gain on Derecognition of Financial Instruments under amortised cost category	29	19.40	9.45
	(iv) Others	30	113.04	61.77
Total Revenue from Operations (1)			**19,919.07**	**19,847.15**
(2)	**Other Income** (includes Dividend of ₹ 5.20 crore) (Previous year ₹ 5.77 crore)	31	33.95	0.54
(3)	**Total Income (1+2)**		**19,953.02**	**19,847.69**
(4)	**Expenses**			
	(i) Finance Costs	32	14,153.65	14,452.58
	(ii) Fees and Commission Expenses	33	135.54	109.15
	(iii) Net Loss on Derecognition of Financial Instruments under Amortised Cost Category	34	33.59	27.42
	(iv) Impairment on Financial Instruments (Expected Credit Loss)	35	1,988.24	1,317.61
	(v) Employee Benefits Expenses	36	563.32	293.18
	(vi) Depreciation, Amortization and Impairment	14.1, 14.4 & 14.5	52.44	49.44
	(vii) Others Expenses	37	248.09	249.74
Total Expenses (4)			**17,174.87**	**16,499.12**
(5)	**Profit Before Tax (3-4)**		**2,778.15**	**3,348.57**
(6)	**Tax Expense:**			
	- Current Tax		944.43	958.00
	- Tax Expense for Earlier Years		-	(21.33)
	- Deferred Tax		(453.56)	(322.44)
Total Tax Expenses (6)			**490.87**	**614.23**
(7)	**Net Profit after Tax (5-6)**		**2,287.28**	**2,734.34**
(8)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Profit or (Loss)		(6.31)	(0.68)
	(ii) Income Tax relating to items that will not be reclassified to Profit or (Loss)		1.59	(1.72)
	Other Comprehensive Income		**(4.72)**	**(2.40)**
(9)	**Total Comprehensive Income for the year**		**2,282.56**	**2,731.94**
(10)	**Earnings per Equity Share**			
	Basic (₹)		43.14	54.18
	Diluted (₹)		43.14	54.18
See accompanying notes forming part of the Standalone Financial Statement		1 - 57		

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director &
Chief Executive Officer
DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.)
& Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager
(Accounts)

Place: Mumbai
Date : May 18, 2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in Equity Share Capital during the year	Balance as at March 31, 2021
100.99	**-**	**-**	**-**	**100.99**

(₹ in crore)

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in Equity Share Capital during the year	Balance as at March 31, 2022
100.99	**-**	**-**	**9.09**	**110.08**

Shares held by promoters at March 31, 2021			% Change during the year
Promoter Name	**No. of Shares**	**% of total shares**	
Life Insurance Corporation of India	20,34,42,495	40.31	-

Shares held by promoters at March 31, 2022			% Change during the year
Promoter Name	**No. of Shares**	**% of total shares**	
Life Insurance Corporation of India	24,88,42,495	45.24	22.32%

(₹ in crore)

	Reserve and Surplus								Other Comprehensive Income		Total Equity
	Statutory Reserves	Capital Reserve	Securities Premium	General Reserve	Special Reserve I	Special Reserve II	Impairment Reserve	Retained Earnings	Other items (Acturial Gain/ (Loss)	Cash Flow Hedge Reserve	
Balance as at April 1, 2020	**0.16**	**0.48**	**1,705.29**	**6,482.97**	**38.98**	**5,854.33**	**-**	**4,014.59**	**(4.69)**	**-**	**18,092.10**
Add: Total Comprehensive Income for the year	-	-	-	-	-	-	-	2,734.34	(2.40)	-	2,731.94
Add: Gain on ECB Cross Currency Swap	-	-	-	-	-	-	-	-	-	(5.69)	(5.69)
Less: Loss due to Exchange Rate Fluctuation on ECB	-	-	-	-	-	-	-	-	-	5.69	5.69
Less: Dividend of ₹ 7.80/- per equity share of ₹ 2 /- each	-	-	-	-	-	-	-	(403.73)	-	-	(403.73)
Transfer to Statutory Reserves	0.01	-	-	-	-	-	-	(0.01)	-	-	-
Transfer to General Reserves	-	-	-	700.00	-	-	-	(700.00)	-	-	-
Transfer to Special Reserve II	-	-	-	-	-	829.99	-	(829.99)	-	-	-

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

	Reserve and Surplus								Other Comprehensive Income		Total Equity
	Statutory Reserves	Capital Reserve	Securities Premium	General Reserve	Special Reserve I	Special Reserve II	Impairment Reserve	Retained Earnings	Other items (Acturial Gain/ (Loss)	Cash Flow Hedge Reserve	
Transfer to Impairment Reserve	-	-	-	-	-	-	204.78	(204.78)	-	-	-
Balance as at March 31, 2021	**0.17**	**0.48**	**1,705.29**	**7,182.97**	**38.98**	**6,684.32**	**204.78**	**4,610.42**	**(7.09)**	**-**	**20,420.32**
Balance as at April 1, 2021	**0.17**	**0.48**	**1,705.29**	**7,182.97**	**38.98**	**6,684.32**	**204.78**	**4,610.42**	**(7.09)**	**-**	**20,420.32**
Add: Share Premium on Equity Issuance	-	-	2,326.43	-	-	-	-	-	-	-	2,326.43
Add: Total Comprehensive Income for the year	-	-	-	-	-	-	-	2,287.28	(4.72)	-	2,282.56
Add: Gain on ECB Cross Currency Swap	-	-	-	-	-	-	-	-	-	(79.17)	(79.17)
Less: Loss due to Exchange Rate Fluctuation on ECB	-	-	-	-	-	-	-	-	-	79.17	79.17
Less: Dividend of ₹ 8.50/- per equity share of ₹ 2 /- each	-	-	-	-	-	-	-	(467.55)	-	-	(467.55)
Transfer to Statutory Reserves	0.01	-	-	-	-	-	-	(0.01)	-	-	-
Transfer to General Reserves	-	-	-	700.00	-	-	-	(700.00)	-	-	-
Transfer to Special Reserve II	-	-	-	-	-	859.99	-	(859.99)	-	-	-
Transfer to Impairment Reserve	-	-	-	-	-	-	92.72	(92.72)	-	-	-
Balance as at March 31, 2022	**0.18**	**0.48**	**4,031.72**	**7,882.97**	**38.98**	**7,544.31**	**297.50**	**4,777.43**	**(11.81)**	**-**	**24,561.76**

See accompanying notes forming part of the standalone financial statement 1 - 57.

As per our report of even date attached

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

Rahul Joglekar
Partner
M.No.129389

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

Ashutosh Pednekar
Partner
M. No. 041037

Place: Mumbai
Date : May 18, 2022

For and on behalf of the Board of Directors

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director &
Chief Executive Officer
DIN: 09048488

Nitin K. Jage
General Manager (Tax.)
& Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager
(Accounts)

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

		Year ended as at March 31, 2022	Year ended as at March 31, 2021
A.	**Cash Flow from Operating Activities**		
	Profit Before Tax	2,778.15	3,348.57
	Adjustments for		
	Depreciation, Amortization and Impairment (other than Financial Instruments)	52.44	49.44
	Share Issue Expenses	1.28	-
	Exchange differences on translation of assets and liabilities (Net)	0.31	0.01
	Impairment on Financial Instruments (Expected Credit Loss)	1,988.24	1,317.61
	Loss/(Gain) on disposal of Property, Plant and Equipment	(0.01)	(0.01)
	Dividend and Interest Income classified as Investing Cash Flows	(10.24)	(5.77)
	Unwinding of discount	(34.18)	(27.38)
	Interest Expense	14,153.65	14,452.57
	Interest Income	(19,460.20)	(19,514.31)
	Adjustments for		
	Movements in Provisions and Gratuity	(6.31)	(0.68)
	(Increase) / Decrease in Other Financial Assets	(48.66)	531.69
	(Increase) / Decrease in Other Non Financial Assets	(0.69)	(49.23)
	Increase / (Decrease) in Other Financial Liabilities	(925.44)	339.56
	Increase / (Decrease) in Other Non Financial Liabilities	181.77	45.41
	Interest Paid	(14,629.39)	(15,004.05)
	Interest Received	19,404.50	19,696.50
	Cash generated from Operations	**3,445.22**	**5,179.94**
	Income Tax paid	(1,087.36)	(624.58)
	Net Cash Outflow from Operations	**2,357.86**	**4,555.36**
	Loans Disbursed (Net of repayments)	(19,116.93)	(21,623.83)
	Asset held for sale	18.81	(126.19)
	Net Cash Outflow from Operating Activities (A)	**(16,740.26)**	**(17,194.66)**
B.	**Cash Flow from Investing Activities**		
	Payments for Purchase of Property, Plant and Equipment	(34.89)	(10.60)
	Proceeds from Sale of Property, Plant and Equipment	0.03	0.01
	Payments for Purchase of Investments	(2,203.31)	(554.05)
	Proceeds from Sale of Investments	626.95	1,442.60
	Dividends Received	5.20	5.77
	Interest Received	5.04	-
	Net Cash (Outflow)/ Inflow from Investing Activities (B)	**(1,600.98)**	**883.72**

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

		Year ended as at March 31, 2022	Year ended as at March 31, 2021
C.	**Cash Flow from Financing Activities**		
	Proceeds from Borrowings	1,52,314.44	1,20,384.58
	Repayment of Borrowings	(1,36,243.92)	(1,09,504.18)
	Proceeds from issuing shares (net of issue expense)	2,334.23	-
	Deposits (Net of repayments)	(52.31)	5,843.43
	Payments towards Lease Liability	(49.05)	(44.64)
	Transfer to Investor Protection Fund	(1.25)	(1.07)
	Dividends paid to Company's Shareholders	(467.55)	(403.73)
	Net Cash Inflow from Financing Activities (C)	**17,834.59**	**16,274.38**
	Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.31)	(0.01)
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**(506.65)**	**(36.55)**
	Cash and Cash Equivalents at the beginning of the year	1,329.15	1,365.72
	Cash and Cash Equivalents at the end of the year	**822.19**	**1,329.15**
	Cash and Cash Equivalents as per above comprise of the following		
	(i) Cash on hand	4.33	5.96
	(ii) Balances with Banks (of the nature of cash and cash equivalents)	700.99	1,155.77
	(iii) Cheques, drafts on hand	116.87	167.42
	Balances as per Statement of Cash Flows	**822.19**	**1,329.15**

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director &
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DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.)
& Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager
(Accounts)

Place: Mumbai
Date : May 18, 2022

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 1: Corporate Information:

LIC Housing Finance Limited ("the Company") is a Public Limited Company, having corporate identification number CIN: L65922MH1989PLC052257, is incorporated under the provisions of the Companies Act, 1956 (as amended by the Companies Act, 2013). The shares of the Company are listed on the Bombay Stock Exchange, the National Stock Exchange and the Luxembourg Stock Exchange.

The Company is engaged in the business of providing finance for purchase, construction, repairs, renovation of houses/buildings. The Company's Registered Office and Corporate Office is at Mumbai with a wide network of Operating Offices in India and Representative Office at Dubai.

The Standalone Financial Statements for the year ended March 31, 2022 were authorized for issuance in accordance with resolution of the Board of Directors on 18th May, 2022.

Note 2: Significant Accounting Policies, Accounting Judgements, Estimates and Assumptions:

(A) Significant Accounting Policies:

2.1 Statement of Compliance

Standalone Financial Statements of the Company have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ("the Ind AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India (RBI) to the extent applicable.

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 Company presents its Balance Sheet in the order of liquidity.

2.2 Basis of preparation of Ind-AS Financial Statements

The Company has prepared these Standalone Financial Statements, which comprises the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2022, and accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "Financial Statements") on the historical cost basis except for certain financial instruments and certain employee benefit assets, which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

In addition, for financial reporting purposes, fair value measurements are categorized within the fair value hierarchy into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

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

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crore except when otherwise stated.

2.3 Revenue Recognition

The Company has recognised revenue pursuant to a contract (other than a contract listed in paragraph 5 of Ind AS 115) only if the counterparty to the contract is a customer. A customer is a party that has contracted with an entity to obtain services that are an output of the entity's ordinary activities in exchange for consideration.

i. Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at applicable effective interest rate (EIR). The effective interest method is a method of calculating the

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii. Dividend Income:

Dividend income from investment is recognised when the Company's right to receive the payment has been established provided that it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably.

iii. Fees and Commission Income:

Fees and commission income includes fees other than those that are an integral part of EIR. The Company recognises the fees and commission income in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

iv. Other Income:

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

2.4 Leases

As Lessee

The Company, as lessee has recognised lease liabilities and right-of-use assets, has applied the following approach to all of its leases (a) measured the lease liability at the date of transition to Ind AS by measuring that lease liability at the present value of the remaining lease payments and discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS 116. Lease arrangements entered during the year are measured at incremental borrowing rate computed at the beginning of the year. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if there is change to its assessment whether it will exercise an extension or a termination option. (b) Right Of Use assets are recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of restoration costs and any initial direct costs incurred by lessee. 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 or useful life of the underlying asset. They are evaluated for recoverability whenever events or changes indicate that their carrying amounts may not be recoverable.

The Company has not applied Ind AS 116 to Short Term Leases, which are defined as leases with a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

As a Lessor

Leases for which the company 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.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

2.5 Functional Currency and Foreign Exchange Transactions

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The Company has accordingly assessed INR as its functional currency.

The transactions in currencies other than the entity's functional currency are recognised at the rate of exchange prevailing at the date when the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items measured at historical cost are not translated.

Exchange difference arising on monetary items is recognised in the Statement of Profit and Loss in the year in which they arise.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

2.6 Borrowing Costs

Borrowing costs include interest, commission/brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as adjustment to interest cost. Interest expenses are accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate (EIR) applicable. The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.7 Employee Benefits

Retirement benefit cost and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the year of a plan amendment or when the Company recognises corresponding restructuring cost whichever is earlier. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits to employees in respect of wages and salaries, annual leave, sick leave and short-term employee benefits in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8 Taxes

Income tax expense represents the sum of current tax and deferred tax.

Current Taxes

Current income tax is the amount of expected tax payable based on taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961.

Deferred Taxes

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which give future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

Current and Deferred Tax for the year

Current and Deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in the other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

2.9 Property, Plant and Equipment

Property, Plant and Equipment are recorded at their cost of acquisition, net of refundable taxes or levies, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. Property, plant and equipment except freehold land held for use for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight - line method as per the useful life prescribed in the Schedule II to the Companies Act, 2013, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years based on estimated usage of the assets.

Type of Asset	Useful Lives (in years)
Building	60
Furniture & Fixture	10
Vehicles	5
Office Equipment	5
Computers	3
Servers And Networks Equipment	6

Depreciation on additions to Fixed Assets is provided on pro-rata basis from the date of acquisition or installation. Depreciation on assets whose cost individually does not exceed ₹5,000/- is fully provided in the year of purchase. Depreciation on Assets sold, discarded, demolished or scrapped, is provided upto the date on which the said Asset is sold, discarded, demolished or scrapped.

The Company has applied depreciation requirements as per Ind AS 116 in depreciating the right of use assets. The Right of Use Asset is depreciated for the life of the lease term.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

2.10 Intangible Assets and amortisation thereof

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis based on their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Computer software is amortised over the period of three to five years on a straight-line basis.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

An item of Intangible Asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

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 less accumulated impairment losses, if any.

2.11 Impairment of Property, Plant & Equipment and Intangible Assets

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The Company has applied Ind AS 36, Impairment of Assets, to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

2.12 Provisions and Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A Contingent Liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events that may, but probably will not, require an outflow of resources.

Both provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. A contingent asset is disclosed in the Financial Statements, where an inflow of economic benefits is probable.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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2.13 Investment in Subsidiaries and Associates

Investment in subsidiaries and associates are recognized and carried at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

2.14 Financial Instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

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

A. Financial Assets

a) Recognition and initial measurement

The Company initially recognises loans and advances, deposits and debt securities purchased on the date on which they originate. Purchases and sale of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value except investment in subsidiaries and associates. In the case of financial assets not recorded at FVTPL, transaction costs that are directly attributable to its acquisition of financial assets are included therein.

b) Classification of Financial Assets and Subsequent Measurement

On initial recognition, a financial asset is classified to be measured at –

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) – debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from

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OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on re-measurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognised when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the Company,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

c) Business Model Test

The Company determines its business model at the level that best reflects how it manages a group of financial assets to achieve its business objective.

The Company's business model is not assessed on instrument to instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company'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.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model.

d) Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding

The Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount)

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors.

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.

e) Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company 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 or loss that had

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been recognised in other comprehensive income and accumulated in equity is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company 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 or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income 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.

Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as at the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

f) Impairment of Financial Assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. The Company applies a three-stage approach for measuring ECL for the following categories of financial assets that are not measured at Fair Value through Profit or Loss:

- debt instruments measured at amortised cost and Fair Value through Other Comprehensive Income; and
- financial guarantee contracts.

No ECL is recognised on equity investments, classified as FVTPL.

Expected credit losses is the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

The Company assesses ECL on exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Company recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. The Company does not conduct an individual assessment of exposures in Stage 1 as there is no evidence of one or more events occurring that would have a detrimental impact on estimated future cash flows.

Stage 2: Lifetime ECL – not credit impaired

The Company collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Company recognises as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset). Similar to Stage 1, the Company does not conduct an individual assessment on Stage 2 exposures as the increase in credit risk is not, of itself, an event that could have a detrimental impact on future cash flows.

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Stage 3: Lifetime ECL – credit impaired

The Company identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as a collective or specific provision, and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for impairment losses reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for impairment losses for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

The Company assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, class of borrowers, credit risk ratings, date of initial recognition, remaining term to maturity, industry and other relevant factors.

Measurement of ECL

ECL are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses is a portion of the life-time expected credit losses and represents the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

For further details on how the Company calculates ECL including the use of forward looking information, refer to the Credit quality of financial assets in Note 38.4 Financial risk management.

ECL is recognised using a provision for impairment losses in Statement of Profit and Loss. In the case of debt instruments measured at Fair Value through Other Comprehensive Income, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Company recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the Balance Sheet.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss

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is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

g) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL and Interest income is recognised in Statement of Profit and Loss.

h) Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

B. Financial Liabilities and Equity Instruments

a) Classification as Debt or Equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of directly attributable transaction costs.

c) Financial Liabilities

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

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A Financial Liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss.

d) Other Financial Liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

e) Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.15 Assets held for sale

The Company physically repossess properties or other assets in retail portfolio to settle outstanding recoverable and the surplus (if any) post auction is refunded to the loanees. These assets are acquired by the company under SARFEASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these assets under possession, are measured on balance sheet at the lower of carrying value or fair value and no depreciation is charged on them.

2.16 Hedge Accounting

The Company uses derivative instruments to manage exposures to interest rate and foreign currency risks.

The hedging transactions entered into by the Company is within the overall scope of the Derivative Policy and within the Risk Management framework of the company as approved by the Board from time to time and for the risks identified to be hedged in accordance with the same policies. 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. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cash flows of the hedged item that are attributed to

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the hedged risk are offset by changes in the fair value or cashflows of the hedging instrument.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges

Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or unrecognized commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss. 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 is recorded as part of the carrying value of the hedged item in the Balance Sheet and is also recognized as net gain on fair value changes in the Statement of Profit and Loss . The Company 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 Company 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

Cash flow hedge is a hedge of the exposure to variability in the cash flows of a specific asset or liability, or of a forecasted transaction, that is attributable to a particular risk. It is possible to only hedge the risks associated with a portion of an asset, liability, or forecasted transaction, as long as the effectiveness of the related hedge can be measured. The accounting for a cash flow hedge will be to recognize the effective portion of any gain or loss in Other Comprehensive Income (OCI), and recognize the ineffective portion of any gain or loss in Finance cost in 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.

Interest rate benchmark reforms:

Hedging relationships that are directly affected by interest rate benchmark reform gives rise to uncertainties about:

a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or

b) the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

This may adversely affect the existing hedging relationships so long as the uncertainties exist. In order to provide relief to such hedging relationships the accounting standard Ind AS 109 provides for some relief measures which should be mandatorily applied for such cases.

Accordingly, the Company applies the relief by assuming the following:

1. that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

2. when performing prospective assessments, the Company assumes that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

3. for hedges of a non-contractually specified benchmark component of interest rate risk, the Company applies the separately identifiable requirement only at the inception of such hedging relationships.

As per the requirements of IND AS, the Company shall cease applying the aforesaid exceptions when:

a) the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows; or

b) the hedging relationship is discontinued, whichever is earlier.

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2.17 Cash and Cash Equivalent

Cash and cash equivalent in Balance Sheet comprise of cash at bank, cash and cheques on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in right issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares divided by weighted average no of equity shares year which are adjusted for the effects of all dilutive potential equity shares.

2.19 Statement of Cash Flow

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

2.20 Commitments

Commitments are future liabilities for contractual expenditure. The commitments are classified and disclosed as follows:

i. The estimated amount of contracts remaining to be executed on capital account and not provided for; and

ii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the Management.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Managing Director & CEO is identified as the Chief Operating Decision Maker (CODM) by the management of the Company. CODM has identified only one operating segment of providing loans for purchase, construction, repairs renovation etc. and has its operations entirely within India. All other activities of the Company 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.

3. Key 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.

3.1 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 Company'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.
- Company'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 process followed by the Company in measurement of ECL has been detailed in Note 38.4.2.3

3.2 Fair Value Measurements

In case of financial assets and financial liabilities recorded or disclosed in financial statements the company uses

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the quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly for determining the fair value. However in certain cases, the Company adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Company has applied appropriate valuation techniques and inputs to the valuation model.

The Company 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 38.3

3.3 Income Taxes

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

3.4 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. The Company determines the business model at a level that reflects how the Company's financial instruments are managed together to achieve a particular business objective.

The Company 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 Company'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.

3.5 Provisions and Liabilities

Provisions and liabilities are recognised in the period when they become probable that there will be an outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires judgment to existing facts and circumstances which may be subject to change.

4. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2022.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 5: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Cash on hand	4.33	5.96
(ii) Balances with Banks*	700.99	1,155.77
(iii) Cheques, drafts on hand	116.87	167.42
Total	**822.19**	**1,329.15**

[*Balances with Banks includes EMD amount of ₹ 1.04 Crore (F.Y. 2020-21 ₹ 0.93 Crore)]

NOTE 6: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Earmarked balances with banks*	8.60	8.79
(ii) Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments**	106.60	8.78
Total	**115.20**	**17.57**

[*Balance with Banks includes unclaimed dividend of ₹ 8.60 crore (F.Y. 2020-21 ₹ 8.79 crore)]

[**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 82.70 crore (F.Y. 2020-21 ₹ Nil); ₹ 9.85 crore (F.Y. 2020-21 ₹ 8.78 crore) created for excess sale proceeds recovered under SARFAESI Act 2002. Fixed deposit placed with banks earns interest at fixed rate.]

NOTE 7: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional Amount	Fair Value - Assets	Fair Value - Liabilities	Notional Amount	Fair Value - Assets	Fair Value - Liabilities
Part I						
I. Currency Derivatives						
i) Forwards	-	-	-	-	-	-
ii) Currency Swaps (interest/ Principal/ both)	1,425.73	79.17	-	1,425.73	5.69	-
II. Interest Rate Derivatives						
i) Interest Rate Swaps	-	-	-	-	-	-
TOTAL (I)	**1,425.73**	**79.17**	**-**	**1,425.73**	**5.69**	**-**
Part II						
i) Fair Value Hedge						
- Currency Derivatives	-	-	-	-	-	-
- Interest Rate derivatives	-	-	-	-	-	-
ii) Cash Flow Hedge						
- Currency Derivatives	1,425.73	79.17	-	1,425.73	5.69	-
- Interest Rate derivatives					-	-
TOTAL (II)	**1,425.73**	**79.17**	**-**	**1,425.73**	**5.69**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Note 8: Receivables

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Trade Receivables		
(a) Trade Receivables considered good – Secured	-	-
(b) Trade Receivables considered good – Unsecured;	-	-
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables – credit impaired	-	-
	-	-
(ii) Allowance for Impairment Loss	-	-
(iii) Debts due by directors or other officers of the NBFC or any of them either severally or jointly with any other person or debts due by firms including limited liability partnerships (LLPs), private companies respectively in which any director is a partner or a director or a member	-	-
Total	**-**	**-**

(₹ in crore)

Trade Receivable Ageing Schedule	Outstanding as on 31.03.2022 from due date of payment					
Particulars	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-
(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	-	-	-	-	-	-

There is no unbilled due pending for F.Y. 2021-22

(₹ in crore)

Trade Receivable Ageing Schedule	Outstanding as on 31.03.2021 from due date of payment					
Particulars	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-
(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	-	-	-	-	-	-

There is no unbilled due pending for F.Y. 2020-21

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 9: LOANS - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(A)		
(i) Term Loans*		
- Individual	2,04,230.22	1,80,664.63
- Others	33,911.69	35,381.90
- Corporate Bodies/ Builders	12,977.84	15,956.15
(ii) Others		
- Loans to staff	8.79	8.37
- Loans against Public Deposit	3.40	2.22
- Finance Lease Receivables	3.51	0.53
Total - Gross (A)	**2,51,135.45**	**2,32,013.80**
Less: Impairment Loss Allowance (Expected Credit Loss)	5,839.12	3,899.53
Total - Net (A)	**2,45,296.33**	**2,28,114.27**
(B)		
(i) Secured by tangible assets	2,47,933.77	2,29,526.58
(ii) Secured by intangible assets	1,215.68	1,736.49
(iii) Secured by Government Guarantee	926.10	553.64
(iv) Unsecured	1,059.90	197.09
Total - Gross (B)	**2,51,135.45**	**2,32,013.80**
Less: Impairment Loss Allowance (Expected Credit Loss)	5,839.12	3,899.53
Total - Net (B)	**2,45,296.33**	**2,28,114.27**
(C)		
(i) Loans in India		
Individual	2,04,245.93	1,80,675.75
Commercial Real Estate Sector	12,476.70	14,549.19
Commercial Real Estate Sector- Others	21,435.00	20,832.71
Builder Loans	1,435.87	10,556.02
Corporate Loans	10,326.27	3,759.21
Other Housing Finance Companies	1,215.68	1,640.92
Total - Gross (C) (i)	**2,51,135.45**	**2,32,013.80**
Less: Impairment Loss Allowance (Expected Credit Loss)	5,839.12	3,899.53
TOTAL - NET (C) (I)	**2,45,296.33**	**2,28,114.27**
(ii) Loans outside India	-	-
Less: Impairment Loss Allowance (Expected Credit Loss)	-	-
TOTAL - NET (C) (II)	**-**	**-**
TOTAL (C) (I+II)	**2,45,296.33**	**2,28,114.27**

* Loans including interest and installment outstanding due from directors amounts to ₹ 0.07 crore (F.Y. 2020-21 ₹ Nil) and other related parties ₹ 0.004 crore (F.Y. 2020-21 ₹ Nil)

* Retail / Project Loans are secured by any or all of the following as applicable, based on their categorisation :

a) Equitable / Registered Mortgage of Property.

b) Assignment of Life Insurance Policies and FD of Nationalized Bank.

c) Assignment of Lease Rent Receivables.

d) Company Guarantees or Personal Guarantees.

e) Negative lien on unsold inventory.

f) Undertaking to create a security.

g) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.

For detail disclosures relating to Credit Risk, Impairment Losses, Movement of Impairment Losses refer Note No 38.4.2 of Standalone Financial Statements.

There are no loans or advances granted 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 repayable on demand or without specifying any terms or period of repayment.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 10: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Amortised cost	Deemed Cost*	At Fair Value Through profit or loss	Total	Amortised cost	Deemed Cost*	At Fair Value Through profit or loss	Total
Mutual Funds	-	-	1,493.40	1,493.40	-	-	2,120.34	2,120.34
Government Securities *	4,626.66	-	-	4,626.66	2,402.42	-	-	2,402.42
Equity Instruments								
Subsidiaries *	-	18.29	-	18.29	-	68.29	-	68.29
Associates *	-	29.71	-	29.71	-	29.71	-	29.71
Real Estate Venture Fund	-	-	6.03	6.03	-	-	14.85	14.85
Alternative Investment Fund	-	-	24.51	24.51	-	-	-	-
Total - Gross (A)	**4,626.66**	**48.00**	**1,523.94**	**6,198.60**	**2,402.42**	**98.00**	**2,135.19**	**4,635.61**
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	4,626.66	48.00	1,523.94	6,198.60	2,402.42	98.00	2,135.19	4,635.61
Total (B)	**4,626.66**	**48.00**	**1,523.94**	**6,198.60**	**2,402.42**	**98.00**	**2,135.19**	**4,635.61**

* The Company has not recognised any provision under Expected Credit Loss on Investments made in Government Securities & Associates.

* Impairment on Financial Instruments includes ₹ 50 crore being the amount representing full impairment of the Company's investment in one of its wholly owned subsidiary, LICHFL Care Homes Limited, as per IND AS 36-Impairment of Asset on prudent basis, since the carrying amount of the investment exceeded its value in use. The value in use was determined based on the future cash flows of the subsidiary. The financial statements of the subsidiary is prepared on the going concern basis.

The Company has not traded or invested in Crypto currency or virtual currency during the Financial Year 2021-22

(₹ in crore)

Investment in Mutual Funds carried at Fair Value through Profit & Loss Account	No. of Units as at		Amount as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	22,03,520.157	37,96,786.73	75.02	125.03
Axis Liquid Fund - Regular Growth	2,12,815.044	5,06,148.08	50.01	115.04
Baroda BNP Paribas liquid fund Regular Growth (Formerly known as Baroda Liquid Fund - Plan A Growth)	1,85,245.959	1,70,185.07	45.04	40.00
BNP Paribas Liquid Fund Growth	-	1,27,429.90	-	40.03
Canara Robeco Liquid Fund - Regular Growth	1,77,132.860	2,03,324.55	45.01	50.00
DSP Liquidity Fund - Regular Plan - Growth	66,370.531	1,71,259.79	20.03	50.00
Edelweiss Liquid Fund - Regular Plan Growth	73,824.625	-	20.01	-
HDFC Liquid Fund - Regular Plan - Growth	1,20,454.129	1,24,459.44	50.01	50.00
HSBC Cash Fund - Growth	1,89,920.570	1,96,243.07	40.02	40.00
ICICI Prudential Liquid Fund - Growth	15,97,070.830	41,25,889.53	50.01	125.03
IDBI Liquid Fund - Regular Plan - Growth	88,028.917	-	20.01	-
IDFC Cash Fund - Growth - Regular Plan	78,262.168	4,04,415.31	20.01	100.03
Invesco India Liquid Fund - Growth	2,41,125.198	3,55,952.10	70.04	100.03
Kotak Liquid Reqular Plan Growth	1,16,874.021	3,01,953.59	50.01	125.03
L & T Liquid Fund - Regular Growth	1,72,434.796	2,85,197.88	50.01	80.03
LIC MF Liquid Fund - Regular Plan - Growth	1,30,701.115	9,17,853.88	50.01	339.87
Mahindra Manulife Liquid Fund - Regular - Growth	1,45,578.558	5,26,682.65	20.01	70.01
Mirae Asset cash Management Fund - Regular Plan	2,03,103.750	3,73,208.59	45.01	80.01

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Investment in Mutual Funds carried at Fair Value through Profit & Loss Account	No. of Units as at		Amount as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Nippon India Liquid Fund - Growth Plan	96,836.704	2,30,185.12	50.01	115.04
SBI Liquid Fund - Regular Growth	1,51,050.351	4,99,682.83	50.01	160.06
Sundaram Liquid Fund (Formerly known as Principal Cash Management Fund) - Regular Plan - Growth	2,41,345.535	-	45.04	-
Sundaram Money Fund Regular Growth	-	2,08,79,579.52	-	90.04
Tata Liquid Fund Regular Plan - Growth	2,10,148.279	3,10,194.82	70.04	100.03
UTI Liquid Cash Plan - Regular Plan - Growth	1,44,260.202	3,72,883.34	50.01	125.03
Axis Overnight Fund - Regular Growth - ONGP	3,56,582.232	-	40.00	-
Kotak Overnight Fund Growth (Regular Plan)	3,53,736.177	-	40.00	-
LIC MF Overnight Fund - Regular Plan - Growth	28,05,290.028	-	308.02	-
Nippon India Overnight Fund - Growth Plan	35,16,793.096	-	40.00	-
SBI Overnight Fund Regular Growth	1,16,784.644	-	40.00	-
UTI Overnight Fund - Regular Growth Plan	1,38,727.726	-	40.00	-
Total			**1,493.40**	**2,120.34**

(₹ in crore)

Investments in Government Securities - Quoted, Fully paid up * carried at Amortized Cost	No. of Shares / Units		Amount as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
8.33% GOI STOCK 2036	30,000	30,000	0.31	0.31
8.28% GOI STOCK 2032	8,28,000	8,28,000	8.12	8.11
7.35% GOI STOCK 2024	16,00,000	16,00,000	16.31	16.30
8.24% GOI STOCK 2027	11,00,000	11,00,000	11.09	11.08
8.28% GOI STOCK 2027	5,00,000	5,00,000	5.00	5.00
8.35% GOI STOCK 2022	20,000	20,000	0.21	0.21
8.83% GOI STOCK 2023	25,00,000	25,00,000	25.84	25.88
8.83% GOI STOCK 2023	17,00,000	17,00,000	17.72	17.82
8.32% GOI STOCK 2032	20,00,000	20,00,000	20.44	20.45
8.24% GOI STOCK 2033	30,00,000	30,00,000	32.09	32.15
8.60% GOI STOCK 2028	45,00,000	45,00,000	49.54	49.95
8.60% GOI STOCK 2028	79,50,000	79,50,000	88.03	88.82
7.59% GOI STOCK 2029	85,00,000	85,00,000	86.87	87.05
6.57% GOI STOCK 2033	1,05,00,000	1,05,00,000	105.20	105.09
7.35% GOI STOCK 2024	1,00,00,000	1,00,00,000	103.16	103.63
6.79% GOI STOCK 2029	1,10,00,000	1,10,00,000	111.14	111.06
6.68% GOI STOCK 2031	40,00,000	40,00,000	38.59	38.48
6.68% GOI STOCK 2031	1,10,00,000	1,10,00,000	101.99	101.42
7.59% GOI STOCK 2026	20,00,000	20,00,000	20.04	19.97
7.17% GOI STOCK 2028	60,00,000	60,00,000	60.06	59.94
7.40% GOI STOCK 2035	90,00,000	90,00,000	87.87	87.77
7.26% GOI STOCK 2029	60,00,000	60,00,000	60.65	60.61
7.95% GOI STOCK 2032	60,00,000	60,00,000	61.75	61.83
6.57% GOI STOCK 2033	60,00,000	60,00,000	56.32	56.07
7.57% GOI STOCK 2033	40,00,000	40,00,000	40.73	40.72
7.61% GOI STOCK 2030	30,00,000	30,00,000	31.66	31.73
7.40% GOI STOCK 2035	30,00,000	30,00,000	30.55	30.57
7.95% GOI STOCK 2032	40,00,000	40,00,000	42.32	42.44
7.88% GOI STOCK 2030	30,00,000	30,00,000	31.34	31.45

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Investments in Government Securities - Quoted, Fully paid up * carried at Amortized Cost	No. of Shares / Units		Amount as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
7.40% GOI STOCK 2035	5,00,000	5,00,000	5.15	5.15
7.57% GOI STOCK 2033	45,00,000	45,00,000	47.89	48.00
7.95% GOI STOCK 2032	55,00,000	55,00,000	58.70	58.91
7.57% GOI STOCK 2033	50,00,000	50,00,000	53.29	53.42
7.95% GOI STOCK 2032	50,00,000	50,00,000	53.79	54.01
7.88% GOI STOCK 2030	65,00,000	65,00,000	68.63	68.95
6.68% GOI STOCK 2031	25,00,000	25,00,000	24.65	24.62
7.40% GOI STOCK 2035	50,00,000	50,00,000	51.77	51.83
6.68% GOI STOCK 2031	25,00,000	25,00,000	24.65	24.62
7.95% GOI STOCK 2032	30,00,000	30,00,000.00	33.36	33.57
7.50% GOI STOCK 2034	80,00,000	80,00,000.00	86.80	87.10
7.73% GOI STOCK 2034	35,00,000	35,00,000.00	39.75	39.95
7.50% GOI STOCK 2034	35,00,000	35,00,000.00	38.66	38.84
7.73% GOI STOCK 2034	75,00,000	75,00,000.00	84.78	85.18
7.50% GOI STOCK 2034	25,00,000	25,00,000.00	27.44	27.55
6.19% GOI STOCK 2034	1,00,00,000	1,00,00,000.00	98.77	98.69
6.22% GOI STOCK 2035	90,00,000	90,00,000.00	89.81	89.79
8.24% GOI STOCK 2033	55,00,000	55,00,000.00	65.80	66.29
7.26% GOI STOCK 2029	40,00,000	40,00,000.00	42.41	42.59
6.22% GOI STOCK 2035	60,00,000	60,00,000.00	57.62	57.45
6.64% GOI STOCK 2035	1,05,00,000	-	106.30	-
6.22% GOI STOCK 2035	1,00,00,000	-	95.72	-
6.64% GOI STOCK 2035	1,35,00,000	-	136.75	-
6.64% GOI STOCK 2035	70,00,000	-	70.94	-
6.64% GOI STOCK 2035	90,00,000	-	90.48	-
6.67% GOI STOCK 2035	10,00,000	-	9.93	-
6.64% GOI STOCK 2035	1,00,00,000	-	100.71	-
6.64% GOI STOCK 2035	1,00,00,000	-	100.70	-
6.67% GOI STOCK 2035	50,00,000	-	49.73	-
6.67% GOI STOCK 2035	1,00,00,000	-	99.46	-
6.67% GOI STOCK 2035	1,35,00,000	-	134.30	-
7.73% GOI STOCK 2034	25,00,000	-	27.60	-
7.73% GOI STOCK 2034	75,00,000	-	82.79	-
6.64% GOI STOCK 2035	50,00,000	-	50.47	-
6.64% GOI STOCK 2035	50,00,000	-	50.47	-
6.64% GOI STOCK 2035	50,00,000	-	50.47	-
6.64% GOI STOCK 2035	55,00,000	-	55.48	-
6.64% GOI STOCK 2035	1,00,00,000	-	100.86	-
6.64% GOI STOCK 2035	50,00,000	-	50.44	-
6.64% GOI STOCK 2035	1,00,00,000	-	100.89	-
6.67% GOI STOCK 2035	50,00,000	-	49.87	-
6.64% GOI STOCK 2035	50,00,000	-	50.44	-
6.67% GOI STOCK 2035	1,00,00,000	-	99.95	-
6.67% GOI STOCK 2035	1,00,00,000	-	99.94	-
6.67% GOI STOCK 2035	50,00,000	-	49.95	-
7.73% GOI STOCK 2034	50,00,000	-	55.35	-
6.67% GOI STOCK 2035	50,00,000	-	49.89	-
6.67% GOI STOCK 2035	50,00,000	-	49.89	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Investments in Government Securities - Quoted, Fully paid up * carried at Amortized Cost	No. of Shares / Units		Amount as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
6.67% GOI STOCK 2035	50,00,000	-	49.89	-
6.67% GOI STOCK 2035	20,00,000	-	19.95	-
6.67% GOI STOCK 2035	40,00,000	-	39.87	-
7.40% GOI STOCK 2035	10,00,000	-	10.50	-
6.19% GOI STOCK 2034	25,00,000	-	23.78	-
6.22% GOI STOCK 2035	15,00,000	-	14.24	-
Total			**4,626.66**	**2,402.42**

* Kept with designated bank for repayment to depositors and to maintain LCR

(₹ in crore)

Investments in Equity Instruments - Unquoted, Fully paid up	No. of Shares / Units		Amount as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
In Subsidiaries - Carried at Demeed cost				
LICHFL Care Homes Ltd. (Face Value ₹ 10/- each)	5,00,00,000	5,00,00,000	50.00	50.00
Less : Impairment loss			50.00	-
			-	**50.00**
LICHFL Financial Services Ltd. (Face Value ₹ 10/- each)	95,00,000	95,00,000	9.50	9.50
LICHFL Trustee Company Private Ltd. (Face Value ₹ 10/- each)	90,000	90,000	0.09	0.09
LICHFL Asset Management Company Ltd. (Face Value ₹ 10/- each)	87,00,000	87,00,000	8.70	8.70
In Associates - Carried at Demeed cost				
LIC Mutual Fund Asset Management Ltd. (Face Value ₹ 10,000/- each)	4,323	4,323	29.69	29.69
LIC Mutual Fund Trustee Private Ltd. (Face Value ₹ 10/- each)	3,530	3,530	0.02	0.02
Total			**48.00**	**98.00**

(₹ in crore)

Investments carried at Fair value through Profit & Loss Account	No. of Shares / Units		Amount as at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Contribution to Trust			**0.002**	**0.002**
Other investments-Unquoted, Fully paid up				
(i) Real Estate Venture Fund:**				
CIG Realty Fund - 1 (Face Value ₹ 10/- each)	91,71,429	91,71,429	9.17	9.17
Less : Impairment loss			9.17	9.17
			-	**-**
LICHFL Urban Development Fund (Face Value ₹ 10,000/- each)	50,000	50,000	14.88	18.81
Less : Impairment loss			8.85	3.96
			6.03	**14.85**
Other investments-Unquoted, Fully paid up				
(i) Alternative Investment Fund:**				
LICHFL Housing and Infrastructure Fund (Face Value ₹ 100/- each)	30,07,139	9,23,124	30.07	9.23
Less : Impairment loss			5.56	9.23
			24.51	**-**
			30.54	**14.85**

**These are close ended schemes subject to lock in till the closure of the Scheme

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 11: OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Fixed Deposit For SLR Of Public Deposit maturing beyond 12 months *	-	82.70
(ii) Interest Accured But not due on Fixed Deposits with Banks	0.00	8.18
(iii) Security Deposits	11.89	10.94
(iv) Other Deposits	0.96	0.92
(v) Dues from Subsidiaries/Associates	0.02	0.02
(vi) Other dues from Staff	2.44	2.15
(vii) Fees Receivable	1.26	0.96
Total	**16.57**	**105.87**

(* Other Financial Assets includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ Nil (F.Y. 2020-21 ₹ 82.70 crore) Fixed deposit placed with banks earns interest at fixed rate.)

NOTE 12: CURRENT TAX ASSETS (NET)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision under Income Tax	135.17	-
Total	**135.17**	**-**

NOTE 13: DEFERRED TAX ASSETS (NET)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Deferred Tax Assets	2,897.46	2,442.31
(ii) Deferred Tax Liabilities	(1,529.38)	(1,529.38)
Total	**1,368.08**	**912.93**

NOTE 14.1: PROPERTY, PLANT & EQUIPMENT

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2022 are as follows:-

(₹ in crore)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Gross carrying value as of April 1, 2021	**0.97**	**115.39**	**12.22**	**9.88**	**0.44**	**6.99**	**23.72**	**169.62**
Additions	-	0.00	2.50	1.67	-	1.13	9.89	**15.19**
(Deductions)	-	-	(0.00)	(0.02)	-	(0.12)	(0.10)	**(0.24)**
Changes due to Revaluation	-	-	-	-	-	-	-	**-**
Gross carrying value as of March 31, 2022	**0.97**	**115.39**	**14.72**	**11.53**	**0.44**	**8.01**	**33.51**	**184.57**
Accumulated Depreciation as of April 1, 2021	**-**	**6.36**	**6.58**	**4.52**	**0.24**	**4.11**	**17.48**	**39.30**
Depreciation	-	1.92	1.87	1.39	0.05	1.25	3.28	**9.75**
(Accumulated Depreciation on Deductions)	-	-	(0.00)	(0.02)	-	(0.11)	(0.09)	**(0.22)**
Accumulated Depreciation as of March 31, 2022	**-**	**8.28**	**8.45**	**5.89**	**0.29**	**5.25**	**20.67**	**48.83**
Carrying Value as of March 31, 2022	**0.97**	**107.10**	**6.28**	**5.63**	**0.15**	**2.76**	**12.84**	**135.74**

The Debentures are secured by mortgage on an immovable Property Owned by the Company valuing approx ₹ 4.33 crore (Book Value ₹ 0.38 crore).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2021 are as follows:-

(₹ in crore)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Gross carrying value as of April 1, 2020	**0.97**	**114.67**	**10.78**	**9.19**	**0.37**	**6.03**	**21.40**	**163.43**
Additions	-	0.72	1.44	0.70	0.11	1.02	2.34	**6.33**
(Deductions)	-	-	(0.00)	(0.01)	(0.03)	(0.06)	(0.03)	**(0.14)**
Changes due to Revaluation	-	-	-	-	-	-	-	**-**
Gross carrying value as of March 31, 2021	**0.97**	**115.39**	**12.22**	**9.88**	**0.45**	**6.99**	**23.72**	**169.62**
Accumulated Depreciation as of April 1, 2020	**-**	**4.44**	**4.63**	**3.27**	**0.24**	**2.91**	**13.31**	**28.80**
Depreciation	-	1.92	1.95	1.26	0.03	1.26	4.20	**10.63**
(Accumulated Depreciation on Deductions)	-	-	-	(0.01)	(0.03)	(0.06)	(0.03)	**(0.14)**
Accumulated Depreciation as of March 31, 2021	**-**	**6.36**	**6.58**	**4.52**	**0.24**	**4.11**	**17.48**	**39.30**
Carrying Value as of March 31, 2021	**0.97**	**109.03**	**5.64**	**5.36**	**0.21**	**2.88**	**6.23**	**130.32**

The Debentures are secured by mortgage on an immovable Property Owned by the Company valuing approx ₹ 1.19 crore (Book Value ₹ 0.10 crore).

NOTE 14.2: CAPITAL WORK IN PROGRESS

The changes in carrying value of Capital Work in Progress for the year ended March 31, 2022 are as follows :-

(₹ in crore)

Particulars	Capital Work in Progress
Gross Carrying Value as of April 1, 2021	**-**
Additions	0.36
(Deductions)	(0.32)
Gross Carrying Value as of March 31, 2022	**0.04**
Accumulated Depreciation as of April 1, 2021	-
Depreciation for the year	-
(Accumulated Depreciation on Deductions)	-
Accumulated Depreciation as of March 31, 2022	**-**
Carrying Value as of March 31, 2022	**0.04**

The changes in carrying value of Capital Work in Progress for the year ended March 31, 2021 are as follows :-

(₹ in crore)

Particulars	Capital Work in Progress
Gross Carrying Value as of April 1, 2020	**0.33**
Additions	0.85
(Deductions)	(1.18)
Gross Carrying Value as of March 31, 2021	**-**
Accumulated Depreciation as of April 1, 2020	-
Depreciation for the year	-
(Accumulated Depreciation on Deductions)	-
Accumulated Depreciation as of March 31, 2021	**-**
Carrying Value as of March 31, 2021	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

NOTE 14.3: Intangible Assets under Development

The changes in carrying value of Intangible Assets under Development for the year ended March 31, 2022 are as follows :-

(₹ in crore)

Particulars	Software under development
Gross Carrying Value as of April 1, 2021	**3.63**
Additions	8.74
(Deductions)	(10.92)
Gross Carrying Value as of March 31, 2022	**1.45**
Accumulated Depreciation as of April 1, 2021	-
Depreciation for the year	-
(Accumulated Depreciation on Deductions)	-
Accumulated Depreciation as of March 31, 2022	**-**
Carrying Value as of March 31, 2022	**1.45**

The changes in carrying value of Intangible Assets under Development for the year ended March 31, 2021 are as follows :-

(₹ in crore)

Particulars	Software under development
Gross Carrying Value as of April 1, 2020	**-**
Additions	3.63
(Deductions)	-
Gross Carrying Value as of March 31, 2021	**3.63**
Accumulated Depreciation as of April 1, 2020	-
Depreciation for the year	-
(Accumulated Depreciation on Deductions)	-
Accumulated Depreciation as of March 31, 2021	**-**
Carrying Value as of March 31, 2021	**3.63**

NOTE 14.4

The changes in carrying value of the Right of Use Assets for the year ended March 31, 2022:-

(₹ in crore)

Particulars	Right of Use Asset
Opening Value of Right of Use Asset as of April 1, 2021	**184.53**
Additions	68.75
(Disposals)	(18.84)
ROU derecognised on subleased asset	(2.59)
Gross Carrying Value as of March 31, 2022	**231.85**
Accumulated Depreciation as of April 1, 2021	63.19
Depreciation for the year	40.32
(Accumulated Depreciation on Disposals)	(18.84)
Accumulated Depreciation as of March 31, 2022	**84.67**
Terminated cases	18.54
Carrying Value as of March 31, 2022	**128.64**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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The changes in carrying value of the Right of Use Assets for the year ended March 31, 2021 :-

(₹ in crore)

Particulars	Right of Use Asset
Opening Value of Right of Use Asset as of April 1, 2020	**150.25**
Additions	42.04
(Disposals)	(7.76)
Gross Carrying Value as of March 31, 2021	**184.53**
Accumulated Depreciation as of April 1, 2020	32.80
Depreciation for the year	38.15
(Accumulated Depreciation on Disposals)	(7.76)
Accumulated Depreciation as of March 31, 2021	**63.19**
Terminated cases	10.56
Carrying Value as of March 31, 2021	**110.78**

NOTE 14.5: OTHER INTANGIBLE ASSETS

The changes in carrying value of the Intangible Assets for the year ended March 31, 2022 are as follows :-

(₹ in crore)

Particulars	Software License	Total
Gross Carrying Value as of April 1, 2021	**7.57**	**7.57**
Additions	21.82	21.82
(Deductions)	-	-
Gross Carrying Value as of March 31, 2022	**29.39**	**29.39**
Accumulated Depreciation as of April 1, 2021	5.27	5.27
Depreciation for the year	2.37	2.37
(Accumulated Depreciation on Deductions)	-	-
Accumulated Depreciation as of March 31, 2022	**7.64**	**7.64**
Carrying Value as of March 31, 2022	**21.75**	**21.75**

The changes in carrying value of the Intangible Assets for the year ended March 31, 2021 are as follows:-

(₹ in crore)

Particulars	Software License	Total
Gross Carrying Value as of April 1, 2020	**6.59**	**6.59**
Additions	0.97	0.97
(Deductions)	-	-
Gross Carrying Value as of March 31, 2021	**7.56**	**7.56**
Accumulated Depreciation as of April 1, 2020	4.61	4.61
Depreciation for the year	0.66	0.66
(Accumulated Depreciation on Deductions)	-	-
Accumulated Depreciation as of March 31, 2021	**5.27**	**5.27**
Carrying Value as of March 31, 2021	**2.29**	**2.29**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(i) Capital-work-in progress

(a) Capital-work-in progress ageing schedule

(₹ in crore)

CWIP	As at March 31, 2022				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.04	-	-	-	0.04
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

CWIP	As at March 31, 2021				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(b) Capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, following CWIP completion schedule has been given:-

(₹ in crore)

CWIP	As at March 31, 2022			
	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	-	-	-	-
Project 2	-	-	-	-

(₹ in crore)

CWIP	As at March 31, 2021			
	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	-	-	-	-
Project 2	-	-	-	-

(ii) Intangible Assets under Development

(a) Intangible Assets under Development ageing schedule

(₹ in crore)

Intangible Asset under Development	As at March 31, 2022				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.45	-	-	-	1.45
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Intangible Asset under Development	As at March 31, 2021				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	3.63	-	-	-	3.63
Projects temporarily suspended	-	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(b) Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan, following Intangible assets under development completion schedule has been given:-

(₹ in crore)

Intangible Asset under Development	As at March 31, 2022			
	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	-	-	-	-
Project 2	-	-	-	-

(₹ in crore)

Intangible Asset under Development	As at March 31, 2021			
	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	-	-	-	-
Project 2	-	-	-	-

(iii) Financial Ratios

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(a)	Capital to risk-weighted assets ratio (CRAR)	18.08%	15.28%
(b)	Tier I CRAR	16.23%	13.87%
(c)	Tier II CRAR	1.85%	1.41%
(d)	Liquidity Coverage Ratio	548.73%	NA

(iv) No proceedings has been initiated or pending against the company as the Company does not hold any Benami Property under the Benami Transactions (Prohibition) Act, 1988

(v) Relationship with struck off Companies

Name of struck off Company	Nature of transactions with struck off Company	Balance outstanding	Relationship with the Struck off Company
-	Investment in Securities	Nil	-
-	Receivables	Nil	-
-	Payables	Nil	-
-	Share held by struck off company	Nil	-
-	Other outstanding balances (to be specified)	Nil	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 15: OTHER NON -FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Capital Advances	5.93	4.23
(ii) Statutory Dues	98.82	100.08
(iii) Prepaid Expenses	33.47	31.91
(iv) Sundry Advances	2.87	2.73
(v) Others	0.06	0.07
Total	**141.15**	**139.02**

NOTE 16: PAYABLES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	2.79	2.80
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises*	61.51	93.32
Total	**64.30**	**96.12**

* Includes payable to a related party ₹ 11.01 crore (F.Y. 2020-21 ₹ 11.79 crore)

The Company had requested its suppliers to confirm the status as to whether they are covered under the Micro, Small & Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year - end together with interest paid / payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under MSMED Act, 2006.

(₹ in crore)

Trade Payable Ageing Schedule	Outstanding as on 31.03.2022 from due date of payment				
Particulars	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	2.79	-	-	-	2.79
(ii) Others	61.49	0.02	-	-	61.51
(iii) Disputed dues –MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

There are no unbilled dues pending for FY 2021-22

(₹ in crore)

Trade Payable Ageing Schedule	Outstanding as on 31.03.2021 from due date of payment				
Particulars	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	2.80	-	-	-	2.80
(ii) Others	93.32	-	-	-	93.32
(iii) Disputed dues –MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

There are no unbilled dues pending for FY 2020-21

(₹ in crore)

Other Payables	As at March 31, 2022	As at March 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	**-**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 17: DEBT SECURITIES - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(1) SECURED:		
Non Convertible Debentures (Refer Note 17.1)	1,17,042.35	1,11,216.21
Zero Coupon Debentures (Refer Note 17.2)	1,935.42	2,151.50
(2) UNSECURED:		
Commercial Paper (Refer Note 17.3)	8,364.22	12,230.25
Total (A) (1+2)	**1,27,341.99**	**1,25,597.96**
Debt securities in India	1,27,341.99	1,25,597.96
Debt securities outside India	-	-
Total (B)	**1,27,341.99**	**1,25,597.96**

Note 17.1

Secured by a negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules. Subject to maintenance of Asset Cover, as may be applicable and in the normal course of business, the Company may without the consent/approval of the Trustee/Debenture Holder(s)/Beneficial Owner(s)/creditors be entitled to make further issue(s) of Debentures, raise further loans and advances and/or avail further deferred payment guarantees or other financial facilities from time to time from any persons/bank/financial institution/body corporate/ any other agency.

Secured by way of Negative Lien on the Assets, to the extent of Asset Cover, without any encumbrance in favour of the Debenture Trustee except to the extent of the charge created in favour of its depositors of the Company pursuant to the regulatory requirement under Section 29B of the NHB Act.

However, the Company shall, from time to time, be entitled to create any charge, mortgage, pledge, security interest, encumber or create lien on its Assets, subject to maintenance of Asset Cover, except to the extent of charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the NHB Act or as may be required under any law, regulation, guidelines or rules.

The Details of Non Convertible Redeemable Debentures (NCD) are as under:-

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option date	As at March 31, 2022
12750 NCD's of ₹ 1000000/- each	23-Mar-32	7.1800%	-	1274.93
6570 NCD's of ₹ 1000000/- each	28-Nov-31	7.1300%	-	651.45
2500 NCD's of ₹ 1000000/- each	28-Nov-31	7.1300%	-	250.63
7500 NCD's of ₹ 1000000/- each	28-Nov-31	7.1300%	-	749.39
9750 NCD's of ₹ 1000000/- each	24-Sep-31	6.9500%	-	974.42
11200 NCD's of ₹ 1000000/- each	28-Jan-30	7.9700%	-	1119.59
25000 NCD's of ₹ 1000000/- each	12-Jul-29	7.9900%	-	2500.00
34000 NCD's of ₹ 1000000/- each	23-Mar-29	8.7000%	-	3400.00
13650 NCD's of ₹ 1000000/- each	25-Jan-29	8.8000%	-	1365.00
16060 NCD's of ₹ 1000000/- each	8-Dec-28	8.7500%	-	1606.00
2749 NCD's of ₹ 1000000/- each	17-Nov-28	8.9700%	-	274.90

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option date	As at March 31, 2022
9120 NCD's of ₹ 1000000/- each	10-Oct-28	9.0800%	-	912.00
6305 NCD's of ₹ 1000000/- each	24-Sep-28	9.1000%	-	630.50
4200 NCD's of ₹ 1000000/- each	4-Jun-28	6.6800%	-	415.66
3200 NCD's of ₹ 1000000/- each	4-Jun-28	6.6800%	-	319.81
14770 NCD's of ₹ 1000000/- each	29-Jan-28	7.9500%	-	1477.00
10000 NCD's of ₹ 1000000/- each	30-Nov-26	6.4000%	-	999.43
5300 NCD's of ₹ 1000000/- each	23-Nov-27	7.7500%	-	530.00
5000 NCD's of ₹ 1000000/- each	14-Jul-27	7.5600%	-	500.00
7000 NCD's of ₹ 1000000/- each	17-May-27	7.8600%	-	700.00
6000 NCD's of ₹ 1000000/- each	26-Mar-27	7.9500%	-	600.00
3000 NCD's of ₹ 1000000/- each	15-Feb-27	6.6500%	-	300.37
5000 NCD's of ₹ 1000000/- each	15-Feb-27	6.6500%	-	499.71
10000 NCD's of ₹ 1000000/- each	16-Dec-26	7.1600%	-	1000.00
10000 NCD's of ₹ 1000000/- each	23-Oct-26	7.4800%	-	1000.00
5000 NCD's of ₹ 1000000/- each	25-Sep-26	7.8300%	-	500.00
15000 NCD's of ₹ 1000000/- each	3-Sep-26	6.1700%	-	1499.16
2000 NCD's of ₹ 1000000/- each	18-Aug-26	7.9000%	-	200.00
4724 NCD's of ₹ 1000000/- each	10-Jul-26	8.4300%	-	472.40
5000 NCD's of ₹ 1000000/- each	29-Jun-26	8.4800%	-	500.00
3488 NCD's of ₹ 1000000/- each	29-Jun-26	8.4800%	-	348.80
3570 NCD's of ₹ 1000000/- each	15-Jun-26	8.4700%	-	357.00
4950 NCD's of ₹ 1000000/- each	10-Jun-26	8.4700%	-	495.00
5100 NCD's of ₹ 1000000/- each	22-May-26	8.4500%	-	510.00
5500 NCD's of ₹ 1000000/- each	19-May-26	6.0100%	-	549.70
3000 NCD's of ₹ 1000000/- each	27-Apr-26	8.3200%	-	300.00
10000 NCD's of ₹ 1000000/- each	3-Mar-26	8.5700%	-	1000.00
5000 NCD's of ₹ 1000000/- each	26-Feb-26	8.5300%	-	500.00
7500 NCD's of ₹ 1000000/- each	28-Jan-26	8.4200%	-	750.00
7500 NCD's of ₹ 1000000/- each	28-Jan-26	8.4300%	-	750.00
15224 NCD's of ₹ 1000000/- each	24-Dec-25	8.7000%	-	1522.40
10000 NCD's of ₹ 1000000/- each	12-Dec-25	8.4000%	-	1000.00
10000 NCD's of ₹ 1000000/- each	13-Nov-25	8.2000%	-	1000.00
3810 NCD's of ₹ 1000000/- each	23-Oct-25	8.2500%	-	381.00
2100 NCD's of ₹ 1000000/- each	8-Oct-25	8.3400%	-	210.00
9900 NCD's of ₹ 1000000/- each	11-Sep-25	5.7760%	-	988.13
5000 NCD's of ₹ 1000000/- each	11-Sep-25	5.7760%	-	499.64
3000 NCD's of ₹ 1000000/- each	29-Aug-25	8.5000%	-	300.00
2000 NCD's of ₹ 1000000/- each	29-Aug-25	8.4800%	-	200.00
5000 NCD's of ₹ 1000000/- each	14-Aug-25	8.5500%	-	500.00
3000 NCD's of ₹ 1000000/- each	1-Aug-25	8.5800%	-	300.00
1950 NCD's of ₹ 1000000/- each	18-Jul-25	8.5700%	-	195.00
11000 NCD's of ₹ 1000000/- each	20-Jun-25	6.2500%	-	1099.66
2050 NCD's of ₹ 1000000/- each	4-Jun-25	8.5000%	-	205.00
10000 NCD's of ₹ 1000000/- each	29-May-25	8.5500%	-	1000.00
11200 NCD's of ₹ 1000000/- each	20-May-25	5.6937%	-	1115.69

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option date	As at March 31, 2022
5500 NCD's of ₹ 1000000/- each	20-May-25	5.6937%	-	549.64
10000 NCD's of ₹ 1000000/- each	31-Mar-25	8.2200%	-	1000.00
24000 NCD's of ₹ 1000000/- each	12-Mar-25	5.9943%	-	2398.44
4250 NCD's of ₹ 1000000/- each	3-Mar-25	8.5200%	-	425.00
6000 NCD's of ₹ 1000000/- each	24-Feb-25	8.5000%	-	600.00
3250 NCD's of ₹ 1000000/- each	12-Feb-25	7.3300%	-	337.20
15100 NCD's of ₹ 1000000/- each	12-Feb-25	7.3300%	-	1509.56
100 NCD's of ₹ 1000000/- each	30-Jan-25	8.4000%	-	10.00
11000 NCD's of ₹ 1000000/- each	24-Jan-25	6.4000%	-	1100.76
14250 NCD's of ₹ 1000000/- each	24-Jan-25	6.4000%	-	1424.21
10000 NCD's of ₹ 1000000/- each	8-Jan-25	8.6100%	-	1000.00
25950 NCD's of ₹ 1000000/- each	20-Dec-24	5.5315%	-	2593.87
10750 NCD's of ₹ 1000000/- each	25-Nov-24	6.1900%	-	1075.51
5000 NCD's of ₹ 1000000/- each	25-Nov-24	6.1900%	-	499.72
27000 NCD's of ₹ 1000000/- each	18-Oct-24	7.7900%	-	2699.66
5000 NCD's of ₹ 1000000/- each	16-Oct-24	9.2200%	-	500.00
6500 NCD's of ₹ 1000000/- each	30-Sep-24	9.2400%	-	650.00
12500 NCD's of ₹ 1000000/- each	6-Sep-24	7.4000%	-	1292.96
10000 NCD's of ₹ 1000000/- each	6-Sep-24	7.4000%	-	1000.00
7700 NCD's of ₹ 1000000/- each	29-Aug-24	7.7800%	-	770.00
5000 NCD's of ₹ 1000000/- each	25-Aug-24	9.4700%	-	500.00
10000 NCD's of ₹ 1000000/- each	25-Aug-24	9.3900%	-	1000.00
14550 NCD's of ₹ 1000000/- each	23-Jul-24	7.7500%	-	1454.40
6050 NCD's of ₹ 1000000/- each	5-Jul-24	9.2900%	-	605.00
5250 NCD's of ₹ 1000000/- each	14-Jun-24	5.7500%	-	525.32
10300 NCD's of ₹ 1000000/- each	14-Jun-24	5.7500%	-	1029.61
16740 NCD's of ₹ 1000000/- each	31-May-24	8.3300%	-	1674.00
5550 NCD's of ₹ 1000000/- each	15-May-24	5.3800%	-	554.81
2500 NCD's of ₹ 1000000/- each	8-May-24	7.9000%	-	250.00
10000 NCD's of ₹ 1000000/- each	19-Mar-24	9.8000%	-	1000.00
3150 NCD's of ₹ 1000000/- each	5-Mar-24	8.7900%	-	315.00
15000 NCD's of ₹ 1000000/- each	5-Mar-24	8.7900%	-	1499.66
6000 NCD's of ₹ 1000000/- each	22-Feb-24	5.7200%	-	599.38
8000 NCD's of ₹ 1000000/- each	22-Feb-24	5.7200%	-	499.00
5000 NCD's of ₹ 1000000/- each	22-Feb-24	5.7200%	-	799.80
1373 NCD's of ₹ 1000000/- each	8-Feb-24	8.5800%	-	137.30
11100 NCD's of ₹ 1000000/- each	12-Jan-24	4.9800%	-	1096.33
10000 NCD's of ₹ 1000000/- each	12-Jan-24	4.9800%	-	999.58
10000 NCD's of ₹ 1000000/- each	22-Dec-23	7.2500%	-	1000.00
7750 NCD's of ₹ 1000000/- each	8-Dec-23	8.7500%	-	775.00
9500 NCD's of ₹ 1000000/- each	30-Nov-23	5.3200%	-	949.79
4480 NCD's of ₹ 1000000/- each	17-Oct-23	9.0800%	-	448.00
2000 NCD's of ₹ 1000000/- each	19-Sep-23	7.8600%	-	200.00
5000 NCD's of ₹ 1000000/- each	14-Sep-23	4.9600%	-	496.24
7450 NCD's of ₹ 1000000/- each	14-Sep-23	4.9600%	-	742.43

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option date	As at March 31, 2022
6650NCD's of ₹ 1000000/- each	14-Sep-23	4.9600%	-	664.77
12500 NCD's of ₹ 1000000/- each	25-Aug-23	5.4500%	-	1248.93
5000 NCD's of ₹ 1000000/- each	25-Aug-23	5.4500%	-	500.23
5000 NCD's of ₹ 1000000/- each	25-Aug-23	5.4500%	-	499.91
9050 NCD's of ₹ 1000000/- each	26-Jul-23	5.2300%	-	904.67
2720 NCD's of ₹ 1000000/- each	9-Jun-23	8.4800%	-	272.00
16630 NCD's of ₹ 1000000/- each	6-Jun-23	9.1900%	-	1663.00
9000 NCD's of ₹ 1000000/- each	21-May-23	8.3700%	-	900.00
5000 NCD's of ₹ 1000000/- each	11-May-23	5.9000%	-	500.35
5200 NCD's of ₹ 1000000/- each	11-May-23	5.9000%	-	519.89
5000 NCD's of ₹ 1000000/- each	25-Apr-23	8.8900%	-	500.00
5250 NCD's of ₹ 1000000/- each	9-Apr-23	9.0000%	-	525.00
10000 NCD's of ₹ 1000000/- each	20-Mar-23	5.3500%	-	1000.84
13000 NCD's of ₹ 1000000/- each	20-Mar-23	5.3500%	-	1299.79
5000 NCD's of ₹ 1000000/- each	12-Mar-23	9.1300%	-	500.00
32500 NCD's of ₹ 1000000/- each	10-Feb-23	7.4500%	-	3249.76
4900 NCD's of ₹ 1000000/- each	19-Jan-23	8.5800%	-	490.00
9100 NCD's of ₹ 1000000/- each	13-Jan-23	7.4450%	-	909.84
7500 NCD's of ₹ 1000000/- each	1-Jan-23	9.2500%	-	750.00
5000 NCD's of ₹ 1000000/- each	17-Dec-22	9.3000%	-	500.00
12050 NCD's of ₹ 1000000/- each	16-Dec-22	7.8500%	-	1205.00
2000 NCD's of ₹ 1000000/- each	13-Dec-22	9.2300%	-	200.00
3000 NCD's of ₹ 1000000/- each	22-Nov-22	7.6000%	-	300.74
11650 NCD's of ₹ 1000000/- each	22-Nov-22	7.6000%	-	1165.00
4000 NCD's of ₹ 1000000/- each	12-Nov-22	9.2500%	-	400.00
3350 NCD's of ₹ 1000000/- each	25-Oct-22	9.0500%	-	335.00
10000 NCD's of ₹ 1000000/- each	17-Oct-22	7.4500%	-	1000.00
2500 NCD's of ₹ 1000000/- each	23-Sep-22	7.8500%	-	250.76
12000 NCD's of ₹ 1000000/- each	23-Sep-22	7.8500%	-	1200.00
5000 NCD's of ₹ 1000000/- each	14-Sep-22	9.3000%	-	500.00
10500 NCD's of ₹ 1000000/- each	30-Aug-22	7.3900%	-	302.96
10500 NCD's of ₹ 1000000/- each	30-Aug-22	7.3900%	-	1050.72
10000 NCD's of ₹ 1000000/- each	30-Aug-22	7.3900%	-	1000.00
5000 NCD's of ₹ 1000000/- each	24-Jul-22	9.3500%	-	500.00
15000 NCD's of ₹ 1000000/- each	15-Jul-22	7.4200%	-	1509.85
11000 NCD's of ₹ 1000000/- each	15-Jul-22	7.4200%	-	1100.00
20350 NCD's of ₹ 1000000/- each	20-Jun-22	8.5000%	-	2035.00
5000 NCD's of ₹ 1000000/- each	10-Jun-22	7.4800%	-	500.00
3000 NCD's of ₹ 1000000/- each	23-May-22	7.7800%	-	300.00
2500 NCD's of ₹ 1000000/- each	3-May-22	7.8000%	-	250.00
6518 NCD's of ₹ 1000000/- each	19-Apr-22	8.6850%		651.80
TOTAL				**1,17,042.35**

Note - Reissue premium (₹ 177.39 crore)/ discount (₹ 49.59 crore).

Transactions of amount ₹ 13050 crore are with related party

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

The Details of Non Convertible Redeemable Debentures (NCD) are as under:-

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option date	As at March 31, 2021
11200 NCD's of ₹ 1000000/- each	28-Jan-30	7.9700%	-	1119.61
25000 NCD's of ₹ 1000000/- each	12-Jul-29	7.9900%	12-Jul-21	2500.00
34000 NCD's of ₹ 1000000/- each	23-Mar-29	8.7000%	-	3400.00
13650 NCD's of ₹ 1000000/- each	25-Jan-29	8.8000%	-	1365.00
16060 NCD's of ₹ 1000000/- each	8-Dec-28	8.7500%	-	1606.00
2749 NCD's of ₹ 1000000/- each	17-Nov-28	8.9700%	-	274.90
9120 NCD's of ₹ 1000000/- each	10-Oct-28	9.0800%	-	912.00
6305 NCD's of ₹ 1000000/- each	24-Sep-28	9.1000%	-	630.50
14770 NCD's of ₹ 1000000/- each	29-Jan-28	7.9500%	27-Aug-21	1477.00
5300 NCD's of ₹ 1000000/- each	23-Nov-27	7.7500%	-	530.00
5000 NCD's of ₹ 1000000/- each	14-Jul-27	7.5600%	-	500.00
7000 NCD's of ₹ 1000000/- each	17-May-27	7.8600%	-	700.00
6000 NCD's of ₹ 1000000/- each	26-Mar-27	7.9500%	-	600.00
10000 NCD's of ₹ 1000000/- each	16-Dec-26	7.1600%	-	1000.00
10000 NCD's of ₹ 1000000/- each	23-Oct-26	7.4800%	-	1000.00
5000 NCD's of ₹ 1000000/- each	25-Sep-26	7.8300%	-	500.00
2000 NCD's of ₹ 1000000/- each	18-Aug-26	7.9000%	-	200.00
4724 NCD's of ₹ 1000000/- each	10-Jul-26	8.4300%	-	472.40
5000 NCD's of ₹ 1000000/- each	29-Jun-26	8.4800%	-	500.00
3488 NCD's of ₹ 1000000/- each	29-Jun-26	8.4800%	-	348.80
3570 NCD's of ₹ 1000000/- each	15-Jun-26	8.4700%	-	357.00
4950 NCD's of ₹ 1000000/- each	10-Jun-26	8.4700%	-	495.00
5100 NCD's of ₹ 1000000/- each	22-May-26	8.4500%	-	510.00
3000 NCD's of ₹ 1000000/- each	27-Apr-26	8.3200%	-	300.00
10000 NCD's of ₹ 1000000/- each	3-Mar-26	8.5700%	-	1000.00
5000 NCD's of ₹ 1000000/- each	26-Feb-26	8.5300%	-	500.00
7500 NCD's of ₹ 1000000/- each	28-Jan-26	8.4200%	-	750.00
7500 NCD's of ₹ 1000000/- each	28-Jan-26	8.4300%	-	750.00
15224 NCD's of ₹ 1000000/- each	24-Dec-25	8.7000%	-	1522.40
10000 NCD's of ₹ 1000000/- each	12-Dec-25	8.4000%	-	1000.00
10000 NCD's of ₹ 1000000/- each	13-Nov-25	8.2000%	-	1000.00
3810 NCD's of ₹ 1000000/- each	23-Oct-25	8.2500%	-	381.00
2100 NCD's of ₹ 1000000/- each	8-Oct-25	8.3400%	-	210.00
5000 NCD's of ₹ 1000000/- each	11-Sep-25	5.7760%	-	499.66
3000 NCD's of ₹ 1000000/- each	29-Aug-25	8.5000%	-	300.00
2000 NCD's of ₹ 1000000/- each	29-Aug-25	8.4800%	-	200.00
5000 NCD's of ₹ 1000000/- each	14-Aug-25	8.5500%	-	500.00
3000 NCD's of ₹ 1000000/- each	1-Aug-25	8.5800%	-	300.00
1950 NCD's of ₹ 1000000/- each	18-Jul-25	8.5700%	-	195.00
2050 NCD's of ₹ 1000000/- each	4-Jun-25	8.5000%	-	205.00
10000 NCD's of ₹ 1000000/- each	29-May-25	8.5500%	-	1000.00
10000 NCD's of ₹ 1000000/- each	31-Mar-25	8.2200%	-	1000.00
4250 NCD's of ₹ 1000000/- each	3-Mar-25	8.5200%	-	425.00
6000 NCD's of ₹ 1000000/- each	24-Feb-25	8.5000%	-	600.00
3250 NCD's of ₹ 1000000/- each	12-Feb-25	7.3300%	-	341.02
15100 NCD's of ₹ 1000000/- each	12-Feb-25	7.3300%	-	1509.52
100 NCD's of ₹ 1000000/- each	30-Jan-25	8.4000%	-	10.00
11000 NCD's of ₹ 1000000/- each	24-Jan-25	6.4000%	-	1101.19

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option date	As at March 31, 2021
14250 NCD's of ₹ 1000000/- each	24-Jan-25	6.4000%	-	1424.30
10000 NCD's of ₹ 1000000/- each	8-Jan-25	8.6100%	-	1000.00
25950 NCD's of ₹ 1000000/- each	20-Dec-24	5.5315%	-	2593.62
10750 NCD's of ₹ 1000000/- each	25-Nov-24	6.1900%	-	1075.74
5000 NCD's of ₹ 1000000/- each	25-Nov-24	6.1900%	-	499.66
27000 NCD's of ₹ 1000000/- each	18-Oct-24	7.7900%	-	2699.75
5000 NCD's of ₹ 1000000/- each	16-Oct-24	9.2200%	-	500.00
6500 NCD's of ₹ 1000000/- each	30-Sep-24	9.2400%	-	650.00
12500 NCD's of ₹ 1000000/- each	6-Sep-24	7.4000%	-	1309.10
10000 NCD's of ₹ 1000000/- each	6-Sep-24	7.4000%	-	1000.00
7700 NCD's of ₹ 1000000/- each	29-Aug-24	7.7800%	-	770.00
5000 NCD's of ₹ 1000000/- each	25-Aug-24	9.4700%	-	500.00
10000 NCD's of ₹ 1000000/- each	25-Aug-24	9.3900%	-	1000.00
14550 NCD's of ₹ 1000000/- each	23-Jul-24	7.7500%	-	1454.29
6050 NCD's of ₹ 1000000/- each	5-Jul-24	9.2900%	-	605.00
16740 NCD's of ₹ 1000000/- each	31-May-24	8.3300%	-	1674.00
2500 NCD's of ₹ 1000000/- each	8-May-24	7.9000%	-	250.00
10000 NCD's of ₹ 1000000/- each	19-Mar-24	9.8000%	-	1000.00
3150 NCD's of ₹ 1000000/- each	5-Mar-24	8.7900%	-	315.00
15000 NCD's of ₹ 1000000/- each	5-Mar-24	8.7900%	-	1499.68
8000 NCD's of ₹ 1000000/- each	22-Feb-24	5.7200%	-	498.48
5000 NCD's of ₹ 1000000/- each	22-Feb-24	5.7200%	-	799.71
1373 NCD's of ₹ 1000000/- each	8-Feb-24	8.5800%	-	137.30
10000 NCD's of ₹ 1000000/- each	22-Dec-23	7.2500%	-	1000.00
7750 NCD's of ₹ 1000000/- each	8-Dec-23	8.7500%	-	775.00
4480 NCD's of ₹ 1000000/- each	17-Oct-23	9.0800%	-	448.00
2000 NCD's of ₹ 1000000/- each	19-Sep-23	7.8600%	-	200.00
6650NCD's of ₹ 1000000/- each	14-Sep-23	4.9600%	-	664.72
5000 NCD's of ₹ 1000000/- each	25-Aug-23	5.4500%	-	500.38
5000 NCD's of ₹ 1000000/- each	25-Aug-23	5.4500%	-	499.84
9050 NCD's of ₹ 1000000/- each	26-Jul-23	5.2300%	-	904.60
2720 NCD's of ₹ 1000000/- each	9-Jun-23	8.4800%	-	272.00
16630 NCD's of ₹ 1000000/- each	6-Jun-23	9.1900%	-	1663.00
9000 NCD's of ₹ 1000000/- each	21-May-23	8.3700%	-	900.00
5000 NCD's of ₹ 1000000/- each	11-May-23	5.9000%	-	500.66
5200 NCD's of ₹ 1000000/- each	11-May-23	5.9000%	-	519.81
5000 NCD's of ₹ 1000000/- each	25-Apr-23	8.8900%	-	500.00
5250 NCD's of ₹ 1000000/- each	9-Apr-23	9.0000%	-	525.00
10000 NCD's of ₹ 1000000/- each	20-Mar-23	5.3500%	-	1001.59
13000 NCD's of ₹ 1000000/- each	20-Mar-23	5.3500%	-	1299.58
5000 NCD's of ₹ 1000000/- each	12-Mar-23	9.1300%	-	500.00
32500 NCD's of ₹ 1000000/- each	10-Feb-23	7.4500%	-	3249.50
4900 NCD's of ₹ 1000000/- each	19-Jan-23	8.5800%	-	490.00
9100 NCD's of ₹ 1000000/- each	13-Jan-23	7.4450%	-	909.63
7500 NCD's of ₹ 1000000/- each	1-Jan-23	9.2500%	-	750.00
5000 NCD's of ₹ 1000000/- each	17-Dec-22	9.3000%	-	500.00
12050 NCD's of ₹ 1000000/- each	16-Dec-22	7.8500%	-	1205.00
2000 NCD's of ₹ 1000000/- each	13-Dec-22	9.2300%	-	200.00
3000 NCD's of ₹ 1000000/- each	22-Nov-22	7.6000%	-	301.83

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option date	As at March 31, 2021
11650 NCD's of ₹ 1000000/- each	22-Nov-22	7.6000%	-	1165.00
4000 NCD's of ₹ 1000000/- each	12-Nov-22	9.2500%	-	400.00
3350 NCD's of ₹ 1000000/- each	25-Oct-22	9.0500%	-	335.00
10000 NCD's of ₹ 1000000/- each	17-Oct-22	7.4500%	-	1000.00
2500 NCD's of ₹ 1000000/- each	23-Sep-22	7.8500%	-	252.29
12000 NCD's of ₹ 1000000/- each	23-Sep-22	7.8500%	-	1200.00
5000 NCD's of ₹ 1000000/- each	14-Sep-22	9.3000%	-	500.00
10500 NCD's of ₹ 1000000/- each	30-Aug-22	7.3900%	-	309.92
10500 NCD's of ₹ 1000000/- each	30-Aug-22	7.3900%	-	1052.39
10000 NCD's of ₹ 1000000/- each	30-Aug-22	7.3900%	-	1000.00
5000 NCD's of ₹ 1000000/- each	24-Jul-22	9.3500%	-	500.00
15000 NCD's of ₹ 1000000/- each	15-Jul-22	7.4200%	-	1543.46
11000 NCD's of ₹ 1000000/- each	15-Jul-22	7.4200%	-	1100.00
20350 NCD's of ₹ 1000000/- each	20-Jun-22	8.5000%	-	2035.00
5000 NCD's of ₹ 1000000/- each	10-Jun-22	7.4800%	-	500.00
3000 NCD's of ₹ 1000000/- each	23-May-22	7.7800%	-	300.00
2500 NCD's of ₹ 1000000/- each	3-May-22	7.8000%	-	250.00
6518 NCD's of ₹ 1000000/- each	19-Apr-22	8.6850%	-	651.80
10000 NCD's of ₹ 1000000/- each	28-Mar-22	4.5450%	-	999.80
5000 NCD's of ₹ 1000000/- each	24-Mar-22	7.9500%	-	500.00
4950 NCD's of ₹ 1000000/- each	24-Mar-22	9.1700%	-	495.00
2000 NCD's of ₹ 1000000/- each	10-Feb-22	9.4300%	-	200.00
3000 NCD's of ₹ 1000000/- each	30-Jan-22	9.4500%	-	300.00
25000 NCD's of ₹ 1000000/- each	14-Jan-22	8.5950%	-	2500.00
5000 NCD's of ₹ 1000000/- each	13-Jan-22	7.5700%	-	500.00
19350 NCD's of ₹ 1000000/- each	28-Dec-21	7.0300%	-	1934.97
7500 NCD's of ₹ 1000000/- each	19-Nov-21	7.2200%	-	749.94
2000 NCD's of ₹ 1000000/- each	11-Nov-21	9.9000%	-	200.00
1400 NCD's of ₹ 1000000/- each	21-Oct-21	7.6600%	-	140.00
3000 NCD's of ₹ 1000000/- each	19-Oct-21	7.8100%	-	300.00
4970 NCD's of ₹ 1000000/- each	14-Oct-21	7.5900%	-	497.00
5000 NCD's of ₹ 1000000/- each	19-Sep-21	9.4000%	-	500.00
16750 NCD's of ₹ 1000000/- each	17-Sep-21	8.2534%	-	1675.00
2000 NCD's of ₹ 1000000/- each	27-Aug-21	7.7500%	-	200.00
15950 NCD's of ₹ 1000000/- each	23-Aug-21	7.2400%	-	1594.95
5000 NCD's of ₹ 1000000/- each	29-Jul-21	7.6700%	-	500.00
1050 NCD's of ₹ 1000000/- each	27-Jul-21	8.1900%	-	105.00
5000 NCD's of ₹ 1000000/- each	15-Jul-21	8.3000%	-	500.00
3400 NCD's of ₹ 1000000/- each	13-Jul-21	6.5700%	-	339.96
5000 NCD's of ₹ 1000000/- each	7-Jun-21	9.8000%	-	500.00
5010 NCD's of ₹ 1000000/- each	4-Jun-21	6.9500%	-	500.96
2500 NCD's of ₹ 1000000/- each	21-May-21	8.4500%	-	250.00
5000 NCD's of ₹ 1000000/- each	11-May-21	9.4000%	-	500.00
5050 NCD's of ₹ 1000000/- each	10-May-21	8.3700%	-	505.00
TOTAL				**1,11,216.21**

Note - Reissue premium (₹ 175.50 crore)/ discount (₹ 2.00 crore).

Transactions of amount ₹ 14550 crore are with related party

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Note 17.2

Secured by a negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules. Subject to maintenance of Asset Cover, as may be applicable and in the normal course of business, the Company may without the consent/approval of the Trustee/Debenture Holder(s)/Beneficial Owner(s)/creditors be entitled to make further issue(s) of Debentures, raise further loans and advances and/or avail further deferred payment guarantees or other financial facilities from time to time from any persons/bank/financial institution/body corporate/ any other agency.

Secured by way of Negative Lien on the Assets, to the extent of Asset Cover, without any encumbrance in favour of the Debenture Trustee except to the extent of the charge created in favour of its depositors of the Company pursuant to the regulatory requirement under Section 29B of the NHB Act.

However, the Company shall, from time to time, be entitled to create any charge, mortgage, pledge, security interest, encumber or create lien on its Assets, subject to maintenance of Asset Cover, except to the extent of charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the NHB Act or as may be required under any law, regulation, guidelines or rules.

The details of Zero Coupon Debentures are as under:

(₹ in crore)

Particulars	Date of Redemption		Earliest Put/ Call Option Date	As at March 31, 2022
6750 ZCD's of ₹ 1000000/- each	25-Apr-25	*	-	674.67
7250 ZCD's of ₹ 1000000/- each	25-Apr-25	*	-	731.25
5295 ZCD's of ₹ 1000000/- each	4-May-22	**	-	529.50
TOTAL				**1,935.42**

Note - Reissue premium (₹ 6.52 crore).

* Maturity Value of ₹ 12,16,593/- per Debenture including premium.

** Maturity Value of ₹ 13,05,675/- per Debenture including premium.

The details of Zero Coupon Debentures are as under:

(₹ in crore)

Particulars	Date of Redemption		Earliest Put/ Call Option Date	As at March 31, 2021
5295 ZCD's of ₹ 1000000/- each	4-May-22	*	-	529.50
16220 ZCD's of ₹ 1000000/- each	25-Feb-22	**	-	1,622.00
TOTAL				**2,151.50**

* Maturity Value of ₹ 13,05,675/- per Debenture including premium.

** Maturity Value of ₹ 13,27,103/- per Debenture including premium.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Note 17.3
The details of Commercial Papers are as under:

(₹ in crore)

Particulars	Date of Maturity	Discounting Rate	As at March 31, 2022
20000 Units of ₹ 500000 each	25-Jan-23	5.00%	960.85
4000 Units of ₹ 500000 each	11-Nov-22	4.84%	194.29
7000 Units of ₹ 500000 each	11-Nov-22	4.84%	340.02
10000 Units of ₹ 500000 each	11-Nov-22	4.58%	486.54
10000 Units of ₹ 500000 each	12-Sep-22	4.66%	489.78
7000 Units of ₹ 500000 each	12-Sep-22	4.58%	343.04
19500 Units of ₹ 500000 each	12-Aug-22	4.25%	960.50
20000 Units of ₹ 500000 each	07-Jul-22	4.30%	989.01
15000 Units of ₹ 500000 each	28-Jun-22	4.29%	742.54
7000 Units of ₹ 500000 each	28-Jun-22	4.30%	346.52
12000 Units of ₹ 500000 each	26-May-22	4.50%	595.99
10000 Units of ₹ 500000 each	20-May-22	3.99%	497.39
13500 Units of ₹ 500000 each	20-May-22	4.10%	671.40
15000 Units of ₹ 500000 each	11-May-22	4.50%	746.35
Total			**8,364.22**

(₹ in crore)

Particulars	Date of Maturity	Discounting Rate	As at March 31, 2021
15000 Units of ₹ 500000 each	18-Feb-22	4.50%	721.28
9700 Units of ₹ 500000 each	14-Feb-22	4.44%	466.96
20000 Units of ₹ 500000 each	14-Dec-21	4.05%	972.53
25000 Units of ₹ 500000 each	30-Nov-21	4.05%	1217.47
20000 Units of ₹ 500000 each	10-Nov-21	3.95%	976.75
20000 Units of ₹ 500000 each	25-Oct-21	3.95%	978.39
22000 Units of ₹ 500000 each	08-Sep-21	4.23%	1080.05
20000 Units of ₹ 500000 each	12-Aug-21	4.19%	985.27
22000 Units of ₹ 500000 each	20-Jul-21	4.19%	1086.33
20000 Units of ₹ 500000 each	25-Jun-21	3.57%	991.80
15000 Units of ₹ 500000 each	21-Jun-21	3.57%	744.14
6500 Units of ₹ 500000 each	14-Jun-21	3.99%	322.45
7000 Units of ₹ 500000 each	14-Jun-21	3.72%	347.42
7000 Units of ₹ 500000 each	14-Jun-21	3.70%	347.43
20000 Units of ₹ 500000 each	26-May-21	5.55%	991.98
Total			**12,230.25**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES) - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
SECURED (Refer Note 18.1)		
(a) Term Loans		
(i) from Banks (Rupee Term Loans) **	47,730.40	35,551.12
(ii) National Housing Bank (Refinance) **	8,304.18	10,119.54
(b) Loans repayable on demand from Banks (Rupee Term Loans) **	18,900.00	15,000.00
Total (A) Borrowings in India	**74,934.58**	**60,670.66**
UNSECURED:		
(a) Term Loans		
(i) from Banks (ECB) **	1,512.64	1,462.08
Total (B) Borrowings out side India	**1,512.64**	**1,462.08**
Total Borrowings (A) + (B)	**76,447.22**	**62,132.74**

Note 18.1

Negative lien on the assets of the Company (excluding current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings (Excluding ECB) of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose off, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and Immovable Property acquired by Company on or after September 26, 2001.

**** Maturity Profile of Term Loans, ECB and National Housing Bank (Refinance)**

(₹ in crore)

Particulars	As at March 31, 2022			
	Term Loans Banks	External Commercial Borrowings (ECB)	National Housing Bank (Refinance)	Total
	(ROI 4.00% - 6.81%)	(ROI 7.52%)	(ROI 2.94% - 8.18%)	
Within 12 months	28,375.54	1,512.64	2,024.26	31,912.44
Over 1 year to 3 years	22,731.81	-	3,077.14	25,808.95
Over 3 to 5 years	12,355.55	-	1,906.70	14,262.25
Over 5 to 7 years	2,867.50	-	944.43	3,811.93
Over 7 Years	300.00	-	351.65	651.65
Total	**66,630.40**	**1,512.64**	**8,304.18**	**76,447.22**

(₹ in crore)

Particulars	As at March 31, 2021			
	Term Loans Banks	External Commercial Borrowings (ECB)	National Housing Bank (Refinance)	Total
	(ROI 4.00% - 6.95%)	(ROI 7.52%)	(ROI 3.00% - 8.18%)	
Within 12 months	22,287.00	-	3,534.56	25,821.56
Over 1 year to 3 years	14,759.45	1,462.08	2,902.90	19,124.43
Over 3 to 5 years	8,499.09	-	2,148.04	10,647.13
Over 5 to 7 years	4,405.58	-	913.92	5,319.50
Over 7 Years	600.00	-	620.12	1,220.12
Total	**50,551.12**	**1,462.08**	**10,119.54**	**62,132.74**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 19: DEPOSITS - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
UNSECURED:		
(i) Public Deposits	4,595.48	7,510.52
(ii) Corporate Deposits	13,478.02	10,825.15
Total	**18,073.50**	**18,335.67**

The Company has designated liquid assets for the purpose of maintaining Statutory Liquid Ratio and Floating Charge on Fixed Deposits with banks has been created in favour of the Trustees for Depositors.

NOTE 20: SUBORDINATED LIABILITIES - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
UNSECURED:		
(i) Subordinated Bonds	1,795.44	1,795.12
Total (A)	**1,795.44**	**1,795.12**
Subordinated Liabilities in India	1,795.44	1,795.12
Subordinated Liabilities outside India	-	-
Total (B)	**1,795.44**	**1,795.12**

The details of Subordinated Bonds are as under:

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2022
3000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	304.07
5000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	498.77
10000 Bonds of ₹ 1,000,000 each	21-Dec-30	7.05%	-	992.60
Total				**1,795.44**

Note:- Reissue premium (₹ 4.41 crore)

These Bonds are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2022, 100% (F.Y. 2020-21 - 100 %) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

The details of Subordinated Bonds are as under:

(₹ in crore)

Particulars	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2021
3000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	304.23
5000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	498.70
10000 Bonds of ₹ 1,000,000 each	21-Dec-30	7.05%	-	992.19
Total				**1,795.12**

Note:- Reissue premium (₹ 4.41 crore)

These Bonds are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2021, 100% (F.Y. 2019-20 - 0 %) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

All the quarterly returns or statements of current assets filed by the company with banks or Financial institutions are in agreement with the books of accounts.

NOTE 21: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	Interest accrued		
	- Non-Convertible Debentures	3,443.66	3,536.37
	- Zero Coupon Debentures	179.54	471.22
	- Term Loan	62.25	48.98
	- Subordinated Bonds	21.70	20.94
	- Deposits	694.33	809.15
(ii)	Unclaimed Dividends *	8.60	8.79
(iii)	Unpaid Matured Deposits	403.07	210.55
(iv)	Book Overdraft [Refer Note 44]	544.03	1,329.46
(v)	Pre-received Interest Liability on NCD Reissuance	73.84	40.83
(vi)	Pre-received Interest Liability on Subordinated Bonds Reissuance	-	0.76
(vii)	Miscellaneous Liabilities	77.97	121.01
Total		**5,508.99**	**6,598.06**

[* As required under Section 125 of the Companies Act 2013, the Company has transferred ₹ 1.25 crore (F.Y. 2020-21 ₹ 1.07 crore) to the Investor Education and Protection Fund (IEPF) during the year.]

NOTE 22: CURRENT TAX LAIBILITIES (NET)

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	Provision under Income Tax	-	7.76
Total		**-**	**7.76**

NOTE 23: PROVISIONS

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	Provision for Employee Benefits	166.45	137.25
(ii)	Other Provisions	3.53	5.23
Total		**169.98**	**142.48**

NOTE 24: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	Outstanding Expenses	160.44	128.70
(ii)	Statutory Dues	139.97	82.93
(iii)	Earnest Money Deposit	1.04	0.93
(iv)	Others	49.63	72.51
Total		**351.08**	**285.07**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

NOTE 25: SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
AUTHORISED		
750,000,000 Equity Shares of ₹ 2/- each (Previous year 750,000,000 Equity Shares of ₹ 2/- each)	150.00	150.00
ISSUED, SUBSCRIBED AND PAID-UP		
550,063,000 Equity Shares of ₹ 2/- each (Previous Year 504,663,000 Equity Shares of ₹ 2/- each) fully paid up	110.01	100.93
Add: Forfeited shares as per Note.23(d) below	0.06	0.06
	110.08	**100.99**

Note.25(a): Reconciliation of number of shares outstanding and amount of Share Capital at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity Shares outstanding as at the beginning of the year	50,46,63,000	100.93	50,46,63,000	100.93
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Add: Issued during the year	4,54,00,000	9.08	-	-
Less: Bought back during the year	-	-	-	-
Equity Shares outstanding as at the end of the year	**55,00,63,000**	**110.01**	**50,46,63,000**	**100.93**

Note.25(b): Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amount, in proportion to their shareholdings.

Note.25(c): Detail of Shareholders holding more than 5% share in the company are given below

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Life Insurance Corporation of India	24,88,42,495	45.24	20,34,42,495	40.31

Note.25(d): Forfeited Shares

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Amount received on forfeited shares	0.06	0.06
	0.06	**0.06**

Note.25(e): Shaeholding of Promoters

Shares held by the Promoter at the end of the year	As at March 31, 2022		
	No. of Shares held	% of Holding	% Change during the year
Life Insurance Corporation of India	24,88,42,495	45.24	22.32%

Shares held by the Promoter at the end of the year	As at March 31, 2021		
	No. of Shares held	% of Holding	% Change during the year
Life Insurance Corporation of India	20,34,42,495	40.31	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 26: OTHER EQUITY

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) (a) Capital Reserve		
As per last Balance Sheet	**0.48**	**0.48**
(ii) Securities Premium Account		
As per last Balance Sheet	**4,031.72**	**1,705.29**
(iii) Cash Flow Hedge Reserve		
Opening Balance	-	-
Add: Gain on ECB Cross Currency Swap	(79.17)	(5.69)
Less : Loss due to Exchange Rate Fluctuation on ECB	(79.17)	(5.69)
Closing Balance	**-**	**-**
(iv) Special Reserve - I		
In terms of Section 36(1)(viii) of Income-Tax, 1961 and Section 29C of National Housing Bank (NHB) Act,1987 (Upto financial year 1996-97)		
As per last Balance Sheet	**38.98**	**38.98**
(v) Other Statutory Reserves including Special Reserve- II		
Balance at the beginning of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	0.17	0.16
(ii) Amount of Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	6,684.32	5,854.33
Total	**6,684.49**	**5,854.49**
Addition / Appropriation / Withdrawal during the year		
Add :		
(i) Amount transferred u/s 29C of the NHB Act, 1987	0.01	0.01
(ii) Amount of Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	859.99	829.99
Less :		
(i) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(ii) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account which has been taken into account for purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
(i) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.18	0.17
(ii) Amount of Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	7,544.31	6,684.32
Total	**7,544.49**	**6,684.49**
(vi) General Reserve		
Opening Balance	7,182.97	6,482.97
Add: Transferred during the year	700.00	700.00
Closing Balance	**7,882.97**	**7,182.97**
(vii) Impairment Reserve		
Opening Balance	204.78	-
Add: Transferred during the year	92.72	204.78
Closing Balance	**297.50**	**204.78**
(viii) Surplus in the Statement of Profit and Loss		
Opening balance	4,603.32	4,009.89
Add: Total Comprehensive Income for the year	2,282.56	2,731.94
Less: Appropriations		
Dividend Paid and Tax on Dividend Paid	467.55	403.73
Transfer to General Reserve	700.00	700.00
Transfer to Special Reserve - II	859.99	829.99
Transfer to Impairment Reserve	92.72	204.78
Transfer to Statutory Reserve u/s 29C of the NHB Act, 1987	0.01	0.01
Closing Balance	**4,765.60**	**4,603.32**
	24,561.76	**20,420.32**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Nature and purpose of each reserve

Securities Premium Reserve

"Securities Premium Reserve" is used to denote the Share premium received on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Cash Flow Hedge Reserve

It represents the effective portion of cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Special Reserve – I:

Special Reserve – I 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 Company. The amounts of Special Reserve account represents, the reserve created in terms of the provision of Section 36(1)(viii) read together with the proviso thereof, from time to time. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97 (Assessment Year 1997-98) when the word was 'created' only was used in the said section and not 'created and maintained'. Admittedly, the position has changed after the amendment made in Section 36(1)(viii) by the Finance Act 1997 with effect from Assessment year 1998-99, when the mandatory requirement of 'maintaining' the special reserve created was inserted. Accordingly, it was interpreted that the Special Reserve created upto Assessment Year 1997-98 need not be 'maintained'. As a logical corollary, it is construed that upto Assessment Year 1997-98, the amounts carried to special reserve ought to be understood as amounts created by transferring to the credit of special reserve from time to time.

Special Reserve – II:

Special Reserve – 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 Company transferred from Financial Year 1997-98 (Assessment Year 1998-99). In the F.Y. 2021-22 ₹ 859.99 crore (F.Y. 2020-21 ₹ 829.99 crore) has been transferred to Special Reserve No. II in terms of Section 36(1)(viii) of the Income tax Act, 1961.

Statutory Reserves under Section 29C (Regulatory Capital) of NHB:

Upto financial year 1996-97: The Company being regulated by NHB has to mandatorily transfer an amount as per Section 29C of NHB Act, 1987 on the similar lines as that of for Special Reserve – I which has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and it relates to the amounts transferred upto the Financial Year 1996-97 (Assessment Year 1997-98).

After financial year 1996-97: The Company being regulated by NHB has to mandatorily transfer an amount as per Section 29C of NHB Act, 1987 on the similar lines as that of for Special Reserve – II which has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961. For the year under review an amount of ₹ 1,00,000.00 (F.Y. 2020-21 ₹ 1,00,000.00) has been transferred to Statutory Reserve under Section 29C the NHB Act.

General Reserve:

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

However, since the Company utilises the deduction available to Housing Finance Companies registered with National Housing Bank as provided in Section 36(1)(viii) of the Income tax Act, 1961, wherein the proviso of the Section stipulates that the amount carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the Company, the rebate is restricted to the twice of the aggregate of paid up capital and the general reserve. Therefore, the Company transfers funds to General Reserve in order to avail the full benefit of Section 36(1)(viii). For the year, the Company has transferred an amount of ₹ 700 crore to General Reserve. (F.Y. 2020-21 ₹ 700 crore).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Note 27: INTEREST INCOME

(₹ in crore)

Particulars		On Financial Assets measured at Amortised Cost	
		Year Ended March 31, 2022	**Year Ended March 31, 2021**
i)	Interest on Loans & Advances	19,460.20	19,514.31
ii)	Interest Income from Investments	220.37	146.42
iii)	Interest on Deposits with Banks	6.55	36.05
iv)	Other Interest Income (Net)	1.34	0.33
Total		**19,688.46**	**19,697.11**

Note 28: FEES & COMMISSION INCOME

(₹ in crore)

Particulars		Year Ended March 31, 2022	Year Ended March 31, 2021
i)	Fees & Commission Income	98.17	78.82
Total		**98.17**	**78.82**

Note 29: NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS - UNDER AMORTISED COST CATEGORY

(₹ in crore)

Particulars		Year Ended March 31, 2022	Year Ended March 31, 2021
i)	Gain on Derecognition of Financial Instruments	19.40	9.45
Total		**19.40**	**9.45**

Note 30: OTHERS

(₹ in crore)

Particulars		Year Ended March 31, 2022	Year Ended March 31, 2021
i)	Net gain on Derecognition of Financial Instruments measured at Fair Value through Profit & Loss Account	15.40	32.82
ii)	Miscellaneous Income	97.64	28.95
Total		**113.04**	**61.77**

NOTE 31: OTHER INCOME

(₹ in crore)

Particulars		Year Ended March 31, 2022	Year Ended March 31, 2021
i)	Dividend Income from Subsidiaries	4.77	5.77
ii)	Dividend Income from Associates	0.43	-
iii)	Income from subleasing right-of-use assets	0.07	0.07
iv)	Net gain/(loss) on derecognition of property, plant and equipment	0.01	0.01
v)	Net gain or (loss) on foreign currency translation	27.44	(5.31)
vi)	Impairment Gain on Sub-Lease Asset	1.23	-
Total		**33.95**	**0.54**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 32: FINANCE COSTS

(₹ in crore)

Particulars	On Financial Liabilities measured at Amortised Cost	
	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Interest on Deposits	1,192.32	1,207.68
ii) Interest on Borrowings	3,571.68	3,222.10
iii) Interest on Debt Securities	9,249.29	9,917.68
iv) Interest on Subordinated Liabilities	132.42	96.80
v) Interest on Lease Liability	7.94	8.32
Total	**14,153.65**	**14,452.58**

NOTE 33: FEES AND COMMISSION EXPENSE

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Fees and Commisssion	135.54	109.15
Total	**135.54**	**109.15**

NOTE 34: NET LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Loans Written Off	23.03	-
ii) Loss on Derecognition of Financial Instruments	10.56	27.42
Total	**33.59**	**27.42**

NOTE 35: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

Particulars	On Financial Instruments measured at Amortised Cost	
	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Loans	1,939.59	1,287.13
ii) Others	48.65	30.48
Total	**1,988.24**	**1,317.61**

The details relating to movment in Impairment on Loans (Expected Credit Loss) is disclosed in Note 38.4.2.4

NOTE 36: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Salaries and Wages	467.06	223.71
ii) Contribution to Provident and Other Funds [Refer Note 49]	51.94	32.97
iii) Staff Welfare Expenses	44.32	36.50
Total	**563.32**	**293.18**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 37: OTHER EXPENSES

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Rent, Rates and Taxes	23.19	23.72
ii) Repairs and Maintenance - Building	2.40	2.06
iii) Repairs and Maintenance - Others	14.32	10.00
iv) Communication Costs	13.73	10.42
v) Printing and Stationery	6.91	5.86
vi) Advertisement & Publicity Expenses	28.20	42.97
vii) Director's fees, allowances and expenses	0.81	0.53
viii) Auditor's fees and expenses [Refer Note 45]	1.00	0.67
ix) Legal and Professional charges	9.64	14.68
x) Insurance Charges	0.17	0.17
xi) Travelling and Conveyance	16.13	9.64
xii) Competition Prizes & Conference Expenses	24.38	19.03
xiii) Electricity Expenses	5.16	5.00
xiv) Service Charges for Safe Custody of Documents	15.00	11.89
xv) Contribution towards CSR activites [Refer Note 54]	66.98	63.03
xvi) Miscellaneous Expenses	20.07	30.07
Total	**248.09**	**249.74**

Corporate Social Responsibility

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
(a) Amount required to be spent by the company during the year	66.98	63.03
(b) Amount of expenditure incurred	64.68	54.23
(c) Shortfall at the end of the year	2.30 **	8.80 *
(d) Total of previous years shortfall	Nil	Nil
(e) Reason for shortfall	Considering the due diligence process and the CSR project sourcing guidelines, only those project proposals were selected which fulfilled the minimum criteria and displayed an established track record on similar projects.	The Company had intends to contribute towards genuine projects and partner with only reputed implementation agencies with proven track record. Subsequently the Company gave predominant emphasis on periodically monitoring and impact generation from the CSR contribution made by it. In financial year 2020-21 the Company has made its best endeavour to appraise and process the contribution requests received by it.
(f) Nature of CSR activities	Rural development, promoting education, health, WASH, sanitation, renewable energy, social incubation	Rural development, promoting education, health, WASH, sanitation
(g) Details of related party transactions	NA	NA
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Refer Note 54	

* For the FY 2020-21 the company has disbursed an amount of ₹ 8.80 crore to Schedule VII funds on 28th September 2021 as per the provisions of CSR Amendment Rules 2021.

** The Company will be transferring ₹ 2.30 crore for FY 2021-22 within 6 months from the end of Financial Year as per second provision to section 135(5).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

38. FINANCIAL INSTRUMENTS

38.1 Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per the directions issued by Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the guidelines issued by RBI.

The Company's objective, when managing Capital, is to safeguard the ability of the Company to continue as a going concern, maintain strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value.

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to maximize the shareholder's value. The capital of the Company comprises of Equity Share Capital and subordinated liabilities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Management of the Company monitors the Regulatory capital by overviewing Debt Equity Ratio and makes use of the same for framing the business strategies. For this purpose, the Company does not consider Impairment Reserve to be part of Equity.

The Debt Equity Ratio of the Company is calculated as below:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Debt Securities	1,27,341.99	1,25,597.96
Borrowings (Other than Debt Securities)	76,447.22	62,132.74
Deposits	18,073.50	18,335.67
Subordinated Liabilities	1,795.44	1,795.12
A) Total Debt	2,23,658.15	2,07,861.49
B) Total Equity-Shareholder's Funds	22832.77	20316.53
C) Debt Equity Ratio (A/B)	9.80	10.24

38.1.1 Regulatory Capital

For regulatory and supervisory purposes including various types of reporting as per the directions issued by Reserve Bank of India (RBI) have been considered. Accordingly, regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit. The other component of regulatory capital is Tier 2 Capital Instruments, which includes upper tier 2 and subordinated bonds. Impairment Reserve of ₹ 297.50 crore (F.Y. 2020- 21 ₹204.78 crore) has not been considered as part of Equity.

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Equity Tier 1 capital	22,832.75	19,254.96
Other Tier 2 capital	2,614.86	1,949.45
Total Capital	25,447.62	21,204.41
Risk weighted assets	1,40,663.70	1,38,787.54
Tier 1 capital adequacy ratio	16.23%	13.87%
Total capital adequacy ratio	18.08%	15.28%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

38.2 Categories of Financial Instruments:

(₹ in crore)

Particulars	As at March 31, 2022			
	Amortised cost	At Fair Value Through profit or loss	At Deemed Cost	Total
Financial Assets				
Cash and Cash Equivalents	822.19	-	-	822.19
Bank Balance other than above	115.2	-	-	115.2
Derivative Financial Instruments	-	79.17	-	79.17
Loans	2,45,296.33	-	-	2,45,296.33
Investments	4,626.66	1,523.94	48.00	6,198.60
Other Financial Assets	16.57	-	-	16.57
Total	**2,50,876.95**	**1,603.11**	**48.00**	**2,52,528.06**
Financial Liabilities				
Lease Liability	143.12	-	-	143.12
Trade Payables	64.30	-	-	64.30
Debt Securities	1,27,341.99	-	-	1,27,341.99
Borrowings (Other than Debt Securities)	76,447.22	-	-	76,447.22
Deposits	18,073.50	-	-	18,073.50
Subordinated Liabilities	1,795.44	-	-	1,795.44
Other Financial Liabilities	5,508.99	-	-	5,508.99
Total	**2,29,374.56**	**-**	**-**	**2,29,374.56**

(₹ in crore)

Particulars	As at March 31, 2021			
	Amortised cost	At Fair Value Through profit or loss	At Deemed Cost	Total
Financial Assets				
Cash and Cash Equivalents	1,329.15	-	-	1,329.15
Bank Balance other than above	17.57	-	-	17.57
Derivative Financial Instruments	-	5.69	-	5.69
Loans	2,28,114.27	-	-	2,28,114.27
Investments	2,402.41	2,135.20	98.00	4,635.61
Other Financial Assets	105.87	-	-	105.87
Total	**2,31,969.28**	**2,140.89**	**98.00**	**2,34,208.16**
Financial Liabilities				
Lease Liability	121.03	-	-	121.03
Trade Payables	96.12	-	-	96.12
Debt Securities	1,25,597.96	-	-	1,25,597.96
Borrowings (Other than Debt Securities)	62,132.74	-	-	62,132.74
Deposits	18,335.67	-	-	18,335.67
Subordinated Liabilities	1,795.12	-	-	1,795.12
Other Financial Liabilities	6,598.06	-	-	6,598.06
Total	**2,14,676.70**	**-**	**-**	**2,14,676.70**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

38.3 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The Company evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date. Fair value of financial instruments is determined using valuation techniques and estimates which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments. In determining the valuation of financial instruments, the Company makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 instruments, and the significant valuation judgements in respect of Level 3 instruments.

Fair Value Hierarchy

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Company recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measurements are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable

Level 3: Fair value measurements are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

(₹ in crore)

Particulars	Category	Fair Value As at March 31, 2022	Fair Value As at March 31, 2021	Fair Value Hierarchy	Valuation Technique	Key Inputs for Level 2 & Level 3	Significant unobservable input(s) for Level 3
Financial Assets							
Mutual funds	FVTPL	1,493.40	2,120.34	Level 1	Quoted Market Price for Mutual Funds	NA	NA
Derivative financial instruments	FVTPL	79.17	5.69	Level 2	Mark-to-Market of the derivative	Valuation received from counterparty	NA
Initial Settlers Contribution Under Indenture Trust	FVTPL	0.002	0.002	Level 3	Book Value	Refer Note below	Refer Note below
LICHFL Urban Development Fund	FVTPL	6.03	14.85	Level 3	NAV as on reporting date declared by the Fund and other factors	Refer Note below	Refer Note below
LICHFL Housing And Infrastructure Fund	FVTPL	24.51	0.00				
Non-Financial Assets							
Assets Held for Sale	FVTPL	107.38	126.19	Level 2	Valuation as per independent valuer	Refer Note Below	Refer Note Below

There were no transfers between Level 1, Level 2 and Level 3 during the year

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Valuation Techniques

Equity instruments

Units held in funds having quoted market price are fair valued considering Level 1 inputs. Others which are measured based on their net asset value (NAV) as on reporting date, taking into account redemption and/or other restrictions. Such instruments are generally fair valued considering Level 3 inputs.

Equity instruments in non-listed entities including investment in private equity funds are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 3. However, Provision for Diminution in value of Investment has been considered for computing the fair value.

Interest rate derivatives and Cross Currency Swaps

Interest rate derivatives include interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position.

The fair value of a cross currency swap is calculated by determining the future cash flows on both legs (i.e. the receiving leg and the paying leg), and discounting these cash flows using an appropriate discount factor curve.

These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Valuation adjustments and other inputs and considerations

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 financial assets does not have a significant impact in its value.

No valuation adjustments have been made to the prices/yields provided for valuation.

Financial Instruments not measured using Fair Value, i.e. measured using Amortized Cost/Cost

The following table is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair value of non-financial assets and non-financial liabilities.

(₹ in crore)

Particulars	Carrying Value	Fair Value Hierarchy	Fair Value
As at March 31, 2022			
Financial Assets			
Government Securities	4,626.66	Level 1	4,506.68
Investment in subsidiaries and associates	48.00	Level 3	48.00*
As at March 31, 2021			
Financial Assets			
Government Securities	2,402.42	Level 1	2,446.41
Investment in subsidiaries and associates	98.00	Level 3	98.00

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include long term bonds with fixed rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

Investment in subsidiaries and associates

In the opinion of the Company, in case of subsidiaries and associates, the carrying value approximates the fair value.

* The Company has fully impaired its investment in one of its wholly owned subsidiary, LICHFL Care Homes Limited, as per IND AS 36-Impairment of Asset on prudent basis amounting to ₹ 50 crore, since the carrying amount of the investment exceeded its value in use. The value in use was determined based on the future cash flows of the subsidiary. The financial statements of the subsidiary is prepared on the going concern basis.

Other Financial Assets and Liabilities

With respect to Bank Balances and Cash and Cash Equivalents, Other Financial Assets, Trade Payables and Other Financial Liabilities, the carrying value approximates the fair value.

38.4. Financial Risk Management

Introduction

The Company has operations in India and representative offices in Dubai. Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating, regulatory and competition risks.

Impact of Covid-19

The outbreak of coronavirus or the Covid-19 pandemic resulted in multiple repercussions for most businesses. As Indian economy dipped, many companies resorted to various cost cutting measures like mass layoffs and sharp pay cuts. Amidst threat of job insecurity, individuals looking for real estate investment had deferred their plans. However, massive vaccine rollout helped in slowly restoring normalcy in a Corona-virus hit housing segment. Low interest rates, concessions such as slashed stamp duty offered by states etc., price benefits associated with lower housing prices helped the sector to recover. Incomes have risen faster than real estate prices, leading to increased housing affordability. The demand and supply both have shown positive signs as the states opened up and the industry continues to show an upward trend attributed to the continuing robust demand.

Risk Management Framework

The Company has a formal risk assessment program to proactively identify the risks and ensure all possible strategies to control & mitigate in pursuit of achieving the Company's objective. Every department is responsible for identification of their risks and putting it in their Risk Registers. The consolidated Risk Register is analyzed at various Committees.

At present, the risks faced by the Company are broadly categorized as below:-

- Liquidity Risk
- Credit Risk
- Market Risk
- Interest Rate Risk
- Operational Risk
  A. Compliance Risk
  B. Legal Risk
- Regulatory Risk
- Competition Risk
- Currency Risk

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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Committees

In order to bring the collective knowledge in decision making, the Company has undertaken a Committee approach to deal with the major risks arising in the organization. Committees, their formation and the roles are provided below.

Top Level Committee

Risk Management Committee of Board (RMCB)

Company has a Risk Management Committee of Board in place which consists of Independent Directors and the MD & CEO of the Company.

The role of the Committee is as follows-:

- Review of Risk Management Policy
- Review of the current status on the risk limits in the Risk Management Policy and Report to the Board
- Review the matters on Risk Management
- Review and monitor the risks to which the Company is exposed

Internal Committee

Risk Management Committee and Operational Risk Group (RMC & ORG)

Company has an internal Risk Management Committee and Operational Risk Group whose major function include review of Risk Registers submitted on a monthly basis by all departments. It comprises of HODs of Risk Management, Finance, Project Finance, Credit Monitoring, IT, and any other member as nominated by MD & CEO of the Company. A list of functions performed by RMC & ORG is given below -:

- Review of Risk Management Policy
- Review of monthly Risk Register submitted by various depts.
- Review of the current status on the outer limits prescribed in the Risk Policy and submitting the report to RMCB & Board
- Assessment of risks in the Company and suggesting control/mitigation measures thereof

The Company has exposure to following risks arising from the financial instruments:

38.4.1 Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. In addition, the Company is also maintaining Liquidity Coverage Ratio (LCR) from 01st December, 2021 as prescribed by the regulator.(as per notification no. RBI/2020-21/60 DOR.NBFC (HFC). CC.No.118/03.10.136/2020-21 dated 22nd October, 2020) Housing Finance being the core business, maintaining the liquidity for meeting the growth perspective in the business as also to honor the committed repayments is the fundamental objective of the Asset Liability Management (ALM) framework. Investments, including investments as a part of liquid asset requirement, also forms part of ALM requirement and it is imperative to constantly monitor the liquidity of the investments to achieve the core objective.

Internal Control Process & Liquidity Management

Being in the business of Housing Loans, funds are required to be raised by the Company ahead of loan disbursements so that there is no liquidity crunch. Funds are required to be raised not only for the incremental housing loan assets but also for meeting the committed/due repayments of the earlier borrowings and/or Interest payments on the borrowings. Funds therefore are raised with a reasonable cushion over and above the committed repayments, committed disbursements and unutilized sanctions in pipeline and the expected business targets.

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The Company ensures that funds are available from various investor pools and banks. Liquid funds are available in the form of Non-Convertible Debentures and other Market Instruments, Bank Loans, Refinance from NHB and Foreign Currency Loans. In case of Public Deposits accepted by the Company, a prescribed percentage (as defined by NHB from time to time) is to be invested in approved securities in terms of Liquid Asset Requirement (as per notification no. RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21). On the assets side, the Company has loan products broadly classified under individual retail loans and project finance loans with varying repayment structures depending upon the nature of product.

The liquidity is managed at the Corporate Office of the Company with Back Offices providing their liquidity requirements. The surplus funds available with the Back Offices are pooled and funds from the market are arranged for the Back Offices having a deficit of funds. Only surplus funds arrived at after deducting the committed/confirmed outflows (including projected disbursements of loans) from the available resources - both from internal accretions as well as borrowed funds, would be considered as Surplus available for Investment in approved instruments on day-to-day basis. The Company can place surplus funds in Fixed Deposits with selected Scheduled / Commercial / Foreign Banks and / or Financial Institutions within overall exposure limit fixed for each Bank / FI from time to time by the Board. Considering the market risk and the mark-to-market requirements of the debt mutual funds, currently Company is making Investments only in liquid Mutual Fund schemes. Exposure limits for each Investment instrument is approved by the Board and reviewed from time to time as per the requirements.

ALCO Committee
Roles & Responsibilities
The Asset Liability Management (ALM) Committee presents the Structural and Dynamic Liquidity Report to the Risk Management Committee on a quarterly basis and meetings are held every month. The ALM Committee formulates the ALM Policy which is reviewed at least once a year. If any change is required, then, the revised policy along with desired change and rationale for the same shall be put up to the Risk Management Committee or any Other Committee constituted by the Board. Consequent to the recommendation of the Risk Management Committee, the reviewed policy would be put up to the Board for its approval.

Composition
ALCO Committee is headed by the MD & CEO of the Company. Other members of the Committee comprise HODs of Departments Finance, Credit Appraisal, Project Finance, Taxation, Accounts, Marketing, IT, Risk Management, Credit Monitoring and as nominated by MD & CEO of the Company.

Changes from previous period
There are no significant changes in the Financial Policies.

Liquidity Ratios during the year
1) The structural liquidity (as defined by NHB/RBI) negative gap up to one year has not exceeded 15% of the cumulative cash outflows up to one year.

2) The structural liquidity (as defined by NHB) negative gap up to 14 days as also over 14 days and up to one month has not exceeded 15% of the cash outflows during those respective durations.

3) The structural liquidity (as defined by RBI) negative gap up to 7 days as also over 7 days and up to 14 days has not exceeded 10% of the cash outflows during those respective durations.

4) The structural liquidity (as defined by RBI) negative gap over 14 days and up to 1 month has not exceeded 20% of the cash outflows during those respective durations.

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FOR THE YEAR ENDED MARCH 31, 2022

Contractual Maturities of Financial Liabilities as at March 31, 2022

(₹ in crore)

Particulars	On demand	Upto 3 months	Above 3 months to 12 months	Above 1 Year - 3 Years	Above 3 Years - 5 Years	Above 5 Years- 10 Years	Above 10 Years	TOTAL
Financial Liabilities								
Lease Liabilities	-	11.22	33.91	62.33	36.20	30.29	0.62	**174.56**
Trade Payables	64.30	-	-	-	-	-	-	**64.30**
Debt Securities	-	7,833.47	25,585.43	48,776.73	25,599.25	19,653.45	-	**1,27,448.33**
Borrowings (Other than Debt Securities)	-	2,861.85	28,963.70	25,808.94	14,262.24	4,463.59	-	**76,360.32**
Deposits	-	2,054.69	9,703.95	5,649.20	720.31	-	-	**18,128.14**
Subordinated Liabilities	-	-	-	-	-	1,804.41	-	**1,804.41**
Other financial liabilities	489.63	1,695.48	3,050.11	246.52	17.11	-	-	**5,498.86**
Total	**553.93**	**14,456.71**	**67,337.09**	**80,543.72**	**40,635.12**	**25,951.73**	**0.62**	**2,29,478.92**

Contractual Maturities of Financial Liabilities as at March 31, 2021

(₹ in crore)

Particulars	On demand	Upto 3 months	Above 3 months to 12 months	Above 1 Year - 3 Years	Above 3 Years - 5 Years	Above 5 Years- 10 Years	Above 10 Years	TOTAL
Financial Liabilities								
Lease Liability	-	10.77	28.46	50.90	29.78	29.55	0.30	**149.76**
Trade Payables	96.12	-	-	-	-	-	-	**96.12**
Debt Securities	-	6,031.00	29,016.00	39,179.52	34,322.98	17,321.60	-	**1,25,871.10**
Borrowings (Other than Debt Securities)	9,000.00	4,001.12	12,820.44	19,088.08	10,647.13	6,539.62	-	**62,096.39**
Deposits	-	2,583.72	10,539.00	2,989.77	2,265.96	-	-	**18,378.45**
Subordinated Liabilities	-	-	-	-	-	1,804.41	-	**1,804.41**
Other Financial Liabilities	341.42	2,595.52	3,324.01	275.98	68.30	-	-	**6,605.27**
Total	**9,437.54**	**15,222.14**	**55,727.91**	**61,584.25**	**47,334.15**	**25,695.17**	**0.30**	**2,15,001.50**

38.4.2 Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has defined Loan selection principles for establishing creditworthiness of the counterparties and criteria for determining the quantum of loan. The Company has adopted a policy of dealing with creditworthy counter parties and obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored.

On May 5, 2021 the Reserve bank of India (RBI) announced the Resolution Framework 2.0 for Covid related stressed assets of individuals, small businesses and micro, small and medium enterprises (MSMEs) with aggregate exposure of up to ₹ 25 crore which was later revised to ₹ 50 crore. vide notification dated June 4, 2021. This facility is available provided the aforementioned entities had not availed benefits under any of the earlier restructuring frameworks (including Resolution Framework 1.0 dated August 6, 2020), and were classified as standard accounts as on March 31, 2022.

In addition to the above, for the Loans where resolution plan has been implemented in terms of the Resolution Framework 1.0, and where such resolution plan either did not envisage any moratorium/extension of tenor or moratorium/extension of residual tenor permitted was less than two years, then such cases are eligible for Resolution Framework 2.0 to modify earlier resolution plan only to the extent of increasing the period of moratorium / extension of residual tenor by two years.

The carrying amount of loans as at March 31, 2022 is ₹ 2,51,135.45 crore (F.Y. 2020- 21 ₹ 2,32,013.80 crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ 5,839.12 crore (F.Y. 2020-21 ₹ 3,899.53 crore).

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The Company has right to sell the collateral in case borrower defaults. The carrying amount of loans as at March 31, 2022 includes ₹ 15.70 crore towards Loans to Staff, Loans against Public Deposit and Finance Lease Receivables. (F.Y. 2020-21 ₹ 11.11 crore).

38.4.2.1 Credit Risk Mitigation measures

Independent internal legal and technical evaluation team in the Company makes credit decisions more robust and in line to manage collateral risk. The in-house Credit team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards to minimize future losses. To review the adherence to laid down policies and quality of appraisal, Company's independent internal audit team conducts a regular review of files on a sample basis. A dedicated collection and recovery team manages lifecycle of transactions and monitors the portfolio quality.

Credit Norms: - Certain credit norms and policies are being followed by the Company to manage credit risk, including a standard credit appraisal policy based on customer credit worthiness. These criteria change between loan products and typically include factors such as profile of applicant, income and certain stability factors such as the employment and dependency detail, other financial obligations of the applicant, Loan to value and the loan-to-cost ratio. Standardized credit approval process including a comprehensive credit risk assessment is in place which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

The Credit Policy defines parameters such as Borrower's ability to pay, Reputation of Employer, Nature of employment/ Self-employed, Qualification of Applicants, Stability of Residence, Family size and dependence on Applicants income, Insufficient sales proceeds to pay the dues in case of Project Loans due to project slowdown etc. to ensure consistency of credit quality.

Retail lending:

For retail lending, credit risk management is achieved by considering various factors like:

- **Assessment of borrower's capability to pay –** a detailed assessment of borrower's capability to pay is conducted. The approach of assessment is laid down in the credit policy of the Company. Various factors considered for assessment are credit information report, analysis of bank account statement and valuation of property.
- **Security cover –** Analysing the value of the property which is offered as security for the loan is essential for the overall underwriting of the loan. It is essential that it is valued before the disbursement of loan to arrive at a clear idea about its cost, valuation, marketability and loan to property ratio.
- **Additional Security –** Additional Security can be by way of pledge of acceptable Additional Collaterals such as LIC Policies, FDs or other immovable properties, etc. is considered. This is taken depending on nature of loan proposal and amount of risk involved.
- **Geographical region –** The Company monitors loan performance in a particular region to assess if there is any stress due to natural calamities etc. impacting the performance of the loan in a particular geographic region.

Project lending:

For project lending, credit risk management is achieved by considering various factors like:

- **Promoter's strength –** a detailed assessment of borrower's capability to pay is conducted. Various factors considered for promoter's assessment are the financial capability, past track record of repayment, management and performance perspective.
- **Credit information report –** It is very essential to check the Creditworthiness of an Applicant & the Credit History of Borrower for Consumer or Commercial Loans. The Company uses this Report for taking a Decision on Credit Sanction by getting details of the Credit History of a Borrower. For Project Loans, reports from independent institutions are referred so as to get the marketability report of the project and its neighbourhood analysis.
- **Security cover –** Analysing the value of the property which is offered as security for the loan is essential for the overall underwriting of the loan. With respect to project loans, the main security taken is underlying land and structure there on. Technical appraisals are conducted to establish the life, soundness, marketability and value of the security.

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- **Additional Security –** Additional Security is taken depending on nature of loan proposal and amount of risk involved. In some cases, the hypothecation of receivables from the loan is taken. The Negative lien is marked on the flats in the project to the extent decided by the Competent Authority as per merits of the case. The Company endeavours to maintain the security cover approved by the Competent Authority as per the merit of the case. Personal Guarantee of promoter directors / corporate guarantee of Company is also obtained as Security on case to case basis. In some cases, the Additional Collateral in the form of Fixed Deposits are also accepted. In case of Higher Risk, Debt Service Recovery Account is also maintained. The Charge on the security / Additional Collateral security is also registered in Central Registry / ROC.
- **Geographical region –** The Company monitors loan performance in a particular region to assess if there is any stress due to natural calamities etc. impacting the performance of the loan in that geographic region.

  The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Derivative financial instruments:
Interest rate swaps

The exposure of the Company to Derivatives contracts is in the nature of Interest Rate Swap and Currency Swaps to manage risk associated with interest rate movement and fluctuation in currency exchange rate.

Derivative policy of the Company specifies the exposure norms with respect to single counterparty and the total underlying amount at the time of entering into the new derivative contract.

The Asset Liability Management Committee (ALCO) of the Company oversees efficient management of risk associated with derivative transactions. Company identifies, measures, monitors the exposure associated with derivative transaction. For effective mitigation of risk it has an internal mechanism to conduct regular review of the outstanding contracts which is reported to the ALCO & Risk Management Committee of the Board which in turn reports to the Board of Directors.

The gain, if any realized on early termination of swap is amortized over the balance tenor of the swap or underlying liability whichever is less. Loss if any on early termination is charged to revenue in the same year. The carry difference, between coupon rate liability and the swap contract rate is accounted quarterly on accrual basis.

38.4.2.2 Collateral and other credit enhancements

With respect to loan cases the main security taken is underlying property mortgaged by the borrower. Apart from the main security additional collaterals are also sought depending upon merits of the case. In some cases the hypothecation of receivables for the loan is also taken.

The Company after exploring all the possible measures, initiates action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) against the mortgaged properties as a last resort to recover. Company follows the due procedure as laid down in the SARFAESI Act 2002 and accordingly takes the possession of the properties for its logical conclusion.

As the procedure involved under SARFAESI is to be followed in a time-bound manner, different loan accounts will be at various stages of SARFAESI proceedings.

The properties taken under possession through SARFAESI Act by the Company and held such properties for disposal as on 31.03.2022 included in loan portfolio amounting to ₹ 464.92 crore (FY 2020-21 ₹ 325.06 crore). Out of these, loan portfolio amounting to ₹ 107.38 crore (FY 2020-21 ₹ 126.19 crore) is considered under INDAS 105 (Non-current asset held for sale) being lower of the fair value of the asset possessed and the outstanding as at March 31, 2022.

38.4.2.3 Impairment Assessment

The Company applies general approach to provide for credit losses prescribed by Ind AS 109, which provides to recognise 12-months expected credit losses where credit risk has not increased significantly since initial recognition and to recognise lifetime expected credit losses for financial instruments for which there has been significant increase in credit risk since initial recognition considering all reasonable present and forward looking information.

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Definition of Default

The Company considers a financial instrument as defaulted when the borrower becomes 90 days past due on its contractual payments. Such instruments are considered as Stage 3 (credit-impaired) for ECL calculations.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

Stage wise Categorisation of Loan Assets

The company categorises loan assets into stages based on the Days Past Due status:

- **Stage 1:** [0-30 days Past Due] It represents exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. The Company uses the same criteria mentioned in the standard and assume that when the days past due exceeds '30 days', the risk of default has increased significantly. Therefore, for those loans for which the days past due is less than 30 days, the Company recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months.
- **Stage 2:** [31-90 days Past Due] The Company collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Company recognises as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset)
- **Stage 3:** [More than 90 days Past Due] The Company identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. The Company use the same criteria mentioned in the standard and assume that when the days past due exceeds '90 days', the default has occurred.

Retail Loans:

Depending on the nature of the financial instruments and the credit risk information available for particular groups of financial instruments, an entity may not be able to identify significant changes in credit risk for individual financial instruments before the financial instrument becomes past due.

In case of retail loans, the financial instruments are backed by sufficient margin of underlying security which absorbs the associated risks. Hence, the Company has performed the assessment of significant increases in credit risk on a collective basis for retail loans by considering information that is indicative of significant increases in credit risk on groups of financial instruments.

For the purpose of determining significant increases in credit risk and recognising loss allowance on a collective basis, the Company has grouped financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk identified on a timely basis.

Project Loans:

Project loans are far less in number and more in terms of value per loan. The loans are also credit rated internally. However, the Company does not have any history of the loan transitioning from one rating to the other over a fairly long period of time to arrive at a reliable transition matrix.

The Company has used transition matrix compiled and published by a premier rating agency in India for arriving default rate.

Accordingly, loans have been identified into different groups as given below:

Credit Quality Analysis – Classification on basis of risk pattern (Collective and Individual Basis)

(₹ in crore)

	Stage 1		Stage 2		Stage 3		Total	
	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment
As At March 31, 2022	2,31,853.54	579.32	7,665.50	240.11	11,616.40	5,019.68	2,51,135.45	5,839.12
As At March 31, 2021	2,08,018.16	117.16	14,336.50	37.17	9,659.13	3,745.19	2,32,013.80	3,899.53

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38.4.2.4 ECL Model and Assumptions considered in the ECL model

The Company has used Markov chain model for estimating the probability of default on retail loans. In a Markov chain model for loans receivable an account moves through different delinquency states each quarter. For example, an account in the "Regular" state this quarter will continue to be in the "Regular" state next month if a payment is made by the due date and will be in the "90 days past due" state if no payment is received during that quarter.

Another valuable feature is that the Markov chain model maintains the progression and timing of events in the path from "Regular" to "Defaulted". For example, an account in the "Regular" state doesn't suddenly become "Defaulted". Instead, an account must progress monthly from the "Regular" state to the "90 days past due" state to the "180 days past due" state and so on until foreclosure activities are completed and the collateral assets are sold to pay the outstanding debt.

The transition matrix in the Markov chain represents the period-by-period movement of receivables between delinquency classifications or states. The transition evaluates loan quality and loan collection practice. The matrix elements are commonly referred to as "roll-rates" since they denote the probability that an account will move from one state to another in one period. The transition matrix is referred to as the "delinquency movement matrix".

The loan portfolio for the past several quarters are analysed to arrive at the transition matrix. Each loan is traced to find out how the loan has performed over the last several quarters. The days past due is grouped into 6 buckets namely Regular [0 days past due], 1 to 90 days past due, 91 to 180 days past due, 181 to 270 days past due, 271 to 365 days past due and above 365 days past due. In a subsequent quarter, the loan may continue to remain in the same bucket or move into the next bucket or previous bucket depending upon the repayments made by the customer.

The bucket intervals are 90 days and the data points considered are also quarterly. The occurrences of every loan over the past several quarters are considered to arrive at the total transitions happening from different buckets in the previous quarter to different buckets in the current quarter. The Company has considered the quarterly loan performance data starting from the quarter ending 30th June 2013 onwards to compute the transition matrix. The total number of such transition occurrences are converted as a percentage to arrive at the transition matrix. The Company has used transition matrix compiled and published by a premier rating agency in India for arriving default rate for Project loans since the Company do not have any history of the loan transitioning from one rating to the other over a fairly long period of time to arrive at a reliable transition matrix. Accordingly, the transition matrix is computed using matrix multiplication.

Probability of Default

Stage 1 – [No significant increase in credit risk]: Based on Markov model, the quarterly normalized transition matrix is converted into a 12-month transition matrix for determining the probability of default for those loan accounts on which the risk has not increased significantly from the time the loan is originated. The Company use the same criteria mentioned in the standard and assume that when the days past due exceeds '30 days', the risk of default has increased significantly. Therefore, for those loans for which the days past due is less than 30 days, one-year default probability is considered.

Stage 2 – [Significant increase in credit risk]: The credit risk is presumed to have increased significantly for loans that are more than 30 days past due and less than 90 days past due. For such loans, lifetime default probability should be considered. Based on the maturity date of the loan, the probability of default is arrived at to determine the quantum of the loan that is likely to move into the buckets '90 days past due' and greater. The quarterly transition matrix is used to find out the transition matrix applicable for the loan considering the maturity date of such loan.

Stage 3 – [Defaulted loans]: As per the standard there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company assumed that the default has occurred when a loan moves into '90 days past due' bucket.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

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The probability of default (PD) of a loan which is less than 30 days past due [Stage 1] is represented by the one-year transition matrix. This PD is used to measure the quantum of the loan that is likely to move into the buckets 90 days past due and above over the next 12 months. The PD of a loan which is 30 days past due and less than 90 days past due [Stage 2] is represented by the transition matrix of the corresponding maturity period of the loan. This PD is used to measure the quantum of the loan that is likely to move into the buckets 90 days past due and above over the remaining life of the loan. The probability of default (PD) of a loan which is 90 days past due [Stage 3] is 100% as the loan has already defaulted. This PD is used to measure the quantum of the loan that is defaulted as on the valuation date over the remaining life of the loan.

Loss given default

Value of collateral property: The loans are secured by adequate property. The present value of such collateral property is considered while calculating the Expected Credit Loss. The Company initiates recovery process of Non Performing accounts within the statutory time limit as per SARFAESI and other applicable laws and accordingly the realizable period has been considered for computing the Present Value of Collateral.

Forward looking information

The assumptions and estimates on the basis of which, the Expected Credit Losses (ECL) of the loan portfolio have been identified, are primarily based on the historical performance of the loan portfolio, updated to reflect current conditions of pandemic including regulatory interventions. Owing to the prevailing situation, additional sensitivity scenarios considered with suitable weights. Going forward as well, the company will continue to closely monitor any further changes to the business processes, the financial impact due to Covid-19 and other business related events. The definitive assessment of the impact would be dependent upon circumstances as they evolve in the subsequent period.

Covid 19 can impact the ability of the Borrowers, whether Corporate or Individuals, to meet their obligations under loan relationships. Individual and Corporate Borrowers may have a particular exposure to the economic impacts in their geography and industry sector.

The Company is into secured lending business where primary collateral security is mostly residential/commercial properties. As stipulated by Regulator, lending is done against part value of security with remaining portion acting as a buffer to absorb fall in property prices. At this point of time, the uncertainties of COVID 19 are still lingering around and it has detrimental impact on economy, property prices in general are expected to fall, but the fall will likely be asymmetric across locations and will depend upon many micro factors including type of property, location, stage/type/age of construction, local micro market, etc.

Scenario 1 is the base scenario without any perturbance. This is assigned a weightage of 20%.

Scenario 2 is based on the forecasted macro-economic parameters and is assigned a weightage of 15%.

Scenario 3 is considered taking perturbed scenario and is assigned a weightage of 15%

COVID – 1 & 2 scenarios are both linked with changes in property prices factoring geography and portfolio category.

COVID – 3 is based on ratio of Principal Outstanding amount to Present value of collateral.

COVID – 4 is based on availing moratorium.

Based on the a bove, the Company has assumed the following scenarios with the respective weights for ECL computation:

Scenario	Weight
Scenario 1	20 %
Scenario 2	15 %
Scenario 3	15 %
COVID 1	10 %
COVID 2	15 %
COVID 3	15 %
COVID 4	10 %

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Other Outcome

RBI Notification dated 12th Nov 2021.

The Reserve Bank of India vide its notification dated 12th November, 2021 regarding Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to advances have provided clarifications which are likely to have a significant impact on the provisioning for all financial institutions including Banks and NBFC's. These directives would not affect the expected credit loss allowance computation as per Ind AS 109. In order to mitigate the systemic risk, we have treated this as one possible outcome in ECL computation.

OTR Framework

RBI issued a broad framework for one-time restructuring to avoid a systemic risk ("OTR Framework"). This OTR Framework offers a special window for lenders under the existing RBI (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 07, 2019 ("Resolution Framework"), to implement a resolution plan for personal loans and commercial/ business exposures, without requiring a change in ownership while continuing to classify such exposures as standard assets. This includes all nonbanking financial companies ("NBFCs") and housing finance companies within the definition of 'lender'. ECL is computed considering this as another possible outcome.

ECL is computed by assigning different weights to the outcomes i.e. 35% weightage is given for regular model (considering 7 scenarios), 25% weightage is given for RBI notification dtd.12/11/2021 and 40% weightage for OTR Framework.

Write off policy

The Company has over the period has established a well-defined Credit Monitoring Mechanism for follow up of the default / delinquent accounts.

A multi-faceted approach is adopted in Credit Monitoring activities which involves participation of In-House employees as well as outsourced agencies. Each loan account is analysed based on the causative factors of becoming default and appropriate follow-up activity is undertaken. In spite of adopting an appropriate follow-up activity, some accounts continue to be delinquent. Sufficient time, as per law, is given to the borrowers to regularize their repayments and if still the accounts continue to be under the Non-Performing bracket, legal recourse is adopted.

However, there could be accounts wherein no recovery would be forthcoming despite the best efforts put in by the Company. Such accounts are critically examined on case to case basis and if there is no merit of recovery, such accounts are recommended for write-off to/through internal committees as per the policy approved by the Board. Write-off is a de-recognition of a loan the Company has no reasonable expectations of recovering the contractual inflows.

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Financial Assets written off but are still subjected to enforcement activity	400.33	493.15

Movement of Gross Exposures and impairment provision of the Financial Instruments

(Collective and Individual Basis)

(₹ in crore)

	Stage 1		Stage 2		Stage 3		Total	
	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment
Gross Carrying Amount -01.04.2020	**1,94,678.78**	**0.10**	**9,605.48**	**0.15**	**6,316.16**	**2,612.20**	**2,10,600.42**	**2,612.45**
Net change in exposures	21,609.53	332.82	166.17	56.26	295.30	970.24	22,070.99	1,359.31
Transfer to Stage 1	4,523.27	(100.78)	(4,171.65)	0.11	(351.62)	100.67	-	-
Transfer to Stage 2	(10,630.41)	(2.74)	10,698.58	(17.90)	(68.16)	20.63	-	-
Transfer to Stage 3	(1,656.17)	(112.24)	(1,949.70)	(1.44)	3,605.87	113.68	-	-

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(₹ in crore)

	Stage 1		Stage 2		Stage 3		Total	
	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment
Changes in contractual cash flows due to modifications not resulting in derecognition	(506.82)	-	(12.37)	-	(0.20)	-	(519.39)	-
Amounts Written Off	-	-	-	-	(138.22)	(72.23)	(138.22)	(72.23)
Gross Carrying Amount- 31.03.2021	**2,08,018.16**	**117.16**	**14,336.50**	**37.17**	**9,659.13**	**3,745.19**	**2,32,013.80**	**3,899.53**
Net change in exposures	21,626.05	603.50	(1,263.48)	344.64	(697.89)	998.26	19,664.68	1,946.40
Transfer to Stage 1	8,191.76	297.42	(7,348.45)	(113.35)	(843.31)	(184.06)	-	-
Transfer to Stage 2	(3,904.25)	(3.44)	4,193.47	75.47	(289.22)	(72.03)	-	-
Transfer to Stage 3	(1,703.17)	(435.32)	(2,106.66)	(103.82)	3,809.83	539.13	-	-
Changes in contractual cash flows due to modifications not resulting in de-recognition	(375.01)	-	(145.88)	-	(5.97)	-	(526.86)	-
Amounts Written Off / Under Possession Properties	-	-	-	-	(16.17)	(6.81)	(16.17)	(6.81)
Gross Carrying Amount -31.03.22	**2,31,853.54**	**579.32**	**7,665.50**	**240.11**	**11,616.40**	**5,019.68**	**2,51,135.45**	**5,839.12**

The movement within the tables is a combination of quarterly movements over the year. The credit impairment charge in the Statement of Profit & Loss comprises of the amount in Total column.

Transfers – transfers between stages are deemed to occur at the beginning of a quarter based on prior quarters closing balances

Net re-measurement from stage changes – the re-measurement of credit impairment provisions arising from a change in stage is reported within the stage that the assets are transferred to.

Net changes in exposures – comprises new disbursements less repayments in the year.

38.4.2.5 Modified Loans

Where the contractual terms of a financial instrument have been modified, and this does not result in the instrument being derecognised, a modification gain or loss is recognised in the Statement of Profit and Loss representing the difference between the original cash flows and the modified cash flows, discounted at the effective interest rate. If the modification is credit-related or where the Company has granted concessions that it would not ordinarily consider, then it will be considered credit-impaired. Modifications that are not credit related will be subject to an assessment of whether the asset's credit risk has increased significantly since origination by comparing the remaining lifetime probability of default (PD) based on the modified terms to that on the original contractual terms.

38.4.3 Market Risk

Market risk is the risk of losses in positions taken by the company which arises from movements in market prices. Any item in the balance sheet which needs re-pricing at frequent intervals and whose pricing is decided by the market forces will be a component of market risk. There are number of items in the Company's balance sheet which exposes it to market risk like Housing loans at floating rate, loans to developers at floating rate, Non-Convertible Debentures (NCDs) with options, bank loans with option, Foreign Currency Bank Loans, Coupon Swaps, etc. The Company is generally exposed to Interest Rate Risk.

38.4.4 Interest Rate Risk

Interest Rate Risk refers to the risk associated with the adverse movement in the interest rates. Adverse movement would imply rising interest rates on liabilities and falling interest yields on the assets. This is the biggest risk which the company faces. It arises because of maturity and re-pricing mismatches of assets and liabilities.

In order to mitigate the impact of this risk, the Company should track the composition and pricing of assets and liabilities on a continuous basis. For the same purpose, the Company has constituted the ALCO Committee which should actively monitor the ALM position and guide appropriately.

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The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed Rate Borrowings	59%	67%
Floating Rate Borrowings	41%	33%
Total Borrowings	100%	100%

The impact of 10 bps change in interest rates on liabilities on the Profit after tax for the year ended March 31, 2022 is ₹ 91.60 crore (F.Y. 2020-21 ₹ 69.41 crore).

38.4.5 Operational Risk

Operational risk is "the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses". It can be subdivided into the following categories:

A. **Compliance risk** is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Company may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice.

The Company is regulated by RBI and supervised by NHB, registered with SEBI and has listing agreements with stock exchanges, i.e. BSE & NSE and Luxembourg. In order to ensure compliance with applicable laws, the Company has put in place adequate processes.

B. **Legal risk** is the cost of litigation due to cases arising out of lack of legal due diligence. Litigation can also arise out of failure or frauds in the course of business.

The main business is of lending money for/against mortgage loans and is therefore exposed to legal risk. For handling the same, there are robust legal systems for title verification and legal appraisal of related documents. Company has standards of customer delivery and the operational mechanism to adhere to such standards aimed at minimum instances of customers' grievances.

38.4.6 Regulatory Risk

Regulatory risk is the risk that a change in laws and regulations will materially impact the Company. Changes in law or regulations made by the government or a regulatory body can increase the costs of operating the business, and/or change the competitive landscape.

Regulatory risk can arise due to change in prudential rules/norms by the regulators viz; NHB, SEBI, RBI etc. In order to mitigate the effects of same, the Company keeps a track of all regulatory changes and quickly adapts to the change.

38.4.7 Competition Risk

Competition Risk is the risk to the market share and profitability arising due to competition. It is present across all the businesses and across all the economic cycle with the intensity of competition risk varying due to several factors, like, barriers to entry, industry growth potential, degree of competition, etc.

The Company's business environment is characterized by increased youth population, growing economy, increased urbanization, Government incentives, acceptability of credit in society and rise in nuclear families. Due to all these reasons, the Housing Finance industry has seen a higher growth rate than overall economy and several other industries since past several years. This has led to increase in competition and in turn increased pressure on the existing Companies to maintain/grow market share and profitability. In order to mitigate the risk arising due to competition, the Company has customer centric approach coupled with state of art infrastructure including IT interface.

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38.4.8 Currency Risk and mitigation

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company manages itself against currency risk by taking out foreign currency swaps and converting the exposures into Indian Rupees. The Company applies cash flow hedge accounting to the foreign currency element of its floating rate dollar-denominated External Commercial Borrowings and associated cross currency interest rate swaps.

The Company converts ECB into fixed rate Indian Rupee exposures with the floating rate and principal of the hedged item matched by those of the hedging instrument. The Company considers the hedge as a hedge of more than one risk and does not split the interest rate from the principal for hedge accounting purposes.

Hedge Accounting

In December 2019 the company raised an ECB of USD 200 million in the form of a syndicated loan facility. The tenor of the facility is 3 years. The proceeds have been fully utilized in accordance with the approval granted by RBI under automatic route and is in conformity with the applicable ECB Guidelines.

As a part of its risk management, the Company has identified a series of risk categories with corresponding hedging strategies using derivative instruments.

When a hedging relationship meets the specified hedge accounting criteria set out in Ind AS 109, the Company applies one of three types of hedge accounting: fair value hedges; cash flow hedges; or hedges of a net investment in a foreign operation.

Transactions that are entered into in accordance with the Company's hedging objectives but do not qualify for hedge accounting, are referred to in these financial statements as economic hedge relationships.

The nature of risk that is needed to be hedged, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis is recorded with reference to the economic relationship between the hedged item and the hedging instrument.

Every hedge relationship is required to be tested to assess whether the hedge relationship meets the hedge effectiveness requirements at the inception of the hedging relationship, and on an on-going basis at each reporting date. This assessment relates to expectations about hedge effectiveness and is therefore only forward looking.

Cash Flow Hedge

Cash flow hedge is a hedge of the exposure to variability in the cash flows of a specific asset or liability, or of a forecasted transaction, that is attributable to a particular risk. It is possible to only hedge the risks associated with a portion of an asset, liability, or forecasted transaction, as long as the effectiveness of the related hedge can be measured. The accounting for a cash flow hedge will be to recognize the effective portion of any gain or loss in other comprehensive income, and recognize the ineffective portion of any gain or loss in Finance cost in 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.

Impact of Covid 19 on Hedge Accounting and Interest Rate Swap

Hedge Accounting is an accounting exercise now it is dove tailed into the risk management policies of the company to minimise the impact of fluctuations in the profit & loss account caused primarily due to 'accounting mismatch'. As such we do not see any COVID-19 impact on hedge accounting.

Hedge Ratio

The hedge ratio is consistent with that used for risk management purposes without a deliberate imbalance to derive an inappropriate accounting outcome.

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The Company economically hedges the risk of volatility in floating interest rate on USD External Commercial Borrowings and the Currency Risk on the principal with a Cross Currency Swap with matched terms and matched USD notional. This actual hedge ratio does not reflect an imbalance (that could result in an accounting outcome that would be inconsistent with the purpose of the hedge accounting) and hence represents an eligible hedge ratio.

Maturity interest rate risk profiles

The following table shows the maturity and interest rate risk profiles of the company's hedging instruments used in its cash flow hedges. As the Company applies one-to-one hedging ratios, the below table effectively shows the outcome of the cash flow hedges:

Maturity of cross currency swaps (₹ in crore)

31-Mar-22	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Micro cash flow hedges						
Cross currency interest rate swaps						
Notional principal		-	1,425.73	-	-	1,425.73
Average fixed rate	-	-	7.52%	-	-	-
Average INR/$ Rate	-	-	77.72	-	-	-

Maturity of cross currency swaps (₹ in crore)

31-Mar-21	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Micro cash flow hedges						
Cross currency interest rate swaps						
Notional principal	-	-	-	1,425.73	-	1,425.73
Average fixed rate	-	-	-	7.52%	-	-
Average INR/$ Rate	-	-	-	79.61	-	-

Carrying Value of Derivatives used in Cash Flow Hedges

(₹ in crore)

31-Mar-22	Carrying value assets	Carrying value liabilities	Notional amount
Derivatives used as cash flow hedges			
Cross-currency interest rate swaps	79.17	-	1,425.73
Total derivative financial instruments	**79.17**	**-**	**1,425.73**

(₹ in crore)

31-Mar-21	Carrying value assets	Carrying value liabilities	Notional amount
Derivatives used as cash flow hedges			
Cross-currency interest rate swaps	5.69	-	1,425.73
Total derivative financial instruments	**5.69**	**-**	**1,425.73**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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Hedge Instrument

Fair Value of Hedging Instrument

(₹ in crore)

31-Mar-22	Carrying value			Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			Reclassified into income statement
				In Total	Effective portion	Hedge Ineffectiveness	
	Notional amount	Assets	Liabilities		Recognised in OCI	Recognised in profit & loss account	
Micro cash flow hedges	-	-	-	-	-	-	-
Cross currency interest rate swaps	1,425.73	79.17	-	73.48	73.48	-	73.48
Total	**1,425.73**	**79.17**	**-**	**73.48**	**73.48**	**-**	**73.48**

(₹ in crore)

31-Mar-21	Carrying value			Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			Reclassified into income statement
				In Total	Effective portion	Hedge Ineffectiveness	
	Notional amount	Assets	Liabilities		Recognised in OCI	Recognised in profit & loss account	
Micro cash flow hedges	-	-	-	-	-	-	-
Cross currency interest rate swaps	1,425.73	5.69	-	(42.93)	(42.93)	-	(42.93)
Total	**1,425.73**	**5.69**	**-**	**(42.93)**	**(42.93)**	**-**	**(42.93)**

Fair Value of Hedged Item

(₹ in crore)

31-Mar-22	Change in fair value of hedged item in the year used for ineffectiveness measurement	Cash flow hedge reserve	
		Continuing hedges	Discontinued hedges
Micro Cash flow hedges	-	-	-
Floating rate USD notes	73.48	-	-
Total	**73.48**	**-**	**-**

(₹ in crore)

31-Mar-21	Change in fair value of hedged item in the year used for ineffectiveness measurement	Cash flow hedge reserve	
		Continuing hedges	Discontinued hedges
Micro Cash flow hedges	-	-	-
Floating rate USD notes	(42.93)	-	-
Total	**(42.93)**	**-**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(₹ in crore)

Movement of Cash Flow Hedge	31-March-22	31-March-21
Hedging net gains/(losses) arising during the year	73.48	(42.93)
Less: Recognised in the income statement	(73.48)	42.93
Income tax related to the above	-	-
Movement on cash flow hedges	-	-

Impact of Cash Flow Hedge on Balance Sheet

(₹ in crore)

Impact of cash flow hedge on balance sheet and financial result - hedging instruments	For the year ended March 31, 2022	For the year ended March 31, 2021
Nominal value	1,425.73	1425.73
Carrying amount – assets	79.17	5.69
Carrying amount – liabilities	-	-
Balance Sheet item in which hedging instrument is reported	Hedging Instruments	Hedging Instruments
Change in the fair value of the hedging instrument used for estimating hedge ineffectiveness	73.48	(42.93)
Amount of hedge ineffectiveness recognised in the income statement	-	-
Profit & Loss item in which hedge ineffectiveness is reported	No ineffectiveness reported	No ineffectiveness reported

(₹ in crore)

Impact of cash flow hedge on balance sheet and financial result - hedged items	For the year ended March 31, 2022	For the year ended March 31, 2021
Amount of change in the fair value of the hypothetical derivative representing the hedged item used for estimating the hedge ineffectiveness in the reporting period	73.48	(42.93)
Revaluation reserve due to cash flow hedge accounting for relationships for which hedge accounting will be continued after the end of the reporting period	-	-
Revaluation reserve due to cash flow hedge accounting for relationships for which hedge accounting is no longer applied	-	-

Additional Disclosures for Interest Rate Benchmark Reform

For hedging relationships to which an entity applies the temporary exceptions from applying specific hedge accounting requirements exceptions set out in paragraphs 6.8.4-6.8.12		
(a)	the significant interest rate benchmarks to which the entity's hedging relationships are exposed;	3M Libor
(b)	the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;	Risk exposure is nil as the floating rate foreign currency loan is hedged by a cross currency swap effectively converting the floating rate to fixed rate of 7.52%
(c)	how the entity is managing the process to transition to alternative benchmark rates	As per the information available the transition to alternative benchmark is likely to happen in June, 2023 which is after the maturity date of the ECB facility. However, in a situation if it is applicable before that the Company will adopt the benchmark which is commonly being accepted for similar transaction in the market.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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(d)	a description of significant assumptions or judgments the entity made in applying these paragraphs (for example, assumptions or judgments about when the uncertainty arising from interest rate the interest rate benchmark-based cash flows); and benchmark reform is no longer present with respect to the timing and the amount of	The interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform till maturity of the Facility i.e. December, 2022
(e)	the nominal amount of the hedging instruments in those hedging relationships	₹ 1,425.73 crore

38.5 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:

As at March 31, 2022

(₹ in crore)

Particulars	Upto 12 months	More than 12 months	Total
ASSETS			
Financial Assets			
Cash and Cash Equivalents	822.19	-	**822.19**
Bank Balance other than above	115.20	-	**115.20**
Derivative Financial Instruments	79.17	-	**79.17**
Loans	17,816.33	2,27,480.00	**2,45,296.33**
Investments	1,565.15	4,633.45	**6,198.60**
Other Financial Assets	3.41	13.16	**16.57**
Non-Financial Assets			
Current Tax Assets (Net)	-	135.17	**135.17**
Deferred Tax Assets (Net)	-	1,368.08	**1,368.08**
Property, Plant and Equipment	-	135.74	**135.74**
Capital Work in Progress	0.04	-	**0.04**
Intangible Assets under Development	-	1.45	**1.45**
Right of Use Assets	-	128.64	**128.64**
Other Intangible Assets	-	21.75	**21.75**
Other Non-Financial Assets	141.15	-	**141.15**
Assets Held for Sale	107.38	-	**107.38**
Total Assets	**20,650.02**	**2,33,917.44**	**2,54,567.46**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Lease Liability	37.23	105.89	**143.12**
Payables			
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	2.79	-	**2.79**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	61.49	0.02	**61.51**
Debt Securities	33,350.77	93,991.22	**1,27,341.99**
Borrowings (Other than Debt Securities)	31,912.44	44,534.78	**76,447.22**
Deposits	11,723.19	6,350.31	**18,073.50**
Subordinated Liabilities	-	1,795.44	**1,795.44**
Other Financial Liabilities	5,215.73	293.26	**5,508.99**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	Upto 12 months	More than 12 months	Total
Non-Financial Liabilities			
Current tax liabilities (Net)	-	-	**-**
Provisions	59.56	110.43	**169.99**
Other Non-Financial Liabilities	351.08	-	**351.08**
Total Liabilities	**82,714.28**	**1,47,181.33**	**2,29,895.62**
NET	**(62,064.26)**	**86,736.11**	**24,671.84**

As at March 31, 2021

(₹ in crore)

Particulars	Upto 12 months	More than 12 months	Total
ASSETS			
Financial Assets			
Cash and Cash Equivalents	1,329.15	-	1,329.15
Bank Balance other than above	17.57	-	17.57
Derivative Financial Instruments	5.69	-	5.69
Loans	15,772.21	2,12,342.06	2,28,114.27
Investments	2,163.91	2,471.70	4,635.61
Other Financial Assets	5.63	100.24	105.87
Non-Financial Assets			
Current Tax Assets (Net)	-	-	-
Deferred Tax Assets (Net)	-	912.93	912.93
Property, Plant and Equipment	-	130.32	130.32
Capital Work in Progress	-	-	-
Intangible Assets under Development	-	3.63	3.63
Right of Use Assets	-	110.78	110.78
Other Intangible Assets	-	2.29	2.29
Other Non-Financial Assets	139.02	-	139.02
Assets Held for Sale	126.19	-	126.19
Total Assets	**19,559.36**	**2,16,073.96**	**2,35,633.32**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Lease Liabilities	33.40	87.63	121.03
Payables			
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	2.80	-	2.80
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	93.32	-	93.32
Debt Securities	34,808.62	90,789.34	1,25,597.96
Borrowings (Other than Debt Securities)	25,821.56	36,311.18	62,132.74
Deposits	13,093.74	5,241.93	18,335.67
Subordinated Liabilities	-	1,795.12	1,795.12
Other Financial Liabilities	6,253.50	344.56	6,598.06
Non-Financial Liabilities			
Current tax liabilities (Net)	-	7.76	7.76
Provisions	58.45	84.04	142.48
Other Non-Financial Liabilities	285.07	-	285.07
Total Liabilities	**80,450.45**	**1,34,661.56**	**2,15,112.01**
NET	**(60,891.10)**	**81,412.41**	**20,521.31**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

39. Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Managing Director & CEO is identified as the Chief Operating Decision Maker (CODM) by the management of the Company. CODM has identified only one operating segment of providing loans for purchase, construction, repairs renovation etc. and has its operations entirely within India. All other activities of the Company 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. Commitments:

a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 13.23 crore (F.Y. 2020-21 ₹ 17.28 crore).

b) Other Commitments: Uncalled liability of ₹ 1.14 crore (F.Y. 2020-21 ₹ 1.14 crore) in respect of commitment made for contribution to LICHFL Urban Development Fund by subscription of 50,000 units (F.Y. 2020-21 50,000 units) of ₹ 10,000 face value each, paid up value being ₹ 2975.12 (F.Y. 2020-21 ₹ 3,761.71) each.

The Company had committed for an upfront investment of ₹ 37.50 crore subject to a maximum of 10% of aggregate Capital Commitment but not exceeding ₹ 100.00 crore in LICHFL Infrastructure Fund managed by one of the Subsidiary of the Company, namely LICHFL Asset Management Company Limited. The outstanding investment in LICHFL Infrastructure Fund as on 31st March, 2022 is ₹ 24.51 crore (F.Y. 2020-21 ₹ 9.23 crore).

c) Undisbursed amount of Housing and Non- Housing Loans sanctioned is ₹ 36,333.05 crore.

41. Contingent liabilities in respect of:

a) Claims against the Company not acknowledged as debts ₹ 18.36 crore (F.Y. 2020-21 ₹ 6.92 crore).

b) The Management has assessed there are no executory contracts which have become onerous due to the adverse impact of COVID -19.

c) The Company under Direct Tax Vivad Se Vishwas Act, 2020 (3 of 2020) entered into Vivad Se Vishwas Scheme for settling its tax dispute in respect of AY 2004-05 to AY 2017-18 and accordingly, received confirmation from Income tax authorities i.e. in Form 5 which is Order for full and final settlement of tax arrears under Section 5(2) read with Section 6 of under Direct Tax Vivad Se Vishwas Act, 2020 (3 of 2020) the Direct Tax Vivad Se Vishwas Rules, 2020 for all those assessment years and thereby the Company has taken conscious and practical call for settling its tax disputes resulting into finality of outcome in the above aforesaid assessment years. However, refunds for the period under VVS is still pending.

On completion of income tax assessment, the Company had received a demand of ₹ 10.64 crore for AY 2018-19 and ₹ 30.12 crore (Including interest of ₹ 1.17 crore) for AY 2019-20 respectively. For AY 2018-19, the demand of ₹ 10.64 crore has been adjusted against the refund claimed whereas for AY 2019-20 the demand of ₹30.12 crore is unpaid. The aforesaid demands for AY 2018-19 and AY 2019-20 are disputed and the Company has preferred an appeal at the Appellate Authority.

42. Movement in Provision for contingencies as under:

a. Provision includes:

i. Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	5.23	0.42
Add: Additional provisional for doubtful advances	-	4.81
Less: Amounts utilized during the year / provision written back for doubtful advances	-	-
Less: Reversal of provision for doubtful advances	1.70	-
Closing balance	**3.53**	**5.23**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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43. Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 82.70 crore (F.Y. 2020-21 ₹ 82.70 crore grouped under other Financial Asset). The Company has beneficial interest on the income earned from these deposits.

44. Temporary Book Overdraft of ₹ 544.03 crore (F.Y. 2020-21 ₹ 1,329.46 crore) represents cheques issued towards disbursements to borrowers for ₹ 523.36 crore (F.Y. 2020-21 ₹ 1,324.70 crore) and cheques issued for payment of expenses of ₹ 20.67 crore (F.Y. 2020-21 ₹ 4.76 crore), but not encashed as at March 31, 2022.

45. Auditor's Remuneration*:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor	0.44	0.31
Tax Audit	0.07	0.08
For Quarterly Limited Reviews	0.19	0.15
In any other manner (Certification work)	0.23	0.07
Reimbursement of Expenses to Auditors	0.07	0.06
Total	**1.00**	**0.67**

* Including Ineligible GST

46. Expenditure in Foreign Currencies:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Travelling Expenses	0.03	0.06
Fees for filing returns and Trade License fees	0.04	-
Salary to Overseas Staff	0.27	0.62
Rent for Overseas Staff Residence	0.25	0.28
Annual Fees	0.59	0.83
Commission	0.11	0.16
Other Expenses	0.11	0.03
Total	**1.40**	**1.98**

47. Proposed Dividend

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividends not recognised at the end of reporting period		
The directors have recommended final dividend of ₹ 8.50 per fully paid equity share (₹ 8.50 for March 31, 2021). This proposed dividend is subject to approval of shareholders in ensuing Annual General Meeting.	467.55	428.96

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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48. The Company is in the continuous process of obtaining confirmation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

(₹ in crore)

Particulars	March 31, 2022	March 31, 2021
The principal amount remaining unpaid to any supplier	2.79	2.80
The interest due thereon (above principal amount) remaining unpaid to any supplier	-	-
The amount of interest paid by the buyer in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day for the year ended	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	-	-

49. Disclosure in respect of Employee Benefits:

In accordance with the Indian Accounting Standard on (Ind AS-19) – "Employee Benefits" the following disclosures have been made:

Provident Fund and Pension Fund Liability

The Company has recognised ₹ 38.01 crore (Previous year ₹ 20.25 crore) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employees on deputation who have opted for pension, ₹ 2.44 crore (previous year ₹ 0.62 crore) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

Gratuity Liability

(₹ in crore)

Changes in the Present Value of Defined Benefit Obligation:	2021-22	2020-21
Present Value of Benefit Obligation at the Beginning of the Year	104.01	94.43
Interest Cost	7.18	6.46
Current Service Cost	5.95	5.76
Past Service Cost	-	-
Benefit Paid from the Fund	(3.98)	(2.90)
Actuarial Loss/(Gain) on obligations	5.04	0.26
Present Value of Benefit Obligation at the End of the Year	**118.19**	**104.01**

(₹ in crore)

Fair Value of the Plan Assets:	2021-22	2020-21
Fair Value of Plan Asset at the Beginning of the Year	89.34	78.44
Interest Income	6.16	5.37
Contributions by the Employer	17.34	8.85
Benefit Paid from the Fund	(3.98)	(2.90)
Actuarial Gain / (Loss) on Plan Assets	(1.27)	(0.42)
Fair value of Plan Assets at the End of the Year	107.59	89.34
Total Actuarial Loss/(Gain) to be Recognised	**6.31**	**0.68**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(₹ in crore)

Actual Return on Plan Assets:	2021-22	2020-21
Expected Return on Plan Assets	6.16	5.37
Actuarial Gain / (Loss) on Plan Assets	(1.27)	(0.42)
Amount Recognized in the Balance Sheet	**4.89**	**4.95**

(₹ in crore)

Liability at the end of the year	2021-22	2020-21
Fair Value of Plan Assets at the end of the year	(118.20)	(104.01)
Funded Status (Surplus/(Deficit))	107.59	89.34
Amount Recognized in the Balance Sheet	**(10.61)**	**(14.67)**

(₹ in crore)

Net Interest Cost for Current Year:	2021-22	2020-21
Present Value of Benefit Obligation at the Beginning of the Year	104.01	94.43
Fair value of Plan Assets at the Beginning of the Year	(89.34)	(78.44)
Net Liability/(Asset) at the Beginning of the Year	14.68	15.99
Interest Cost	7.18	6.46
Interest Income	(6.16)	(5.37)
Net Interest Cost for Next Year	**1.01**	**1.09**

(₹ in crore)

Expense Recognised in the Statement of Profit and Loss for Current Year:	2021-22	2020-21
Current Service Cost	5.95	5.76
Interest Cost	1.01	1.09
Expected Return on Plan Assets	-	-
Past Service Cost	-	-
Expense recognised in the Statement of Profit and Loss under staff expenses	**6.96**	**6.85**

(₹ in crore)

Expense Recognised in Other Comprehensive Income (OCI) for Current Year:	2021-22	2020-21
Actuarial Loss/(Gain) on obligations	5.04	0.26
Return on Plan Assets, excluding Interest Income	1.27	0.42
Change in Asset Ceiling	-	-
Net (Income)/Expense for the year recognised in OCI	**6.31**	**0.68**

(₹ in crore)

Reconciliation of the Liability recognised in the Balance Sheet:	2021-22	2020-21
Opening Net Liability	14.67	15.99
Expenses recognised in the Statement of Profit & Loss	6.96	6.85
Expenses recognised in OCI	6.31	0.68
Contribution by the Company	(17.34)	(8.85)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits"	**10.60**	**14.67**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Net Interest Cost for Next Year:	2021-22	2020-21
Present Value of Benefit Obligation at the End of the Year	118.19	104.01
Fair value of Plan Assets at the End of the Year	107.59	89.34
Net Liability/(Asset) at the End of the Year	10.60	14.67
Interest Cost	8.62	7.17
Interest Income	(7.84)	(6.16)
Net Interest Cost for Next Year	**0.77**	**1.01**

(₹ in crore)

Expense Recognised in the Statement of Profit and Loss for Next Year:	2021-22	2020-21
Current Service Cost	6.17	5.95
Net Interest Cost	0.77	1.01
Expense recognised in the Statement of Profit and Loss under staff expenses	**6.94**	**6.96**

(₹ in crore)

Maturity Analysis of the Benefit Payments : From the Fund	2021-22	2020-21
Defined Benefits Payable in Future Years From the Date of Reporting		
Ist Following Year	7.50	5.16
2nd Following Year	6.48	5.91
3rd Following Year	7.80	6.71
4th Following Year	12.94	6.94
5th Following Year	11.22	11.92
Sum of Years 6 to 10	44.33	44.06
Sum of Years 11 and above	190.44	154.04

(₹ in crore)

Sensitivity Analysis	2021-22	2020-21
Defined Benefit Obligation on Current Assumptions	118.19	104.01
Delta Effect of +1% Change in Rate of Discounting	(10.01)	(8.97)
Delta Effect of -1% Change in Rate of Discounting	11.75	10.51
Delta Effect of +1% Change in Rate of Salary Increase	4.58	4.61
Delta Effect of -1% Change in Rate of Salary Increase	(4.71)	(4.89)
Delta Effect of +1%Change in Rate of Employee Turnover	1.62	0.49
Delta Effect of -1%Change in Rate of Employee Turnover	(1.83)	(0.53)

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 defined 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 defined 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 defined benefit obligation as recognised in the balance sheet.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Assumptions:	31.03.2022	31.03.2021
Discount Rate	7.29%	6.90%
Rate of Return on Plan Assets	7.29%	6.90%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%

Gratuity Contribution is paid to LIC of India under Gratuity Scheme of LIC.

Actuarial Gains/Losses are recognised in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary Escalation and Attrition Rate are considered as advised to the Company by the Actuary; they are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition and death in respective year for members as mentioned above.

The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which 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.

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest Risk: A fall in the discount rate which is linked to the Government Security. Rate will increase the present value of the 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 will 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 Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule I0I 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.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after April 1, 2022 is ₹ 10.61 crore (Previous Year ₹ 14.68 crore).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Leave Encashment

(₹ in crore)

Changes in the Benefit Obligation:	2021-22	2020-21
Liability at the Beginning of the year	71.48	64.56
Interest Cost	4.93	4.42
Current Service Cost	3.48	2.90
Benefit Paid	(3.16)	(1.45)
Actuarial (Gain) / Loss on obligations	17.20	1.05
Liability at the end of the year	**93.93**	**71.48**

(₹ in crore)

Amount Recognised in the Balance Sheet:	2021-22	2020-21
Liability at the end of the year	93.93	71.48
Fair Value of Plan Assets at the end of the year	-	-
Amount recognised in the Balance Sheet*	**(93.93)**	**(71.48)**

(₹ in crore)

Expense Recognised in the Statement of Profit and Loss:	2021-22	2020-21
Current Service Cost	3.48	2.90
Interest Cost	4.93	4.42
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss to be recognised	17.20	1.05
Expense recognised in the Statement of Profit and Loss under staff expenses	**25.61**	**8.37**

(₹ in crore)

Reconciliation of the Liability recognised in the Balance Sheet:	2021-22	2020-21
Opening Net Liability	71.48	64.56
Expense recognised	25.61	8.37
Contribution/Benefit Paid by the Company	(3.16)	(1.45)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits"	**93.93**	**71.48**

(₹ in crore)

Assumptions:	2021-22	2020-21
Retirement Age	58 Years	58 Years
Discount Rate	7.29%	6.90%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

* Exclusive of Amount ₹ 0.00 crore (F.Y. 2020-21 ₹ 0.03 crore) towards additional provision made for LIC employees.

Sick Leave

The Company has recognised ₹ 5.85 crore (F.Y. 2020-21 ₹ 1.71 crore) in the Statement of Profit and Loss towards sick leave in respect of company employees.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

50. Related Party Disclosure:

a. Related Party Policy:

Related Party Policy is uploaded on the website of the Company and annexed to the Director Report.

b. Names of related parties:

(i) Enterprise having Significant Influence on the Company

Life Insurance Corporation of India

(ii) Enterprises over which Control exists

LICHFL Care Homes Limited

LICHFL Financial Services Limited

LICHFL Asset Management Company Limited

LICHFL Trustee Company Private Limited

(iii) Associates of the Company

LIC Mutual Fund Asset Management Limited

LIC Mutual Fund Trustee Private Limited

Key Management Personnel

Key Management Personnel	For the year ended March 31,2022	For the year ended March 31,2021
Shri Siddhartha Mohanty	-	MD & CEO (Resigned on 01.02.2021)
Shri Y. Vishwanatha Gowd	MD & CEO	MD & CEO (From 01.02.2021)
Shri Nitin K Jage	Company Secretary	Company Secretary
Shri Sudipto Sil	Chief Financial Officer	Chief Financial Officer
Directors (Executive or Otherwise)		
Shri M R Kumar	Chairman	Chairman
Shri Vipin Anand	Non-Executive Nominee Director (Resigned on 30.07.2021)	Non-Executive Nominee Director
Shri Raj Kumar	Non-Executive Director (From 13.08.2021)	-
Shri Jagdish Capoor	Independent Director	Independent Director
Smt. Savita Singh	-	Independent Director (Resigned on 09.11.2020)
Shri Dharmendra Bhandari	Independent Director	Independent Director
Shri V. K. Kukreja	Independent Director	Independent Director
Shri Ameet Patel	Independent Director	Independent Director
Shri P Koteswara Rao	Non Independent Director	Non Independent Director
Shri Kashi Prasad Khandelwal	Independent Director	Independent Director
Shri Sanjay Kumar Khemani	Non Independent Director	Non Independent Director
Shri Akshay Rout	Non Independent Director	Non Independent Director (From 28.09.2020)
Smt. Jagennath Jayanthi	Independent Director	Independent Director (From 05.02.2021)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

c. Details of transactions and balance at the year end with related parties:

(₹ in crore)

Related Party	Nature of transactions	For the year ended March 31, 2022	For the year ended March 31, 2021
Life Insurance Corporation of India			
	Issue of Equity Shares	9.08	-
	Securities Premium on Issue of Equity Shares	2,326.43	-
	Repayment of non-convertible debentures	1,500.00	2,000.00
	Interest expenses on Secured and Unsecured loans	1,130.34	1,362.63
	Dividend Payment	211.52	162.75
	Rent Rates and Taxes	9.55	8.94
	Payment of Electricity Expenses	0.55	0.56
	Reimbursement of Gratuity, Mediclaim, GSLI and Pension Fund for staff posted from LIC	1.85	1.25
	Net Contribution to LIC of India, P & GS, for Gratuity premium for employees (Post Employment Benefit Fund with Related Entity)	18.25	10.90
	Balance as at the year end towards non convertible debentures (Credit)	13,050.00	14,550.00
	Balance as at the year end towards Interest Accrued on non convertible debentures (Credit)	291.32	399.14
	Balance as at the year end-Others (Credit)	2.09	1.08
LICHFL Care Homes Limited			
	Dividend Income	-	1.00
	Rent Received	0.39	0.26
	Investment in Public Deposit with the Company	26.52	35.30
	Redemption in Public deposit of LICHFL	35.30	-
	Interest Expense on Public Deposit with the Company	2.03	0.33
	Balance as at the year-end (Credit)	26.88	35.63
LICHFL Financial Services Limited			
	Dividend Income	2.38	2.38
	Investment in Public Deposit by LICHFL Financial Services Ltd with the Company	10.00	15.00
	Redemption of Public Deposit by LICHFL Financial Services Limited with the Company	15.00	24.00
	Interest Expense on Public Deposit by LICHFL Financial Services Limited	0.27	1.31
	Commission Expenses on Loan Business	69.05	58.03
	Commission Expenses on Public Deposit	0.09	0.19
	Rent Received	0.65	0.49
	Payment of Expenses	0.20	0.19
	Reimbursement of Expenses	0.20	0.19
	Balance as at the year end towards payment of Commission Expense on Loan Business (Credit)	11.01	11.79
	Balance as at the year end towards payment of Commission Expense on Public Deposit (Credit)	0.00	-
	Balance as at the year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	10.10	15.88
	Balance as at the year end -Others (Debit)	0.01	0.01

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Related Party	Nature of transactions	For the year ended March 31, 2022	For the year ended March 31, 2021
LICHFL Asset Management Co. Ltd.			
	Dividend Income	2.39	2.39
	Investment in Public Deposit by LICHFL Asset Management Co. Ltd with the Company	11.94	7.97
	Redemption of Public Deposit by LICHFL Asset Management Co. Ltd with the Company	10.92	7.53
	Interest Expense on Public Deposit by LICHFL Asset Management Co. Ltd.	0.96	1.06
	Payment of Expenses	0.09	0.18
	Reimbursement of Expenses	0.09	0.18
	Balance as at the year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	16.10	15.28
	Balance as at the year end- Others (Debit)	0.01	0.01
LIC Mutual Fund Asset Management Limited			
	Dividend Income	0.43	-
Key Management Personnel			
Shri Siddhartha Mohanty, MD & CEO (Resigned on 01.02.2021) Shri Y. Viswanatha Gowd, MD &CEO (From 01.02.2021)	*Managerial remuneration-Total	**0.84	**0.59
	Short Term Employment Benefits	0.83	0.58
	Post -Employment Benefits	0.01	0.01
	Investment in Public Deposit	0.18	-
	Interest Expense on investment in Public Deposit by Close Members	0.01	0.01
	Balance as at the year end towards investment in Public Deposit by Close Members and Accrued Interest on Public Deposit (Credit)	0.26	0.07
Shri Nitin K Jage, (Company Secretary)	Outstanding Amount of Loan taken from the Company	-	-
	*Managerial remuneration-Total	**0.69	**0.42
	Short Term Employment Benefits	0.69	0.42
	Interest Expense on investment in Public Deposit (8K)	-	-
	Redemption of Public Deposit	-	0.03
	Balance as at year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	0.01	0.01
	Outstanding Amount of Loan taken from the Company	0.00	0.04
Shri Sudipto Sil (Chief Financial Officer)	*Managerial remuneration-Total	**0.55	0.33
	Short Term Employment Benefits	0.55	0.33
	Investment in Public Deposit by a Close Member	0.22	0.07
	Redemption in Public Deposit by a Close Member	0.22	-
	Interest Expense on investment in Public Deposit	0.05	0.05
	Balance as at year end towards investment in Public Deposit by Close Members and Accrued Interest on Public Deposit (Credit)	061	0.63
Directors (Executive or Otherwise)	Sitting Fees Paid	0.74	0.48

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Related Party	Nature of transactions	For the year ended March 31, 2022	For the year ended March 31, 2021
Shri Jagdish Capoor, Independent Director	Interest Expense on investment in Public Deposit	0.01	0.01
	Redemption in Public Deposit by a Close Member	0.10	-
	Balance as at year end towards investment in Public Deposit and Accrued Interest on Public Deposit (Credit)	-	0.10
Shri Raj Kumar Non-Executive Nominee Director	Outstanding Amount of Loan taken from the Company	0.07	-

* As the Provision for Performance Linked Incentive (PLI) and Leave encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the financial year 2021-2022 has been included.

** The amount includes Performance Linked Incentive (PLI), Arrears (from August 2017-August 2021) and salary paid to Shri Y. Viswanatha Gowd , MD &CEO, Shri Nitin Jage, Company Secretary and Shri Sudipto Sil, Chief Financial Officer.

Gratuity payable by the Company to the Company Secretary and CFO is ₹ 0.20 crore as a post-employment benefit. For the MD & CEO, an amount of 5% of Basic Salary plus DA is contributed as a post- employment benefit to LIC.

51. Leases:

a. Actual Payment of Rent from 01.04.2021 to 31.03.2022 is ₹ 46.62 crore (Previous Year ₹ 44.64 crore).

b. The following is the breakup of current and non-current portion of Lease Liability as on 31.03.2022:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Current	35.94	33.40
Non-Current	107.18	87.63
Total Lease Liability as of March 31	**143.12**	**121.03**

c. The following is the movement of Lease Liability as on 31.03.2022:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Value of Lease Liability as of April 1	121.03	125.86
Additions	68.75	42.05
Terminated	(7.98)	(13.00)
Interest Expense on Lease Liability	7.69	8.20
Interest Expense on Terminal Lease	0.18	2.44
Actual Payment of Rent	(46.62)	(44.64)
Provision on Disposals	0.06	0.12
Closing Value of Lease Liability as of March 31	**143.12**	**121.03**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

d. The Carrying Value of Right of Use Asset as of March 31, 2022:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Value of Right of Use Asset as of April 1	184.53	150.25
Additions	68.75	42.04
Disposals	(18.84)	(7.76)
ROU derecognised on subleased asset	(2.58)	-
Gross carrying value as of March 31	231.86	184.53
Accumulated Depreciation as of April 1	(63.19)	(32.80)
Depreciation	(40.32)	(38.15)
Accumulated Depreciation on Disposals	18.84	7.76
Accumulated Depreciation as of March 31	(84.67)	(63.19)
Terminated Cases	18.54	(10.56)
Carrying Value as of March 31	**128.64**	**110.78**

e. The following represents the Contractual Maturity of the Lease Liability on an undiscounted basis:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
On demand	-	-
Upto 3 months	11.22	10.77
Above 3 months to 12 months	31.29	28.46
Above 1 Year -3 Years	62.33	50.90
Above 3 Years-5 Years	36.20	29.78
Above 5 Years-10 Years	30.29	29.54
Above 10 Years	0.62	0.30
Total	**171.94**	**149.76**

As a Lessee:

Amount recognised in Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease Liabilities	7.69	8.20
Variable payments not included in measurement of lease liability	-	-
Income from subleasing ROU assets	(0.02)	(0.07)
Expenses relating to short term leases	-	-
Expenses relating to leases of low value assets, excluding short term leases of low value assets	-	-
Total amount recognised in the Statement of Profit and Loss	**7.67**	**8.14**

Amount recognised in the Statement of Cash Flow:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Total amount of cash outflows for leases (net of rental inflows)	**46.62**	**44.62**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

As a Lessor:

Operating Lease

The Company has entered into operating leases on its furniture to its subsidiaries. These leases have a term of three years. All leases include a clause to enable upward revision on rental charge every three years according to the prevailing market conditions. Future minimum lease rentals receivable under non-cancellable operating leases as at 31.03.2022 are, as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Within one year	0.17	0.02
After one year but not more than five years	0.48	-
More than five years	-	-
Total	**0.65**	**0.02**

An impairment gain on furniture and other office equipment of ₹ 1.08 crore is recognised in the Statement of Profit and Loss, on account of the current fair value of the lease being less than the net investment in the lease.

Finance Lease

The Company has finance leases for furniture leased to its subsidiaries and subleased premises to subsidiaries. The company's obligations under Finance lease are secured by lessor's title to leased assets. Future minimum lease payments under finance lease s together with present value of the net minimum lease payments are, as follows:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	0.46	0.54
After one year but not more than five years	1.35	-
More than five years	-	-
Total minimum lease payments	1.81	0.54
Less: Finance charges	0.10	0.10
Present value of minimum lease payments	1.71	0.44

52. Earnings per share:

Earnings per share is calculated by dividing the profit attributable to the equity (ordinary) shareholders by the weighted average number of equity (ordinary) shares outstanding during the year as under:

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after tax attributable to equity shareholders	(₹ in crore)	2,287.28	2,734.34
Weighted average number of equity shares outstanding during the year	Nos.	53,01,61,630.14	50,46,63,000
Basic and Diluted Earnings per equity share	₹	43.14	54.18
Face value per equity share	₹	2.00	2.00

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

53. Taxes on Income:

Movement in Deferred Tax Assets / Liabilities

(₹ in crore)

Particulars	As at April 1, 2021	Profit or Loss	Other Comprehensive Income	Total	As at March 31, 2022
Property, plant and equipment	(2.47)	(1.49)	-	(1.49)	(3.96)
Expected credit losses	996.06	481.21	-	481.21	1477.27
Provisions other than those pertaining to Expected credit loss	26.04	(138.39)	-	(138.39)	(112.35)
Financial assets at fair value through profit or loss	5.63	12.89	-	12.89	18.52
Re-measurements of employee benefits through OCI	0.17	0.00	1.59	1.59	1.76
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(205.43)	15.02	-	15.02	(190.41)
Income recognition on NPA cases	(5.73)	0.00	-	0.00	(5.73)
Others	98.66	84.31	-	84.31	182.98
Total	**912.93**	**453.55**	**1.59**	**455.14**	**1,368.08**

(₹ in crore)

Particulars	As at April 1, 2020	Profit or Loss	Other Comprehensive Income	Total	As at March 31, 2021
Property, plant and equipment	(32.01)	29.54	-	29.54	(2.47)
Expected credit losses	604.35	391.70	-	391.70	996.06
Provisions other than those pertaining to Expected credit loss	23.96	2.08	-	2.08	26.04
Financial assets at fair value through profit or loss	2.31	3.32	-	3.32	5.63
Re-measurements of employee benefits through OCI	3.69	-	(3.52)	(3.52)	0.17
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(109.56)	(95.87)	-	(95.87)	(205.43)
Income recognition on NPA cases	(31.48)	25.75	-	25.75	(5.73)
Others	58.76	39.90	-	39.90	98.66
Total	**520.03**	**396.42**	**(3.52)**	**392.90**	**912.93**

Income Tax recognized in Statement of profit and loss:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax		
In respect of Current Year	944.43	958.00
In respect of prior years	-	(21.33)
Deferred Tax		
In respect of Current Year	(453.56)	(322.44)
Total Income Tax expense recognised in the current year	**490.87**	**614.23**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Reconciliation of income tax expense of the year to the accounting profit is as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Standalone Profit before tax	2,778.15	3348.58
Income tax expense calculated at 25.168% (Previous Year 25.168%)	699.21	842.77
Effect of expenses that are not deductible in determining taxable profit	524.54	393.07
Effect of incomes which are exempt from tax	(1.31)	(1.45)
Effect on deferred tax balances due to the changes in income tax rate	0.00	0.00
Deduction under section 36(1)(viii) of the Income tax Act, 1961	(211.10)	(205.73)
Others	(520.46)	(414.43)
Income tax expense recognized in statement of profit and loss	**490.87**	**614.23**

54. Corporate Social Responsibility

Establishment and Other expenses includes ₹ 66.98 crore for the year ended March 31, 2022 (F.Y. 2020-21 ₹ 63.03 crore) for contribution towards Corporate Social Responsibility (CSR) in accordance with Companies Act, 2013.

Details of CSR expenditure during the financial year

a) Gross amount required to be spent by the company during the year is ₹ 66.98 crore (F.Y. 2020-21 ₹ 63.03 crore).

b) Amount approved by the Board to be spent during the year ₹ 66.98 crore.

c) Amount spent during the year:

(₹ in crore)

Sl. No	Particulars	In cash	Yet to be paid	Total
(i)	Construction/acquisition of any asset	9.03	17.45	26.48
		(1.02)	(16.26)	(17.28)
(ii)	On purposes other than (i) above	9.81	30.68	40.49
		(5.90)	(39.86)	(45.75)

Figures in bracket are in respect of the Previous Year

d) Details of related party transactions, e.g., contribution to a trust / society / section 8 company controlled by the company in relation to CSR expenditure as per INDAS 24, Related Party Disclosures. – Nil

e) Provision of ₹ 48.02 crore has been made for CSR expenditure unspent by the company as on March 31, 2022 (F.Y. 2020-21 ₹ 56.11 crore).

f) Movements in the provision during the year should be shown separately:

Amount to be transferred to Special Bank Account:

i) Company have transferred ₹ 45.73 crore unspent amount to a separate bank account within 30 days of the end of F.Y. 2021-22 and ₹ 2.29 crore unspent amount to a Fund specified in Schedule VII, a provision for liability for ₹48.02 crore representing the amount to be transferred is recognized in the financial statements for F.Y. 2021-22.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

ii)

(₹ in crore)

Details of ongoing projects							
	Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
Financial Year	With Company	In Separate CSR Unspent Account		From Company's Bank Account	From Separate CSR Unspent Account	With Company	In Separate CSR Unspent Account
FY 2019-20	19.23	0.00	19.23	3.26	0.00	15.97	0.00
FY 2020-21	9.10	47.02	56.12	8.91	11.62	0.19	35.4
FY 2021-22	0.00	0.00	66.97	18.84	0.00	2.41	45.72

iii) (a) Provision created for transferring the unspent amount other than ongoing projects to the Schedule VII Fund within 6 months form the end of the Financial Year:

(₹ in crore)

Financial Year	Opening Balance	Amount to be deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
FY 2019-20	19.23	0.00	19.23	3.26	15.97
FY 2020-21	56.12	8.79	56.12	20.53	35.59
FY 2021-22	0.00	2.29	66.97	18.84	48.13

(b) ₹ 11.62 crore spent during the year out of the amount transferred to the special CSR Account of the F.Y. 2020-21.

g) The Board of Directors of the Company has disclosed the followings on its website:

- Composition of CSR Committee (https://www.lichousing.com/Committees.php).
- CSR Policy (https://www.lichousing.com/policies_codes.php).
- Projects approved by the Board on their website (https://www.lichousing.com/corp_soci_res_policy.php).

55. Transfer to Special Reserves

Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961, out of the distributable profits of the Company. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter. In the current financial year ₹ 859.99 crore (F.Y. 2020-21 ₹ 829.99 crore) has been transferred to Special Reserve No. II in terms of Section 36(1)(viii) of the Income tax Act, 1961 and an amount of ₹ 0.01 crore (F.Y. 2020-21 ₹ 0.01 crore) to Statutory Reserve under Section 29C the NHB Act as per notification no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21.

As per National Housing Bank's (NHB) circular vide circular NHB(ND)/DRS/Pol. 62/2014 dated 27th May, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on the Special Reserve as at 1st April, 2014 created under Section 36(1)(viii) of the Income tax Act, 1961.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

56. DISCLOSURE REQUIRED BY RESERVE BANK OF INDIA

The following disclosures have been given in terms of Notification no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 issued by Reserve Bank of India.

Comparative numbers in these disclosures have been provided as per the audited financial statements as at and for the year ended March 31, 2021 as per Notification no. NHB.HFC.CG.DIR.1/ MD&CEO/ 2016 dated February 9, 2017 issued by the National Housing Bank.

Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 1 to 4 to the Standalone Financial Statement for the year ended March 31, 2022.

1. Advances

Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms contained in the Notification no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21dated February 17, 2021 issued by Reserve Bank of India as amended are as under:

a. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

As per RBI Directions Housing Finance Companies shall not lend more than 15% of its owned fund to Single borrower and 25% of its owned fund to any single group of borrowers. The Company has not exceeded prudential exposure limits during the year. The sanctioned limit or entire outstanding, whichever is higher, shall be reckoned for exposure limit.

b. Unsecured Advances

(₹ in crore)

Particulars	Outstanding amount	Tangible Security	Unsecured		Nature of Security
			Intangible Security	Unsecured	
Loan given to HFC's	1215.68 (1640.91)	0.00 (0.00)	1215.68 (1640.91)	0.00 (0.00)	Book debt on specific assets
Loan given under Lease Rental Discounting*	213.43 (122.66)	116.26 (29.28)	0.00 (93.38)	97.17 (0.00)	Rights over receivables
Loan given to Individuals	1264.47 (703.13)	925.65 (506.55)	0.00 (0.00)	338.82 (196.57)	Immovable Property
Loan Against Deposit	3.18 (2.20)	0.00 (0.00)	3.18 (2.20)	0.00 (0.00)	Fixed Deposit Receipt
Total	**2696.76 (2468.90)**	**1041.91 (535.83)**	**1218.86 (1736.49)**	**435.99 (196.57)**	

Figures in bracket are in respect of the Previous Year.

* Loan given under Lease Rental Discounting includes Loan given under Construction Finance.

As per the NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 and RBI notification no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 for determining the amount of unsecured advances the rights, licenses, authorization, etc., charged to the HFCs as collateral in respect of projects (including infrastructure projects) financed by them, should not be reckoned as tangible security. Hence such advances are reckoned as unsecured.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

c. **Housing Loans and Non-Housing Loans**

(₹ in crore)

Asset Classification	Housing		Non-Housing	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Standard Assets				
a) Total Outstanding Amount	2,04,735.51	1,86,672.45	34,783.54	35,682.22
b) Provisions made	511.31	131.52	308.15	22.82
Sub-Standard Assets				
a) Total Outstanding Amount	2,158.98	1,695.95	1,855.90	1,515.80
b) Provisions made	630.92	541.50	789.23	342.42
Doubtful Assets – Category-I				
a) Total Outstanding Amount	873.57	2,126.05	955.03	857.57
b) Provisions made	353.77	965.64	348.41	238.22
Doubtful Assets – Category-II				
a) Total Outstanding Amount	2,934.71	1,760.90	1,347.51	932.42
b) Provisions made	1,177.68	757.99	720.32	416.81
Doubtful Assets – Category-III				
a) Total Outstanding Amount	769.90	380.37	449.68	183.42
b) Provisions made	437.64	188.20	288.28	87.78
Loss Assets				
a) Total Outstanding Amount	218.58	174.09	52.54	32.55
b) Provisions made	220.84	174.09	52.57	32.55
Total				
a) Total Outstanding Amount	**2,11,691.25**	**1,92,809.81**	**39,444.20**	**39,203.98**
b) Provisions made	**3,332.16**	**2,758.93**	**2,506.96**	**1,140.60**

* Accrued Interest includes Interest Accrued but not due and Interest Accrued and due.

d. **Movement of NPAs**

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(I) Net NPAs to Net Advances (%)	**2.69%**	**2.59%**
(II) Movement of NPAs (Gross)		
a) Opening balance	**9,659.13**	**6,316.15**
b) Additions during the year	3,989.09	3,937.40
c) Reductions during the year	2,031.82	594.42
d) Closing balance	**11,616.40**	**9,659.13**
(III) Movement of Net NPAs		
a) Opening balance	**5,913.93**	**3,703.95**
b) Additions during the year	1,741.78	2,447.50
c) Reductions during the year	1,058.99	237.52
d) Closing balance	**6,596.72**	**5,913.93**
(IV) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	**3,745.19**	**2,612.21**
b) Provisions made during the year	2,247.31	1,489.89
c) Write-off/write-back of excess provisions	972.82	356.91
d) Closing balance	**5,019.68**	**3,745.19**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

2. There were no loans given against collateral of gold jewellery.

3. Exposure to group companies engaged in real estate business.

Sl.No.	Description	Amount (₹ in crore)	% of owned fund
(i)	Exposure to any single entity in a group engaged in real estate business	0.00	0.00%
(ii)	Exposure to all entities in a group engaged in real estate business	0.00	0.00%

4. Investments

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
A. Value of Investments		
i) Gross value of Investments	**6,272.17**	**4,657.97**
(a) In India	6,272.17	4,657.97
(b) Outside India		
ii) Provisions for Depreciation	**73.58**	**22.36**
(a) In India	73.58	22.36
(b) Outside India		
iii) Net value of Investments	**6,198.60**	**4,635.61**
(a) In India	6,198.60	4,635.61
(b) Outside India		
B. Movement of provisions held towards depreciation on investments		
(i) Opening balance	22.36	9.17
(ii) Add: Provisions made during the year	51.22	13.19
(iii) Less: Write-off / Written-back of excess provisions during the year	0.00	-
(iv) Closing Balances	**73.58**	**22.36**

5. Derivative Instruments:

Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
i) The notional principal of swap agreements	**1,425.73**	**1,425.73**
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	79.17	5.69
iii) Collateral required by the HFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	79.17	5.69
v) The fair value of the swap book	79.17	5.69

(a) Interest Rate Swaps for hedging underlying liability aggregate to ₹ 1425.73 crore (F.Y. 2020-21 ₹ 1,425.73 crore).

(b) Foreign currency exposure in respect of coupon linked with LIBOR that are not hedged by derivative instruments as on March 31, 2022 amount to ₹ Nil crore (F.Y. 2020-21 ₹ Nil).

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The exposure of the Company to Derivatives contracts is in the nature of Interest Rate Swaps and Currency Swaps to manage risk associated with interest rate movement and fluctuation in currency exchange rate.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Derivative policy of the Company specifies the exposure norms with respect to single counterparty and the total underlying amount at the time of entering into the new derivative contract.

The Asset Liability Management Committee (ALCO) of the Company oversees efficient management of risk associated with derivative transactions. Company identifies, measures, monitors the exposure associated with derivative transaction. For effective mitigation of risk it has an internal mechanism to conduct regular review of the outstanding contracts which is reported to the ALCO & Risk Management Committee of the Board which in turn reports to the Audit Committee and to the Board of Directors.

The gain, if any realized on early termination of swap is amortized over the balance tenor of the swap or underlying liability whichever is less. Loss if any on early termination is charged to revenue in the same year. The carry difference, between coupon rate liability and the swap contract rate is accounted quarterly on accrual basis.

B. Quantitative Disclosure

(₹ in crore)

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	1425.73	-
(ii) Marked to Market Positions	-	-
(a) Assets (+)	79.17	-
(b) Liability (-)	-	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

6. Break up of 'Provisions and Contingencies' pursuant to RBI norms as per notification no. RBI/2020-21/73 DOR. FIN.HFC.CC.No.120/03.10.136/2020-21.

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1. Provisions for depreciation on Investment		
Provisions for depreciation on Investment	51.22	13.19
Long term investment written off (Non Trade)	-	-
Less - Provision for Investments written back	-	-
2. Provision made towards Income tax	944.43	936.67
3. Provision towards NPA		
(i) Provision towards NPA	1204.97	1205.22
Less - Provision for loans written back	(69.52)	(72.23)
(ii) Loans written off	23.03	0.00
Less - Loans written off recovered	77.74	(0.00)
4. Provision for Standard Assets* (with details like teaser loan, CRE, CRE-RH, etc.)	665.11	154.09
5. Other Provision and Contingencies:		
(i) Provision For Other Doubtful Asset Receivable	(2.58)	17.34
(ii) Provisions for Contingency Written Back	-	-
(iii) Provision For Other Doubtful Asset Written Back	-	-
(iv) Provision for Loan Against Public Deposit	0.004	(0.05)
(v) Amounts written off Others	-	-
Total	**2,894.41**	**1,317.61**

* Provision on Standard Asset includes provision on Individual Housing Loan ₹ 59.81 crore (Previous Year ₹ 116.74, CRE-RH ₹ (11.25) crore (Previous Year ₹ 11.57 crore), CRE ₹ 3.74 crore (Previous Year ₹ 2.45 crore) and CRE Others of ₹ 106.57 crore (Previous Year ₹ 20.38 crore) and Covid Moratorium Cases ₹ 506.23 (OTR) crore (Previous Year ₹ 2.94 crore).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

7. 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 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	2,14,979.11	40.84	2,14,938.27	1,443.95	(1,403.10)
	Stage 2	10,487.85	19.55	10,468.30	59.02	(39.48)
Subtotal		**2,25,466.96**	**60.39**	**2,25,406.57**	**1,502.98**	**(1442.58)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	5,428.04	1,764.98	3,663.07	942.81	822.17
Doubtful - up to 1 year	Stage 3	1,196.86	530.13	666.74	281.29	248.83
1 to 3 years	Stage 3	3,996.38	1,929.55	2,066.83	1,466.42	463.13
More than 3 years	Stage 3	1,344.78	829.47	515.31	1,220.25	(390.78)
Subtotal for doubtful		**6,538.03**	**3,289.15**	**3,248.88**	**2,967.96**	**321.18**
Loss	Stage 3	239.04	240.40	(1.36)	238.66	1.74
Subtotal for NPA		**12,205.11**	**5,294.52**	**6,910.59**	**4,149.43**	**1,145.09**
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	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**2,14,979.11**	**40.84**	**2,14,938.27**	**1,443.95**	**(1,403.10)**
	Stage 2	**10,487.85**	**19.55**	**10,468.30**	**59.02**	**(39.48)**
	Stage 3	**12,205.11**	**5,294.52**	**6,910.59**	**4,149.43**	**1,145.09**
	Total	**2,37,672.07**	**5,354.91**	**2,32,317.16**	**5,652.41**	**(297.49)**

Above figures reported pertains to September 2021, Impairment Reserve of ₹ 92.71 crore has been created and Total Impairment Reserve as on 31st March 2022 is ₹ 297.49 and same has not been considered as a part of Net Worth.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

8. The following disclosures have been given by Reserve Bank of India vide circular DOR.no. BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 on Resolution Framework - 2.0: Resolution of Covid-19 related Stress of Individuals and Small Businesses.

(₹ in crore)

Type of borrower	Exposure to Accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 30th Sep 2021 (A)	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 31st March 2022
Personal Loans	2,629.00	138.98	-	58.20	2,267.88
Corporate persons*	4,768.02	856.00	-	425.34	4,114.09
Of which, MSMEs					
Others	4,768.02	856.00	-	425.34	4,114.09
Total	**7,397.02**	**994.98**	**-**	**483.54**	**6,381.97**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

9. Concentration of Public Deposits, Advances, Exposures and NPAs

9.1.1. Concentration of Public Deposits

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Deposits of twenty largest Public depositors	1,329.77	2,307.42
Percentage of Deposits of twenty largest Public depositors to Total Deposits of the Company	28.94%	30.72%

9.1.2. Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

Sr No.	Particulars	Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1.	Deposits	Nil	Nil	Nil	Nil
2.	Borrowings	20	1,42,929.30	NA	66.44%

9.1.3. Top 20 Large Deposits:

(₹ in crore)

Particulars	Amount	Percentage of Total Deposits
Total of top 20 large deposits	5,101.80	28.23%

Top 10 borrowings:

(₹ in crore)

Particulars	Amount	Percentage of Total Borrowings*
Total of top 10 borrowings	1,09,241.87	53.14%

*Excludes Deposit

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

9.1.4. Funding Concentration based on significant instrument/product

(₹ in crore)

Sr No.	Name of the instrument/product	Amount	% of Total Liabilities
1	Banks & Other Financial Institutions (Includes ECB borrowing)	68,143.04	29.64%
2	NHB Refinance	8,304.18	3.61%
3	NCD outstanding	1,18,977.76	51.75%
4	Tier II bond	1,795.44	0.78%
5	Commercial Paper	8,364.22	3.64%
6	Deposits	18,073.50	7.86%
	Total Borrowings	**2,23,658.14**	**97.29%**
	Total Liabilities	**2,29,895.62**	

9.1.5. Stock Ratios:

(a) Commercial papers is 3.74% of total public funds, 3.89% of total liabilities and 3.64% of total assets.

(b) Non-convertible debentures (original maturity of less than one year) is nil % of total public funds, nil % total liabilities and nil % total assets.

(c) Other short-term liabilities is 2.65% of total public funds, 2.58% total liabilities and 2.33% of total assets.

Institutional set-up for liquidity risk management

Measuring and managing liquidity needs are vital for effective operation of the Company. By assuring Company's ability to meet its liabilities as they become due, liquidity management can reduce the probability of an adverse situation developing. The importance of liquidity transcends individual institutions, as liquidity shortfall in one institution can have repercussions on the entire system.

Liquidity Risk implies the risk of not having sufficient funds to discharge the liabilities. Various situations can give rise to liquidity risk such as higher than estimated disbursements, stress on systemic liquidity due to CRR hikes, higher government borrowing program, advance tax outflows, etc. Therefore it is imperative to anticipate the net cash outflows correctly, as well as to have a contingency plan in case of any unforeseen outgo of funds. Another aspect of liquidity management is avoiding retention of too much of excess liquidity than what may be required, as the same would result in sub-optimal returns on investment. So the Company has to strike a balance between the above two factors and manage the liquidity position actively / effectively.

The liquidity risk management framework of the Company includes the Risk Management Committee (RMC) of the board which has been constituted by the Board of Directors of the Company. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk The RMC reviews the liquidity risk position in line with policies and procedures to manage liquidity risk in accordance with limits approved by the Board of Directors. The ALCO is entrusted with ensuring adherence to the board approved Asset Liability Management (ALM) policy and other regulatory guidelines, including Structural Liquidity, Dynamic Liquidity, Interest Rate Sensitivity, etc,. The ALM Policy is reviewed periodically in accordance with regulatory guidelines.

9.2 Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Loans & Advances to twenty largest borrowers	8,437.84	9,323.37
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Company	3.36%	4.02%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

9.3 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to twenty largest borrowers / customers	8,767.11	9347.73
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	3.45%	3.45%

9.4 Concentration of NPA

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to top ten NPA accounts	3,879.32	2,128.06

9.5 Sector-wise NPAs

Sr. No	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2022	As at March 31, 2021
A.	**Housing Loans:**		-
1	Individuals	1.86%	1.98%
2	Builders/Project Loans	3.84%	24.32%
3	Corporates	38.59%	-
4	Others (specify)		-
B.	**Non-Housing Loans:**		
1	Individuals	8.44%	6.22%
2	Builders/Project Loans	1.00%	-
3	Corporates	16.39%	12.15%
4	Others (Commercial)	18.43%	-

10. Exposure

10.1 Exposure to Real Estate Sector

(₹ in crore)

Category	As at March 31, 2022	As at March 31, 2021
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; Individual Housing Loans upto ₹ 15 lakh : ₹42,678.87 crore (F.Y. ₹ 2020-21 ₹ 41,848.38 crore)	2,25,665.22	2,11,990.69
(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	24,238.84	18,371.09
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
(a) Residential	-	-
(b) Commercial Real Estate	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Category		As at March 31, 2022	As at March 31, 2021
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,215.68	1,640.91
	Total Exposure to Real Estate Sector	**2,51,119.75**	**2,32,002.69**

10.2 Exposure to Capital Market

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(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; *	48.00	98.00
(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;	-	-
(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;	-	-
(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;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	30.54	37.21
Total Exposure to Capital Market		**102.12**	**135.21**

* includes Investment in Subsidiary Companies and Investment in Associate Companies.

11. Asset Liability Management

Maturity pattern of certain items of assets and liabilities is as under:

(₹ in crore)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 Years	Total
Liabilities											
Deposits	219.48	129.39	188.33	634.13	883.36	2,886.25	6,817.69	5,649.20	720.31	-	**18,128.14**
Borrowings from banks	-	-	180.00	405.13	1,450.03	2,744.32	25,021.96	22,731.81	12,355.55	3,167.50	**68,056.30**
Market Borrowing **	-	-	651.80	3,604.50	4,461.69	10,702.38	16,158.38	51,853.87	27,505.95	22,753.95	**1,37,692.50**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 Years	Total
Assets											
Advances*	692.67	2,031.59	378.47	3,188.91	3,210.43	12,119.42	24,524.02	22,652.96	23,660.87	14,3438.3	**2,35,897.60**
Investments**	2,210.00	1,493.40	-	0.20	-	6.03	82.70	158.00	31.00	2,205.59	**6,186.91**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

* Net of Provisions

** Net of Investment diminutions and G-Sec taken at face value.

*** Commercial Paper & Zero Coupon Bond taken at face value.

12. Disclosure regarding penalty or adverse comments as per Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2022 during the current year:

a) There is no penalty imposed by NHB / RBI during the financial year 2021-22.

b) The NHB is yet to conduct Annual Regulatory Inspection with respect to the position as on March 31, 2022.

c) During the financial year 2021-22, the Company has reported fraud in 49 loan accounts with outstanding amount of ₹ 3394.17 lakhs.

13. Indian Accounting Standard 24 - Related Party Transactions

Details of all material transactions with related parties are disclosed in Note 49.

14. Indian Accounting Standard 110- Consolidated Financial Statements

Refer to the Consolidated Financial Statements for the relevant disclosures.

15. Draw Down from Reserves

The Company has not drawn any amount from Reserves created in terms of Section 36(1) (viii) of the Income Tax Act, 1961 and Statutory Reserve under Section 29C of the NHB Act.

16. Overseas Assets

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Tangible Assets	0.01	0.01
Balance in Bank Account in Dubai	0.12	0.43

17. Disclosure of Complaints

Customers Complaints

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
a) No. of complaints pending at the beginning of the year	7	8
b) No. of complaints received during the year	7,834.00	21288
c) No. of complaints redressed during the year	7,839.00	21289
d) No. of complaints pending at the end of the year	2	7

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

18. Miscellaneous

18.1 Registration obtained from other financial sector regulators

The Company was incorporated under the Companies Act, 1956 on 19th June, 1989 and is governed by Companies Act, 2013. It is regulated by NHB and registered under section 29A of the NHB Act, 1987. Apart from this, the Company is not registered under any other financial regulators. The regulators of Housing Finance Companies is transferred to RBI from August 2019. No fresh registration is required to be obtained from RBI.

18.2 Rating assigned by Credit Rating Agencies and migration of rating during the year

"CRISIL AAA/ Stable" by CRISIL & "CARE AAA" by CARE. This rating indicates the highest degree of safety regarding timely payment of interest and principal. There is no change in rating during the year.

Serial No.	Particulars	CRISIL Ratings
1	Non-Convertible Debentures	CRISIL AAA/Stable
2	Tier II Bond	CRISIL AAA/Stable
3	Commercial Paper	CRISIL A1+
4	Fixed Deposits Programme	FAAA (Stable)
5	Bank Loan Facilities(Long Term)	CRISIL AAA/Stable
6	Bank Loan Facilities(Short Term)	CRISIL A1+

Serial No.	Particulars	CARE Ratings
1	Non-Convertible Debentures	CARE AAA/Stable
2	Tier II Bonds	CARE AAA/Stable

Serial No.	Particulars	ICRA Ratings
1	Commercial Paper	ICRA A1+

18.3 Remuneration of Directors

The Independent Directors of the Company receive only sitting fees for attending the Board / Committee meetings and they do not have any other material or pecuniary relationships or transaction with the Company, its Promoters, its Directors, Management, Subsidiaries or Associate.

The details of sitting fees paid to Non-Executive Directors (other than LIC Nominee Directors) has been mentioned in Corporate Governance Report forming part of the Annual Report.

18.4 Management Discussion and Analysis

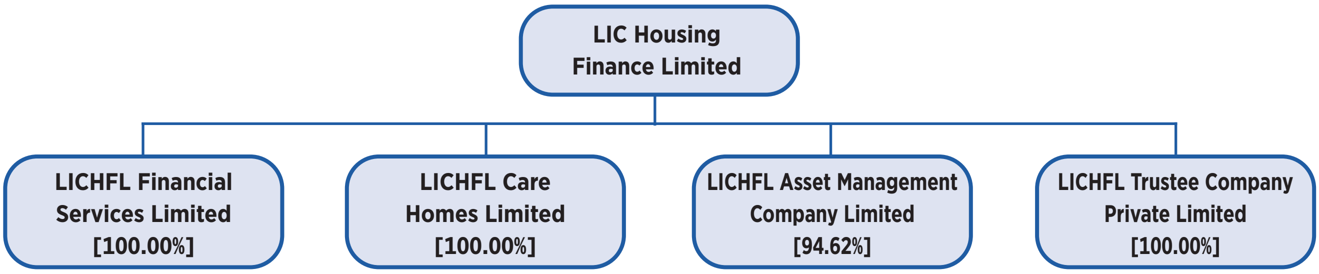
Management Discussion and Analysis report containing Industry structure and developments, opportunities and threats, segment-wise or product-wise performance, outlook, risks and concerns, internal control systems and their adequacy, discussion on financial performance with respect to operational performance, material developments in HR/ Industrial Relations including number of people employed, etc., forming part of a separate section of the Annual Report.

18.5 Revenue Recognition

Revenue recognition is as per the Accounting Policy mentioned under Significant Accounting Policies. Refer Note 2.3

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

19. Group Structure



20. Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.17	0.16
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	6,684.32	5,854.33
Total	**6,684.49**	**5,854.49**
Addition / Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	0.01	0.01
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	859.99	829.99
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987.	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.18	0.17
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	7,544.31	6,684.32
Total	**7,544.49**	**6684.49**

21. Exchange Traded Interest Rate (IR) Derivative

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
(a)	-	-
(b)	-	-
(c)	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2021 (instrument-wise)		
(a)	-	-
(b)	-	-
(c)	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)		
(a)	-	-
(b)	-	-
(c)	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)		
(a)	-	-
(b)	-	-
(c)	-	-

22. Securitisation

22.1 Details of Securitisation Transactions

(₹ in crore)

	Particulars	As at March 31, 2022	As at March 31, 2021
1.	No of SPVs sponsored by the HFC for securitisation transactions	-	-
2.	Total amount of securitised assets as per books of the SPVs sponsored	-	-
3.	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet	-	
	(i) Off-balance sheet exposures towards Credit Enhancements		
	(a)	-	-
	(b)	-	-
	(ii) On-balance sheet exposures towards Credit Enhancements	-	-
	(a)	-	-
	(b)	-	-
4.	Amount of exposures to securitization transactions other than MRR		
	(i) Off-balance sheet exposures towards Credit Enhancements		
	(a) Exposure to own securitizations	-	-
	i)	-	-
	ii)	-	-
	(b) Exposure to third party securitisations		
	i)	-	-
	ii)	-	-
	(ii) On-balance sheet exposures towards Credit Enhancements		
	(a) Exposure to own securitizations		
	i)	-	-
	ii)	-	-
	(b) Exposure to third party securitisations		
	i)	-	-
	ii)	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

22.2. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction:

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

22.3 Details of Assignment transactions undertaken by HFCs:

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts assigned	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

22.4 Details of non-performing financial assets purchased or sold

A. Details of non-performing financial assets purchased:

(₹ in crore)

Particulars			As at March 31, 2022	As at March 31, 2021
1.	(a)	No. of accounts purchased during the year	-	-
	(b)	Aggregate outstanding	-	-
2.	(a)	Of these, number of accounts restructured during the year	-	-
	(b)	Aggregate outstanding	-	-

B. Details of Non-performing Financial Assets sold:

(₹ in crore)

Particulars		As at March 31, 2022	As at March 31, 2021
1.	No. of accounts sold	-	-
2.	Aggregate outstanding (₹ in crore)	-	-
3.	Aggregate consideration received (₹ in crore)	-	-

22.5 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.

22.6 Off-balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

22.7 The Company is not a subsidiary of any Company, hence there are no details of financing of parent company products.

23. Disclosures as required under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2022 dated February 17, 2021 issued by the Reserve Bank of India

(₹ in crore)

Particulars		As at March 31, 2022	
Liabilities		**Amount outstanding**	**Amount overdue**
1.	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a)	Debentures : Secured	1,22,674.80	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	-	-
(c)	Term Loans	57,609.47	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial Paper	8,364.22	-
(f)	Public Deposits*	4,924.13	-
(g)	Other Loans	-	-
	- Corporate Deposits	13,843.70	-
	- Loans repayable on demand	18,900.00	-
	- Subordinate Bonds	1,817.15	-
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	4,924.13	-

(₹ n crore)

Particulars			As at March 31, 2022
Assets			
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a)	Secured	2,50,699.46
	(b)	Unsecured	435.99
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	3.51
	(b)	Operating lease	-
(ii)	Stock on hire including hire charges under sundry debtors		-
	(a)	Assets on hire	-
	(b)	Repossessed Assets	-
(iii)	Other loans counting towards asset financing activities		-
	(a)	Loans where assets have been repossessed	-
	(b)	Loans other than (a) above	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ n crore)

Particulars	As at March 31, 2022
5 Break-up of Investments	
Current Investments	
1 Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	1,493.40
(iv) Government Securities	-
(v) Real Estate Venture Fund	-
2 Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-
Long Term investments	
1 Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	4,626.66
(v) Others	-
2 Unquoted	
(i) Shares	
(a) Equity	48.00
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Real Estate Venture Fund	30.54

6 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

(₹ n crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	2,45,102.75	193.58	2,44,909.16
Total	**2,45,102.75**	**193.58**	**2,44,909.16**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ n crore)

	Category	Breakup Value	Book Value (Net of Provisions)
1	**Related Parties**		
	(a) Subsidiaries	181.34	18.29
	(b) Companies in the same group	48.17	29.71
	(c) Other Related Parties	-	-
2	**Other than Related Parties**	**Fair Value**	**Total**
	(a) LICHFL Urban Development Fund	-	6.03
	(b) Mutual Fund	-	1,493.40

8 Other Information:

(₹ n crore)

Particulars		Amount
(i)	**Gross Non-Performing Assets**	
	(a) Related Parties	-
	(b) Other than Related Parties	11,616.40
(ii)	**Net Non-Performing Assets**	
	(a) Related Parties	-
	(b) Other than Related Parties	6,596.73
(iii)	**Assets acquired in satisfaction of Debt**	-

24. Disclosure in terms of RBI Master Directions-Principal Business Criteria-Housing Finance Company-Para 4.1.17 of NBFC-HFC (Reserve Bank) Directions, 2021.

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. In compliance with the above circular, Principal Business Criteria for the Company registered as "Housing Finance Company" as per the paragraph 4.1.17 of the Master Direction is given below:

Particulars	% for FY 2021-22	% for FY 2020-21	Limit
Housing Finance/ Total Assets (Net of Intangible Assets)	82.35%	80.31%	>= 60%
Housing Finance for Individual / Total Assets (Net of Intangible Assets)	79.80%	76.30%	>= 50%

57. Liquidity Coverage Ratio (LCR)

Disclosure pursuant to Reserve Bank of India Circular ref. - RBI/2020-21/60 DOR. NBFC (HFC). CC.NO.118/03.10.136/2020-21 dated 22nd October, 2020 pertaining to Liquidity Risk Management Framework for Housing Finance Companies.

I. The Liquidity Coverage Ratio (LCR) framework under Liquidity risk management of the Company is managed by Asset Liability Committee in accordance with Board approved policies.

As per the RBI Circular ref. - RBI/2020-21/60 DOR. NBFC (HFC). CC.NO.118/03.10.136/2020-21 dated 22nd October, 2020 all non-deposit taking HFCs with asset size of ₹10,000 crore & above, and all deposit taking HFCs irrespective of their asset size, shall maintain prescribed limits to adhere the LCR norms given below:-

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

II. **The purpose of LCR is to maintain strong** liquidity buffer which will promote resilience of HFC's to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 calendar days. This will reduce the risk of spill over from any financial stress scenario.

III. **LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days.**

Total net cash outflows arrived at after deducting total expected cash inflows (stressed inflows) from total expected cash outflow (stressed outflows) for the subsequent 30 calendar days. To compute expected cash outflow (stressed outflows), all expected and contracted cash outflows are considered by applying a stress of 15% and for expected cash inflows (stressed inflows) of the company is arrived at by considering all expected and contracted inflows by applying an under-flow of 25%.

The HQLA maintained by company comprises of Government securities held for LCR purpose, Government securities & Fixed Deposit held for the purpose of Statutory Liquid Ratio (SLR) with a hair-cut of 20% and cash balance maintained in current accounts.

The Company derived LCR as per guidelines prescribed by RBI. The LCR maintained for the quarter ended Mar-22 is 548.73% (HQLA) as compared to Dec -21 is 237.95% (HQLA).

LIC HOUSING FINANCE LIMITED

Liquidity Coverage Ratio

(₹ n crore)

Sr. No.	Particulars	As at 31st December 2021		As at 31st March 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets				
1	**Total HQLA(Market Value of G-Sec held for LCR)#**	5,840.78	5,337.71	5,404.22	4,911.75
	Cash Outflows*				
2	Deposits	1,307.97	1,504.17	598.21	687.94
3	Unsecured Wholesale Funding(a+b)	500.00	575.00	-	-
4	Secured wholesale funding (a+b+c)	4,488.79	5,162.11	1,236.65	1,422.15
5	Additional requirements, of which	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations**	1,455.63	1,673.97	1,228.56	1,412.84
7	Other contingent funding obligation***	50.00	57.50	50.00	57.50
8	**Total Cash Outflows**	**7,802.39**	**8,972.75**	**3,113.42**	**3,580.43**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ n crore)

Sr. No.	Particulars	As at 31st December 2021		As at 31st March 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	Cash Inflows******				
9	Secured Lending	-	-	-	-
10	Inflows from fully performing exposures	4,657.12	3,492.84	5,324.81	3,993.61
11	Other cash inflows	7,227.61	5,420.71	12,053.33	9,040.00
12	**Total Cash Inflows**	**11,884.73**	**8,913.55**	**17,378.14**	**13,033.61**
13	Total HQLA	**5,840.78**	**5,337.71**	**5,404.22**	**4,911.75**
14	Total Net Cash Outflows	**1,950.60**	**2,243.19**	**778.36**	**895.11**
15	Liquidity Coverage Ratio		**237.95%**		**548.73%**

Market Value of G-sec purchased for LCR purpose and SLR purpose (20% hair-cut), Bank Balances

* Cash Outflows includes Interest and Principal Repayments due on the Deposits, Tier II Bonds, CP's, NCD's, Bank Loans & NHB borrowings in the next 30 days

** Other Contractual funding obligations includes Undisbursed Sanctions by the Company & Unclaimed Deposits

*** Other Contingent Funding Obligation Includes expenses like salary, advance tax etc., which is estimated based on past trends

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director &
Chief Executive Officer
DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.)
& Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager
(Accounts)

Place: Mumbai
Date : May 18, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of LIC Housing Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of LIC Housing Finance Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Cash Flow statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of the 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, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit, total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act ("the SAs"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of reports of other auditors on separate financial statements of subsidiaries audited by them, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

A. Key Audit Matters for Holding Company

Key Audit Matter	How the matter was addressed in our audit
Expected Credit Loss – Impairment of carrying value of loans and advances Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets which are stated at amortised cost i.e. the loan portfolio of the Company. The calculation of impairment loss or ECL is based on significant management judgement and considers the historical default and loss ratios of the loan portfolio and, to the extent possible, forward-looking analysis. The significant areas in the calculation of ECL where management estimates and judgements are required as under: 1. Judgements about credit risk characteristics, taking into account, class of borrowers, credit risk ratings, date of initial recognition, remaining term to maturity, property valuations, time taken for recovery of stressed loans, industry scenario and other relevant factors for collective evaluation of impairment under various stages of ECL, 2. Loan staging criteria,	**We performed audit procedures set out below** • We understood and assessed the Company's process on timely recognition of impairment in the loan portfolio, both retail loans and project loans. This included assessing the accuracy of the system generated reports of ageing and defaults; • We also performed a test check of the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge and management review controls over measurement of impairment allowances and disclosures in the standalone financial statements; • We have discussed with the management and the external specialists to test the working of the ECL model and reasonableness of assumptions used; • We performed substantive procedures over validating completeness and correctness of the data and reasonableness of assumptions used in the ECL model including capturing of PD and LGD in line with historical trends of the portfolio and evaluation of whether the results support the appropriateness of the PDs at the portfolio level;

INDEPENDENT AUDITORS' REPORT

Key Audit Matter	How the matter was addressed in our audit
3. Calculation of probability of default and loss given default, 4. Consideration of probability weighted scenarios and forward looking macro-economic factors, 5. For Project loans, assessment based on a borrower's financial performance, solvency, liquidity and industry outlook, Potential impact of Covid- 19 pandemic The Company has also appointed a domain specialist to assist it in arriving at the ECL provisions required to be recognised. In our opinion this is considered as a Key Audit Matter in view of the criticality of the item to the financial statements and the complex nature of assumptions and judgements exercised by the management. Refer Note 2.14 A(f), "Impairment of Financial Assets" and Note 38.4.2.3, "Impairment Assessment" and 38.4.2.4, "ECL model and assumptions considered in the ECL model", to the Standalone Financial Statements and Note 2.15 A(f) and Note 42.4.2.3, "Impairment Assessment" and 42.4.2.4, "ECL model and assumptions considered in the ECL model", to the Consolidated Financial Statements. Refer Note 3.1, "Determination of Expected Credit Loss" to the Standalone and Consolidated Financial Statements and Refer Note 9, "Loans" to the Standalone and Consolidated Financial Statements	• We performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans; • We test checked the basis of collateral valuation in the determination of ECL provision; • We have relied upon the work done by other experts like Independent Valuers, Lawyers, Legal Experts and other such professionals who have rendered services to the company; • We have also obtained management representations wherever considered necessary.
IT Systems and controls The company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to these softwares is critical for accurate compilation of financial information. Adequate supervision over these IT controls is required to ensure that these IT applications process data as expected, updates and changes are made in an appropriate manner and confidentiality, availability and integrity is maintained. Such controls mitigate the risk of incorrect financial reporting. Our audit outcome is dependent on the effective functioning of such IT controls.	We have carried out the following procedures to verify the effectiveness of IT controls: a. We have planned, designed and carried out the desired audit procedures and sample checks. We have also assessed if these have a bearing on the financial reporting b. In addition, we have relied on IS and other related audit reports provided by the management, wherever available. c. We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit and performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements. d. We have also obtained management representations wherever considered necessary.

INDEPENDENT AUDITORS' REPORT

B. Key Audit Matters for Subsidiary Companies - No key audit matters reported by the Subsidiary Companies' auditors for the year ended March 31, 2022

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

The Holding Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual report but does not include the Consolidated Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidation 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors and management are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, total comprehensive income, changes in equity and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the companies in the Group and its associates are responsible for assessing the ability of the Group and 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.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

i. 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.

ii. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under the section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls

INDEPENDENT AUDITORS' REPORT

system in place and the operating effectiveness of such controls.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

v. 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.

vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

i. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 286.15 crore as at March 31, 2022, total revenues of ₹ 95.91 crore and net cash flows amounting to (₹ 23.31) crore for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management and 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 our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

ii. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 0.87 crore for the year ended March 31, 2022, as considered in the Consolidated Financial Statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these 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 associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

INDEPENDENT AUDITORS' REPORT

iii. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

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, to be included in the Auditor's report, according to the information and explanations given to us, and based on the Audit reports issued by its subsidiaries' auditors, we report that there are no qualifications or adverse remarks in these reports.

2. As required by Section 143(3) of the Act, we report that:

   i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

   ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;

   iii. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and 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;

   iv. in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

   v. on the basis of written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164(2) of the Act;

   vi. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A;

   vii. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      a. the Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer Note 45 to the Consolidated Financial Statements.

      b. the Group and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      c. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Holding Company, its subsidiary and its associate companies.

   viii. In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Holding company and its subsidiaries to their directors in accordance with the provisions of Section 197 of the Act.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No.103264W

Rahul Joglekar
Partner
Membership No.: 129389
UDIN: 22129389AJETBV3131

Place: Mumbai
Date: May 18, 2022

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Ashutosh Pednekar
Partner
Membership No.: 041037
UDIN: 22041037AJERMM3763

Place: Mumbai
Date: May 18, 2022

ANNEXURE A
TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of LIC Housing Finance Limited of even date)

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

We have audited the internal financial controls over financial reporting of LIC Housing Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries as of March 31, 2022 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to the audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial reporting 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 system over financial reporting with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 system with reference to these 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 these 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 these Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to these Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

In our opinion, the Holding Company and its subsidiary companies, have maintained, in all material respects, adequate internal financial controls with reference to these Consolidated Financial Statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls 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, and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Holding Company's internal financial controls with reference to financial statements were operating effectively as of March 31, 2022.

Other Matter

Our report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial reporting these Consolidated Financial Statements, insofar as it relates to these four subsidiary companies, is based on the corresponding reports of the auditors of such subsidiary companies.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No.103264W

Rahul Joglekar
Partner
Membership No.: 129389
UDIN: 22129389AJETBV3131

Place: Mumbai
Date: May 18, 2022

For **M. P. Chitale & Co.**
Chartered Accountants
Firm Regn. No.101851W

Ashutosh Pednekar
Partner
Membership No.: 041037
UDIN: 22041037AJERMM3763

Place: Mumbai
Date: May 18, 2022

CONSOLIDATED BALANCE SHEET
as at March 31, 2022

(₹ in crore)

		Note	As at March 31, 2022	As at March 31, 2021
	ASSETS			
(1)	**Financial Assets**			
	(a) Cash and Cash Equivalents	5	824.35	1,331.87
	(b) Bank Balance other than (a) above	6	160.31	53.09
	(c) Derivative Financial Instruments	7	79.17	5.69
	(d) Receivables	8		
	(I) Trade Receivables		8.38	7.70
	(II) Other Receivables		-	-
	(e) Loans	9	2,45,234.49	2,28,090.98
	(f) Investments	10	6,279.39	4,643.90
	(g) Other Financial Assets	11	21.97	109.75
	Total Financial Assets		**2,52,608.06**	**2,34,242.98**
(2)	**Non-Financial Assets**			
	(a) Current Tax Assets (Net)	12	138.18	5.03
	(b) Deferred Tax Assets (Net)	13	1,371.36	918.69
	(c) Property, Plant and Equipment	14.1	154.39	161.05
	(d) Capital Work in Progress	14.2	2.85	2.71
	(e) Intangible assets under development	14.3	1.45	3.63
	(f) Right of Use Assets	14.4	138.46	118.30
	(g) Goodwill on Consolidation		0.21	0.21
	(h) Other Intangible Assets	14.5	21.76	2.31
	(i) Other Non-Financial Assets	15	142.67	140.47
	(j) Assets Held for Sale		107.38	126.19
	Total Non-Financial Assets		**2,078.71**	**1,478.59**
	Total Assets		**2,54,686.77**	**2,35,721.57**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
	(a) Derivative Financial Instruments	7	-	-
	(b) Lease Liabilities		150.23	127.63
	(c) Payables	16		
	(A) Trade Payables			
	(i) Total outstanding dues of micro enterprises and small enterprises		2.80	2.80
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		51.17	83.17
	(B) Other Payables			
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
	(d) Debt Securities	17	1,27,341.99	1,25,597.96
	(e) Borrowings (Other than Debt Securities)	18	76,447.23	62,132.74
	(f) Deposits	19	18,022.18	18,271.75
	(g) Subordinated Liabilities	20	1,795.44	1,795.12
	(h) Other Financial Liabilities	21	5,588.84	6,659.86
	Total Financial Liabilities		**2,29,399.88**	**2,14,671.03**
(2)	**Non-Financial Liabilities**			
	(a) Current Tax Liabilities (Net)	22	-	7.76
	(b) Deferred Tax Liabilities (Net)	23	0.12	0.09
	(c) Provisions	24	173.93	147.51
	(d) Other Non-Financial Liabilities	25	359.10	291.04
	Total Non-Financial Liabilities		**533.15**	**446.40**
(3)	**EQUITY**			
	(a) Equity Share Capital	26	110.08	100.99
	(b) Other Equity	27	24,640.74	20,500.44
	(c) Non Controlling Interest		2.92	2.71
	Total Equity		**24,753.74**	**20,604.14**
	Total Liabilities and Equity		**2,54,686.77**	**2,35,721.57**

See accompanying notes forming part of the Consolidated Financial Statement 1-61

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director & Chief Executive Officer
DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.) & Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager (Accounts)

Place: Mumbai
Date: May 18, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

		Note	Year ended as at March 31, 2022	Year ended as at March 31, 2021
(1)	**REVENUE FROM OPERATIONS**			
	(i) Interest Income	28	19,717.77	19,709.28
	(ii) Fees and Commission Income	29	117.61	98.81
	(iii) Net gain on Fair Value Changes	30	1.04	0.96
	(iv) Net gain on Derecognition of Financial Instruments under amortised cost category	31	19.40	9.45
	(v) Sale of Products	32	-	-
	(vi) Others	33	118.54	63.20
	Total Revenue from Operations (1)		**19,974.36**	**19,881.70**
(2)	**Other Income**	34	30.95	(1.48)
(3)	**Total Income (1+2)**		**20,005.31**	**19,880.22**
(4)	**Expenses**			
	(i) Finance Costs	35	14,151.09	14,450.38
	(ii) Fees and Commission Expenses	36	113.99	88.28
	(iii) Net Loss on Derecognition of Financial Instruments under Amortised Cost Category	37	33.59	27.42
	(iv) Impairment on Financial Instruments (Expected Credit Loss)	38	1,988.24	1,317.61
	(v) Cost of Materials Consumed	39	19.92	1.03
	(vi) Employee Benefits Expenses	40	602.45	323.78
	(vii) Depreciation, Amortization and Impairment	14.1, 14.4 & 14.5	55.19	52.47
	(viii) Others Expenses	41	253.59	254.12
	Total Expenses (4)		**17,218.06**	**16,515.09**
(5)	**Profit Before Tax (3-4)**		**2,787.25**	**3,365.13**
(6)	Tax Expense:			
	- Current Tax		952.38	967.18
	- Tax Expense for Earlier Years		(0.12)	(21.33)
	- Deferred Tax		(451.01)	(321.84)
	Total Tax Expenses (6)		**501.25**	**624.00**
(7)	**Net Profit after Tax (5-6)**		**2,286.00**	**2,741.13**
(8)	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to Profit or (Loss)		(6.56)	(0.79)
	(ii) Income Tax relating to items that will not be reclassified to Profit or (Loss)		1.64	(1.70)
	Other Comprehensive Income		**(4.92)**	**(2.49)**
(9)	**Total Comprehensive Income for the year**		**2,281.08**	**2,738.64**
(10)	Share of Profit/(Loss) of Associates		0.69	2.06
(11)	Share of Profit/(Loss) of Non-Controlling Interest		(0.35)	(0.41)
	Total Comprehensive Income for the year (Comprising Profit / (Loss) and other Comprehensive Income for the year) (9+10+11)		**2,281.42**	**2,740.29**
	Profit for the year attributable to:			
	Shareholders of the Company		2,285.65	2,740.72
	Non-Controlling Interests		0.35	0.41
	Total Comprehensive Income for the year attributable to:			
	Shareholders of the Company		2,281.07	2,739.88
	Non-Controlling Interests		0.35	0.41
(12)	**Earnings per Equity Share**			
	Basic (₹)		43.12	54.32
	Diluted (₹)		43.12	54.32

See accompanying notes forming part of the Consolidated Financial Statement 1-61

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

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M. No. 041037

Nitin K. Jage
General Manager (Tax.) & Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager (Accounts)

Place: Mumbai
Date: May 18, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

A. EQUITY SHARE CAPITAL

Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2021
100.99	-	-	-	100.99

A. EQUITY SHARE CAPITAL

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2021
100.99	-	-	9.09	110.08

Shares held by promoters at March 31, 2022			% Change during the year
Promoter Name	No. of Shares	% of total shares	
Life Insurance Corporation of India	24,88,42,495	45.24%	22.32%

Shares held by promoters at March 31, 2021			% Change during the year
Promoter Name	No. of Shares	% of total shares	
Life Insurance Corporation of India	20,34,42,495	40.31%	22.32%

B. OTHER EQUITY

(₹ in Crore)

	Reserve and Surplus								Other Comprehensive Income				Total Equity
	Statutory Reserves	Capital Reserve	Securities Premium	General Reserve	Special Reserve I	Special Reserve II	Impairment Reserve	Retained Earnings	Other items (Acturial Gain/ (Loss)	Cash Flow Hedge Reserve	Equity attributable to shareholders of the Company	Non controlling Interests	
Balance as at April 01, 2020	**0.16**	**28.36**	**1,721.09**	**6,452.72**	**38.98**	**5,854.33**	**-**	**4,073.24**	**(4.98)**	**-**	**18,163.88**	**2.44**	**18,166.32**
Add: Total Comprehensive Income for the year								2,741.13	(2.49)		2,738.65		2,738.65
Gain on ECB Cross Currency Swap								2.06			2.06		2.06
Less: Loss due to Exchange Rate Fluctuation on ECB								(0.41)			(0.41)	0.41	-
Add: Share of Profit of Associates										(5.69)	(5.69)		(5.69)
Less : Share of Non-Controlling Interests										5.69	5.69		5.69

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Crore)

	Reserve and Surplus								Other Comprehensive Income				Total Equity
	Statutory Reserves	Capital Reserve	Securities Premium	General Reserve	Special Reserve I	Special Reserve II	Impairment Reserve	Retained Earnings	Other items (Acturial Gain/ (Loss)	Cash Flow Hedge Reserve	Equity attributable to shareholders of the Company	Non controlling Interests	
Less: Dividend (including Tax on Dividend of ₹ 78.86 Crores)								(403.73)			(403.73)	(0.14)	(403.87)
Transfer to Statutory Reserves	0.01							(0.01)			-		-
Transfer to General Reserves				700.00				(700.00)			-		-
Transfer to Special Reserve II						829.99		(829.99)			-		-
Transfer to Impairement Reserve							204.78	(204.78)			-		-
Balance as at Mar 31, 2021	**0.17**	**28.36**	**1,721.09**	**7,152.72**	**38.98**	**6,684.32**	**204.78**	**4,677.51**	**(7.48)**	**-**	**20,500.44**	**2.71**	**20,503.16**
Balance as at April 1, 2021	**0.17**	**28.36**	**1,721.09**	**7,152.72**	**38.98**	**6,684.32**	**204.78**	**4,677.51**	**(7.48)**	**-**	**20,500.44**	**2.71**	**20,503.16**
Add: Total Comprehensive Income for the year								2,286.00	(4.92)		2,281.08		2,281.08
Add: Share of Profit of Associates								0.69			0.69		0.69
Less : Share of Non-Controlling Interests								(0.35)			(0.35)	0.35	-
Add: Gain on ECB Cross Currency Swap										79.17	79.17		79.17
Less: Loss due to Exchange Rate Fluctuation on ECB										(79.17)	(79.17)		(79.17)
Less: Dividend of ₹ 8.50/- per equity share of ₹ 2 /- each								(467.55)			(467.55)	(0.14)	(467.69)
Transfer to Statutory Reserves	0.01							(0.01)			-		-
Transfer to General Reserves				700.00				(700.00)			-		-
Transfer to Special Reserve II						859.99		(859.99)			-		-
Transfer to Impairement Reserve							92.72	(92.72)			-		-
Add: Share Premium on Equity Issuance			2,326.43								2,326.43		2,326.43
Balance as at March 31, 2022	**0.18**	**28.36**	**4,047.52**	**7,852.72**	**38.98**	**7,544.31**	**297.50**	**4,843.58**	**(12.40)**	**-**	**24,640.74**	**2.92**	**24,643.66**

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director & Chief Executive Officer
DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.) & Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager (Accounts)

Place: Mumbai
Date: May 18, 2022

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash Flow from Operating Activities		
Profit Before Tax	2,787.25	3,365.13
Adjustments for		
Depreciation, Amortization and Impairment (other than Financial Instruments)	55.19	52.47
Share Issue Expenses	1.28	
Exchange differences on translation of assets and liabilities (Net)	0.31	0.01
Impairment on Financial Instruments (Expected Credit Loss)	1,988.24	1,317.61
Loss/(Gain) on disposal of Property, Plant and Equipment	(0.01)	(0.01)
Dividend and Interest Income classified as Investing Cash Flows	(5.47)	-
Unwinding of discount	(41.56)	(14.15)
Interest Expense	14,151.09	14,450.37
Interest Income	(19,489.48)	(19,526.45)
Share of Associates	0.69	2.06
Share of Minority	(0.35)	(0.41)
Adjustments for		
Movements in Provisions and Gratuity	(6.56)	(0.79)
(Increase) / Decrease in Other Financial Assets	(59.69)	563.09
(Increase) / Decrease in Other Non Financial Assets	(2.24)	(48.68)
Increase / (Decrease) in Other Financial Liabilities	(908.27)	331.90
Increase / (Decrease) in Other Non Financial Liabilities	182.49	45.87
Interest Paid	(14,624.55)	(15,004.11)
Interest Received	19,433.78	19,708.64
Cash generated from Operations	**3,462.14**	**5,242.55**
Income Tax paid	(1,093.30)	(632.79)
Net Cash Outflow from Operations	**2,368.84**	**4,609.76**
Loans Disbursed (Net of repayments)	(19,116.92)	(21,623.84)
Asset held for sale	18.81	(126.19)
Net Cash Outflow from Operating Activities (A)	**(16,729.27)**	**(17,140.27)**
B. Cash Flow from Investing Activities		
Payments for Property, Plant and Equipment	(35.31)	(10.83)
Proceeds from Sale of Property, Plant and Equipment	0.02	0.01
Payments for Purchase of Investments	(2,206.10)	(556.82)
Proceeds from Sale of Investments	607.22	1,425.44
Dividends Received	0.43	-
Interest Received	5.04	-
Increase in Minority	0.49	0.43
Net Cash (Outflow)/ Inflow from Investing Activities (B)	**(1,628.21)**	**858.23**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

		Year ended March 31, 2022	Year ended March 31, 2021
C.	**Cash Flow from Financing Activities**		
	Proceeds from Borrowings	1,52,314.44	1,20,384.58
	Repayment of Borrowings	(1,36,243.92)	(1,09,504.20)
	Proceeds from issuing shares (net of issue expense)	2,334.23	-
	Deposits (Net of repayments)	(39.54)	5,816.69
	Payment towards Lease Liability	(46.14)	(47.50)
	Transfer to Investor Protection Fund	(1.25)	(1.07)
	Dividends paid to Company's Shareholders	(467.55)	(403.73)
	Dividends paid to Non Controlling Interest	-	(0.15)
	Net Cash Inflow from Financing Activities (C)	**17,850.27**	**16,244.62**
	Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.31)	(0.01)
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**(507.21)**	**(37.42)**
	Cash and Cash Equivalents at the beginning of the period	1,331.87	1,369.30
	Cash and Cash Equivalents at the end of the period	**824.35**	**1,331.87**
	Cash and Cash Equivalents as per above comprise of the following		
	(i) Cash on hand	4.35	5.97
	(ii) Balances with Banks (of the nature of cash and cash equivalents)	703.13	1,158.48
	(iii) Cheques, drafts on hand	116.87	167.42
	Balances as per Statement of Cash Flows	**824.35**	**1,331.87**

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director &
Chief Executive Officer
DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.)
& Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager
(Accounts)

Place: Mumbai
Date: May 18, 2022

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 1: Corporate Information:

LIC Housing Finance Limited ("the Company" or Parent) is a Public Limited Company, having corporate identification number CIN: L65922MH1989PLC052257, is incorporated under the provisions of the Companies Act, 1956 (as amended by the Companies Act, 2013). The shares of the Company are listed on the Bombay Stock Exchange, the National Stock Exchange and the Luxembourg Stock Exchange.

The Company is engaged in the business of providing finance for purchase, construction, repairs, renovation of houses/buildings. The Company's Registered Office and Corporate Office is at Mumbai with a wide network of Operating Offices in India and Representative Office at Dubai.

The Consolidated Financial Statements for the year ended March 31, 2022 were authorized for issuance in accordance with resolution of the Board of Directors on 18th May 2022.

Note 2: Significant Accounting Policies, Accounting Judgements, Estimates and Assumptions:

(A) Significant Accounting Policies:

2.1 Statement of Compliance

Consolidated Financial Statements of the Group have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ("the Ind AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India (RBI) to the extent applicable.

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 Group presents its Balance Sheet in the order of liquidity.

2.2 Basis of preparation of Consolidated Ind-AS Financial Statements

The Group has prepared these Consolidated Financial Statements, which comprises the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2022, and accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Financial Statements" or "Financial Statements"), on the historical cost basis except for certain financial instruments and certain employee benefit assets, which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received on sale of 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 if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized within the fair value hierarchy into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

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

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crore except when otherwise stated.

2.3 Basis of Consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company, its subsidiaries (together referred to as 'the Group') and associates as at the year ended March 31, 2022. Control is achieved where the Company:

- has power over the investee;
- is exposed to, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above. When the Company has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. The Company reassesses whether or not it controls an investee if fact and circumstances indicates that there are changes to one or more of the three elements of control. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member's financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

2.3.1 Consolidation Procedure

a) The financial statements of the Company and its subsidiary companies are combined by adding like items of assets, liabilities, equity, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses, eliminating the carrying amount of parent's investment in each subsidiary and parent's portion of equity of each subsidiary in accordance with Ind AS 110.

b) When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies.

c) The audited financial statements of the subsidiaries and unaudited financial statements of associates are considered for the purpose of consolidation and are drawn up to March 31, 2022. The reporting period of these financial statements is same as the reporting period of the Company.

The details of the subsidiaries are as under:

Name of the company	Nature of relationship	Proportion of ownership interest / voting power		Country of Incorporation
		Current Year	Previous Year	
LICHFL Care Homes Limited	Subsidiary	100.00%	100.00%	India
LICHFL Financial Services Limited	Subsidiary	100.00%	100.00%	India
LICHFL Asset Management Company Limited (Formerly known as LICHFL Asset Management Company Private Limited)	Subsidiary	94.62%	94.62%	India
LICHFL Trustee Company Private Limited.	Subsidiary	100.00%	100.00%	India
LIC Mutual Fund Asset Management Limited.	Associate	39.30%	39.30%	India
LIC Mutual Fund Trustee Private Limited.	Associate	35.30%	35.30%	India

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

2.3.2 Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control those policies. The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Dividend received from associates is recognised as reduction in the carrying amount of the investments. After application of the equity method, the Company determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company 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 Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate. Changes in investor's interest in other components of equity in such cases are 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.

The details of Associates are as under:

Name of the company	Nature of relationship	Proportion of ownership interest / voting power		Country of Incorporation
		Current Year	Previous Year	
LIC Mutual Fund Asset Management Limited.	Associate	39.30%	39.30%	India
LIC Mutual Fund Trustee Private Limited.	Associate	35.30%	35.30%	India

2.4 Revenue Recognition

The Group has recognised revenue pursuant to a contract (other than a contract listed in paragraph 5 of Ind AS 115) only if the counterparty to the contract is a customer. A customer is a party that has contracted with an entity to obtain services that are an output of the entity's ordinary activities in exchange for consideration.

i. Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at applicable effective interest rate (EIR). The effective interest method is a method of calculating the amortised cost of a financial assets and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii. Dividend Income:

Dividend income from investment is recognised when the Company's right to receive the payment has been established provided that it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably.

iii. Fees and Commission Income:

Fees and commission income includes fees other than those that are an integral part of EIR. The Company recognises the fees and commission income in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

Revenue from investment management services is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

customers outlines a single comprehensive model of accounting for revenue from contracts with customers and supersedes current revenue recognition guidance found within Ind AS. Revenue from Investment management services is recognized in accordance with the Investment Management Agreement read with Contribution Agreement entered by the Fund with its investors.

iv. Revenue from Property Development/ Construction Projects:

Revenue is recognized based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

a) Income from services is recognized on completion of the works/contract.

b) Revenue from property development / construction projects activity is recognized by applying percentage of completion method of the contract value basis when reasonable expectation of collection of the sale consideration from the customers exists. Percentage of completion is determined as a proportion of the cost of work performed to date to the total estimated contract costs and the project so determined has been accounted for proportionate to the percentage of the actual work done.

c) Interest on delayed payment by customers are accounted when reasonable certainty of collection is established.

v. Other Income:

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

2.5 Leases

As Lessee

The Group, as lessee has recognised lease liabilities and right-of-use assets, has applied the following approach to all of its leases (a) measured the lease liability at the date of transition to Ind AS by measuring lease liability at the present value of the remaining lease payments and discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS 116. Lease arrangements entered during the year are measured at incremental borrowing rate computed at the beginning of the accounting year. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if there is change to its assessment whether it will exercise an extension or a termination option. (b) Right Of Use assets are recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of restoration costs and any initial direct costs incurred by lessee. 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 or useful life of the underlying asset. They are evaluated for recoverability whenever events or changes indicate that their carrying amounts may not be recoverable.

The Group has not applied Ind AS 116 to Short Term Leases, which are defined as leases with a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

As a 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.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

2.6 Functional Currency and Foreign Exchange Transactions

The functional currency of the Group is determined on the basis of the primary economic environment in which it operates. The Group has accordingly assessed INR as its functional currency.

The transactions in currencies other than the entity's functional currency are recognised at the rate of exchange prevailing at the date when the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the dates when fair value was determined. Non-monetary items measured at historical cost are not translated.

Exchange difference arising on monetary items is recognised in the Statement of Profit And Loss in the year in which they arise.

2.7 Borrowing Costs

Borrowing costs include interest, commission/brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as adjustment to interest cost. Interest expenses are accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate (EIR) applicable. The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.8 Employee Benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the year of a plan amendment or when the Group recognises corresponding restructuring cost whichever is earlier. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expenses’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits to employees in respect of wages and salaries, annual leave, sick leave and short-term employee benefits in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.9 Taxes

Income tax expense represents the sum of current tax and deferred tax.

Current Taxes

Current income tax is the amount of expected tax payable based on taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961.

Deferred Taxes

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which give future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Group.

Current and Deferred Tax for the year

Current and Deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in the other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

2.10 Property, Plant and Equipment

Property, Plant and Equipment are recorded at their cost of acquisition, net of refundable taxes or levies, less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. Property, plant and equipment except freehold land held for use for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight - line method as per the useful life prescribed in the Schedule II to the Companies Act, 2013, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years based on estimated usage of the assets.

Type of Asset	Useful Lives (in years)
Building	60
Furniture & Fixture	10
Vehicles	5
Office Equipment	5
Computers	3
Servers And Networks Equipment	6

Depreciation on additions to Fixed Assets is provided on pro-rata basis from the date of acquisition or installation. Depreciation on assets whose cost individually does not exceed ₹ 5,000/- is fully provided in the year of purchase. Depreciation on Assets sold, discarded, demolished or scrapped, is provided upto the date on which the said Asset is sold, discarded, demolished or scrapped.

The Group has applied depreciation requirements as per Ind AS 116 in depreciating the right of use assets. The Right of Use Asset is depreciated for the life of the lease term.

The Group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

2.11 Intangible Assets and amortisation thereof

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis based on their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software is amortised over the period of three to five years on a straight-line basis.

An item of Intangible Asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

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, less accumulated impairment losses, if any.

2.12 Impairment of Property, Plant & Equipment and Intangible Assets

At the end of each reporting year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The Group has applied Ind AS 36, Impairment of Assets, to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

2.13 Provisions and Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The expense relating to a provision is presented in the Statement of Profit And Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A Contingent Liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the

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control of the Group or a present obligation that arises from past events that may, but probably will not, require an outflow of resources.

Both provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. A contingent asset is disclosed in the Financial Statements, where an inflow of economic benefits is probable.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14 Investment in Subsidiaries and Associates

Investment in subsidiaries and associates are recognized and carried at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

2.15 Financial Instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value through Profit or Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at Fair Value Through Profit or Loss are recognised immediately in Statement of Profit and Loss.

A. Financial Assets

a) Recognition and initial measurement

The Group initially recognises loans and advances, deposits and debt securities purchased on the date on which they originate. Purchases and sale of financial assets are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value except investment in subsidiaries and associates. In the case of financial assets not recorded at FVTPL, transaction costs that are directly attributable to its acquisition of financial assets are included therein.

b) Classification of Financial Assets and Subsequent Measurement

On initial recognition, a financial asset is classified to be measured at –

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) – debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Group recognises

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interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on re-measurement recognised in Statement of Profit And Loss. The net gain or loss recognised in Statement of Profit And Loss incorporates any dividend or interest earned on the financial asset and is included in 'other income'. Dividend on financial assets at FVTPL is recognised when:

- The Group 's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the Group,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

c) **Business Model Test**

The Group determines its business model at the level that best reflects how it manages a group of financial assets to achieve its business objective.

The Group's business model is not assessed on instrument to instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group'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.

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.

d) **Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding**

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount)

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The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors.

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.

e) Derecognition of Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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 or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income 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.

Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and shall recognise a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated at the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

f) Impairment of Financial Assets

The Group applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. The Group applies a three-stage approach for measuring ECL for the following categories of financial assets that are not measured at Fair Value Through Profit or Loss:

- debt instruments measured at amortised cost and Fair Value through Other Comprehensive Income; and
- financial guarantee contracts.

No ECL is recognised on equity investments, classified as FVTPL.

Expected credit losses is the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to

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the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

The Group assesses ECL on exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Group recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. The Group does not conduct an individual assessment of exposures in Stage 1 as there is no evidence of one or more events occurring that would have a detrimental impact on estimated future cash flows.

Stage 2: Lifetime ECL – not credit impaired

The Group collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Group recognises as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset). Similar to Stage 1, the Group does not conduct an individual assessment on Stage 2 exposures as the increase in credit risk is not, of itself, an event that could have a detrimental impact on future cash flows.

Stage 3: Lifetime ECL – credit impaired

The Group identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as a collective or specific provision, and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for impairment losses reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for impairment losses for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, class of borrowers, credit risk ratings, date of initial recognition, remaining term to maturity, industry and other relevant factors.

Measurement of ECL

ECL are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in

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accordance with the contract and the cash flows that the Group expects to receive. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses is a portion of the life-time expected credit losses and represents the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

For further details on how the Group calculates ECL including the use of forward looking information, refer to the Credit quality of financial assets in Note 42.4 Financial risk management.

ECL is recognised using a provision for impairment losses in Statement of Profit and Loss. In the case of debt instruments measured at Fair Value through Other Comprehensive Income, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Group recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the Balance Sheet.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

g) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL and Interest income is recognised in Statement of Profit and Loss.

h) Reclassification of Financial Assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

B. Financial Liabilities and Equity Instruments

a) Classification as Debt or Equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of a Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of directly attributable transaction costs.

c) Financial Liabilities

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

A Financial Liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss.

d) Other Financial Liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

e) Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Assets held for sale

The Company physically repossess properties or other assets in retail portfolio to settle outstanding recoverable and the surplus (if any) post auction is refunded to the loanees. These assets are acquired by the company under SARFEASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these assets under possession, are measured on balance sheet at the lower of carrying value or fair value and no depreciation is charged on them.

2.17 Hedge Accounting

The Company uses derivative instruments to manage exposures to interest rate and foreign currency risks.

The hedging transactions entered into by the Company is within the overall scope of the Derivative Policy and within the Risk Management framework of the Company as approved by the Board from time to time and for the risks identified to be hedged in accordance with the same policies. 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. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cash flows 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.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges

Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or unrecognized commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss. 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 is recorded as part of the carrying value of the hedged item in the Balance Sheet and is also recognized as net gain on fair value changes in the Statement of Profit and Loss. The Company 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 Company 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

Cash flow hedge is a hedge of the exposure to variability in the cash flows of a specific asset or liability, or of a forecasted transaction, that is attributable to a particular

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risk. It is possible to only hedge the risks associated with a portion of an asset, liability, or forecasted transaction, as long as the effectiveness of the related hedge can be measured. The accounting for a cash flow hedge will be to recognize the effective portion of any gain or loss in Other Comprehensive Income (OCI), and recognize the ineffective portion of any gain or loss in Finance cost in 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.

Interest rate benchmark reforms:

Hedging relationships that are directly affected by interest rate benchmark reform gives rise to uncertainties about:

a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or

b) the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

This may adversely affect the existing hedging relationships so long as the uncertainties exist. In order to provide relief to such hedging relationships the accounting standard Ind AS 109 provides for some relief measures which should be mandatorily applied for such cases.

Accordingly, the Company applies the relief by assuming the following:

1. that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

2. when performing prospective assessments, the Company assumes that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

3. for hedges of a non-contractually specified benchmark component of interest rate risk, the Company applies the separately identifiable requirement only at the inception of such hedging relationships.

As per the requirements of IND AS, the Company shall cease applying the aforesaid exceptions when:

a) the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows; or

b) the hedging relationship is discontinued, whichever is earlier.

2.18 Cash and Cash Equivalent

Cash and cash equivalent in Balance Sheet comprise of cash at bank, cash and cheques on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

2.19 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in right issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares divided by weighted average no of equity shares year which are adjusted for the effects of all dilutive potential equity shares.

2.20 Statement of Cash Flow

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

2.21 Commitments

Commitments are future liabilities for contractual expenditure. The commitments are classified and disclosed as follows:

i. The estimated amount of contracts remaining to be executed on capital account and not provided for; and

ii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the Management.

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2.22 Segment Reporting

The Group is in the business of providing loans for purchase, construction, repairs renovation etc. having similar economic characteristics, primarily with operations in India and regularly reviewed for assessment of Group's performance and resource allocation.

3. Key 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.

3.1 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 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 process followed by the Group in measurement of ECL has been detailed in Note 42.4.2.3.

3.2 Fair Value Measurements

In case of financial assets and financial liabilities recorded or disclosed in financial statements the Group uses the quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly for determining the fair value. 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 42.3.

3.3 Income Taxes

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

3.4 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. 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.

3.5 Provisions and Liabilities

Provisions and liabilities are recognised in the period when they become probable that there will be an outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires judgment to existing facts and circumstances which may be subject to change.

4. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2022.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 5: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Cash on hand	4.35	5.97
(ii) Balances with Banks*	703.13	1,158.48
(iii) Cheques, drafts on hand	116.87	167.42
Total	**824.35**	**1,331.87**

*Balances with Banks includes EMD amount of ₹ 1.04 crore (F.Y. 2020-21 ₹ 0.93 crore)

NOTE 6: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Earmarked balances with banks*	8.60	8.79
(ii) Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments**	151.71	44.30
Total	**160.31**	**53.09**

*Balance with Banks includes unclaimed dividend of ₹ 8.60 crore (F.Y. 2020-21 ₹ 8.79 crore)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 82.70 crore (F.Y. 2020-21 Nil); ₹ 9.85 crore (F.Y. 2020-21 ₹ 8.78 crore) created for excess sale proceeds recovered under SARFAESI Act 2002. Fixed deposit placed with banks earns interest at fixed rate.

Note 7: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional Amount	Fair Value - Assets	Fair Value - Liabilities	Notional Amount	Fair Value - Assets	Fair Value - Liabilities
Part I						
I. Currency Derivatives						
i) Forwards	-	-	-	-	-	-
ii) Currency Swaps (interest/ Principal/ both)	1,425.73	79.17	-	1,425.73	5.69	-
II. Interest Rate Derivatives						
i) Interest Rate Swaps	-	-	-	-	-	-
TOTAL (I)	**1,425.73**	**79.17**	**-**	**1,425.73**	**5.69**	**-**
Part II						
i) Fair Value Hedge						
- Currency Derivatives	-	-	-	-	-	-
- Interest Rate derivatives	-	-	-	-	-	-
ii) Cash Flow Hedge						
- Currency Derivatives	1,425.73	79.17	-	1,425.73	5.69	-
- Interest Rate derivatives	-	-	-	-	-	-
TOTAL (II)	**1,425.73**	**79.17**	**-**	**1,425.73**	**5.69**	**-**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 8: Receivables

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Trade Receivables		
(a) Trade Receivables considered good – Secured	1.35	0.82
(b) Trade Receivables considered good – Unsecured;	7.03	6.88
(c) Trade Receivables which have significant increase in Credit Risk	1.30	3.07
(d) Trade Receivables – credit impaired	-	-
Total	**9.68**	**10.77**
(ii) Allowance for Impairment Loss	(1.30)	(3.07)
(iii) Debts due by directors or other officers of the NBFC or any of them either severally or jointly with any other person or debts due by firms including limited liability partnerships (LLPs), private companies respectively in which any director is a partner or a director or a member	-	-
Total	**8.38**	**7.70**

(₹ in crore)

(iv) Trade Receivable Ageing Schedule	Outstanding as on 31.03.2022 from due date of payment#					
Particulars	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	7.03	0.25	-	1.09	-	8.38
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	1.30	-	1.30
(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	-	-	-	-	-	-

#There is no unbilled due pending for FY 2021-22

(₹ in crore)

(iv) Trade Receivable Ageing Schedule	Outstanding as on 31.03.2021 from due date of payment#					
Particulars	**Less than 6 months**	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	0.00	0.82	-	-	-	0.82
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	6.88	-	-	3.07	-	9.95
(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	-	-	-	-	-	-

#There is no unbilled due pending for FY 2020-21

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 9: LOANS - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(A)		
(i) Term Loans *		
- Individual	2,04,171.80	1,80,604.51
- Others	33,911.69	35,381.91
- Corporate Bodies/ Builders	12,977.84	15,956.15
(ii) Others		
- Loans to staff	8.79	8.38
- Loans against Public Deposit	3.40	2.22
- Finance Lease Receivables	0.09	37.35
Total - Gross (A)	**2,51,073.61**	**2,31,990.51**
Less: Impairment Loss Allowance (Expected Credit Loss)	5,839.12	3,899.53
Total - Net (A)	**2,45,234.49**	**2,28,090.98**
(B)		
(i) Secured by tangible assets"	2,48,495.84	2,29,503.81
(ii) Secured by intangible assets	1,215.68	1,736.49
(iii) Secured by government guarantee	926.10	553.64
(iv) Unsecured	435.99	196.57
Total - Gross (B)	**2,51,073.61**	**2,31,990.51**
Less: Impairment Loss Allowance (Expected Credit Loss)	5,839.12	3,899.53
Total - Net (B)	**2,45,234.49**	**2,28,090.98**
(C)		
(i) Loans in India		
Individual	2,04,184.09	1,80,652.46
Commercial Real Estate Sector	12,476.70	14,549.19
Commercial Real Estate Sector- Others	21,435.00	20,832.71
Builder Loans	1,435.87	10,556.02
Corporate Loans	10,326.27	3,759.21
Other Housing Finance Companies	1,215.68	1,640.91
Total - Gross (C) (i)	**2,51,073.61**	**2,31,990.51**
Less: Impairment Loss Allowance (Expected Credit Loss)	5,839.12	3,899.53
Total - Net (C) (i)	**2,45,234.49**	**2,28,090.98**
(ii) Loans outside India	-	-
Less: Impairment Loss Allowance (Expected Credit Loss)	-	-
Total - Net (C) (ii)	**-**	**-**
Total (C) (i+ii)	**2,45,234.49**	**2,28,090.98**

*Loans including interest and installment due from director amounts to ₹ 0.07 crore (F.Y. 2020-21 Nil) and other related parties ₹ 0.004 crore (FY 2020-21 Nil)

* Retail / Project Loans are secured by any or all of the following as applicable, based on their categorisation :

a) Equitable / Registered Mortgage of Property.

b) Assignment of Life Insurance Policies and FD of Nationalized Bank.

c) Assignment of Lease Rent Receivables.

d) Company Guarantees or Personal Guarantees.

e) Negative lien.

f) Undertaking to create a security.

g) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.

For detail disclosures relating to Credit Risk, Impairment Losses, Movement of Impairment Losses refer Note No 42.4.2 of Consolidated Financial Statements.

There are no loans or advances granted 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 repayable on demand or without specifying any terms or period of repayment.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 10: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Amortised cost	Deemed Cost	At Fair Value Through profit or loss	Total	Amortised cost	Deemed Cost	At Fair Value Through profit or loss	Total
Mutual Funds	-	-	1,562.78	1,562.78	-	-	2,170.01	2,170.01
Government Securities *	4,626.66	-	-	4,626.66	2,402.42	-	-	2,402.42
"Equity Instruments"	-	-	0.01	0.01	-	-	-	-
Subsidiaries *	-	-	-	-	-	-	-	-
Associates *	-	55.72	-	55.72	-	55.03	-	55.03
Real Estate Venture Fund	-	-	6.05	6.05	-	-	5.66	5.66
Alternative Investment Fund	-	-	28.17	28.17	-	-	10.78	10.78
Total - Gross (A)	**4,626.66**	**55.72**	**1,597.01**	**6,279.39**	**2,402.42**	**55.03**	**2,186.45**	**4,643.90**
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	4,626.66	55.72	1,597.01	6,279.39	2,402.42	55.03	2,186.45	4,643.90
Total (B)	**4,626.66**	**55.72**	**1,597.01**	**6,279.39**	**2,402.42**	**55.03**	**2,186.45**	**4,643.90**

*The Company has not recognised any provision under Expected Credit Loss on Investments made in Government Securities & Associates.

*Impairment on Financial Instruments includes ₹ 50.00 crore being the amount representing full impairment of the Company's investment in one of its wholly owned subsidiary, LICHFL Care Homes Limited, as per IND AS 36-Impairment of Asset on prudent basis, since the carrying amount of the investment exceeded its recoverable amount. The recoverable amount was determined based on the future cash flows of the subsidiary. The impairment loss has been allocated to reduce the carrying amount of the Property, Plant and Equipment and Finance Lease Receivable classified under Loans in Consolidated Financial Statement of the Company. The financial statements of the subsidiary is prepared on going concern basis.

The Company has not traded or invested in Crypto currency or virtual currency during the Financial Year 2021-22.

Investment in Associates

(₹ in crore)

Particulars	
Opening Carrying amount of Investment (LIC MF Asset Management) as on 01.04.2021	54.93
Add: Carrying amount of additional share of Investments	-
Add: Share of profit during the year	0.67
Add: Goodwill on acquisition of shares of Associates	-
Closing Carrying amount of Investment (LIC MF Asset Management) as on 31.03.2022	55.60
Opening Carrying amount of Investment (LIC MF Trustee) as on 01.04.2021	0.11
Add: Carrying amount of additional share of Investments	-
Add: Share of profit during the year	0.02
Less: Capital Reserve on acquisition of shares of Associates	-
Closing Carrying amount of Investment (LIC MF Trustee) as on 31.03.2022	0.12

(₹ in crore)

Investments carried at Fair value through Profit & Loss Account	No. of Shares / Units March 31, 2022	No. of Shares / Units March 31, 2021	As at March 31, 2022	As at March 31, 2021
Other investments-Unquoted, Fully paid up				
(i) Real Estate Venture Fund:**				
CIG Realty Fund - 1 (Face Value ₹ 10/- each)	91,71,429	91,71,429	9.17	9.17
Less: Impairment Loss			9.17	9.17
			-	**-**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Investments carried at Fair value through Profit & Loss Account	No. of Shares / Units March 31, 2022	No. of Shares / Units March 31, 2021	As at March 31, 2022	As at March 31, 2021
Other investments-Unquoted, Partly paid up				
(i) Real Estate Venture Fund:**				
LICHFL Urban Development Fund (Face Value ₹ 10,000/- each)	50,000	50,000	14.88	18.81
Less: Impairment Loss			8.85	3.96
			6.03	**14.85**
Other investments-Unquoted, Partly paid up				
(i) Real Estate Venture Fund:**				
LICHFL Urban Development Fund (Face Value ₹ 1/- each)	5,29,300	5,29,300	0.05	0.05
Less: Impairment Loss			0.03	0.01
			0.02	**0.04**
Other investments-Unquoted, Fully paid up				
(i) Alternative Investment Fund:**				
LICHFL Housing and Infrastructure Fund (Face Value ₹ 100/- each)	33,72,882	10,78,204	33.73	10.78
Less: Impairment Loss			5.56	9.23
			28.17	**1.55**

Note 11: OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Fixed Deposit For SLR Of Public Deposit maturing beyond 12 months *	-	82.70
(ii) Interest Accured But not due on Fixed Deposits with Banks	0.00	9.78
(iii) Security Deposits	12.86	13.20
(iv) Other Deposits	1.27	0.92
(v) Dues from Subsidiaries/Associates	0.01	0.01
(vi) Other dues from Staff	2.45	2.16
(vii) Fees Receivable	1.26	0.96
(viii) Unbilled Revenue	4.12	0.02
Total	**21.97**	**109.75**

Other Financial Assets includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ Nil (F.Y. 2020-21 82.70 crore). Fixed deposit placed with banks earns interest at fixed rate.

Note 12: CURRENT TAX ASSETS (NET)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision under Income Tax	138.18	5.03
Total	**138.18**	**5.03**

Note 13: DEFERRED TAX ASSETS (NET)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Deferred Tax Assets	1,371.36	918.69
Total	**1,371.36**	**918.69**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NOTE 14.1 PROPERTY, PLANT & EQUIPMENT

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2022 are as follows:

(₹ in crore)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Gross carrying value as of April 1, 2021	28.82	117.66	13.19	10.03	0.64	7.05	24.45	201.86
Additions	-	0.00	2.50	1.67	-	1.21	10.15	15.54
(Deductions)	(11.96)	-	(0.00)	(0.04)	-	(0.12)	(0.33)	(12.46)
Changes due to Revaluation	-	-	-	-	-	-	-	-
Gross carrying value as of March 31, 2022	**16.86**	**117.66**	**15.69**	**11.66**	**0.64**	**8.14**	**34.28**	**204.93**
Accumulated Depreciation as of April 1, 2021	-	6.52	7.34	4.57	0.31	4.14	17.92	40.81
Depreciation	-	1.96	2.08	1.40	0.09	1.27	3.41	10.21
(Accumulated Depreciation on Deductions)	-	-	(0.00)	(0.04)	-	(0.12)	(0.32)	(0.48)
Accumulated Depreciation as of March 31, 2022	-	8.49	9.42	5.94	0.40	5.29	21.00	50.54
Carrying Value as of March 31, 2022	**16.86**	**109.18**	**6.28**	**5.73**	**0.24**	**2.84**	**13.27**	**154.39**

The Debentures are secured by mortgage on an immovable Property Owned by the Company valuing approx ₹ 4.33 crore (Book Value ₹ 0.38 crore).

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2021 are as follows:

(₹ in crore)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Gross carrying value as of April 1, 2020	28.82	116.94	11.76	9.33	0.57	6.09	21.92	195.44
Additions	-	0.72	1.44	0.71	0.11	1.02	2.56	6.56
(Deductions)	-	-	(0.00)	(0.01)	(0.03)	(0.06)	(0.03)	(0.14)
Changes due to Revaluation	-	-	-	-	-	-	-	-
Gross carrying value as of March 31, 2021	**28.82**	**117.66**	**13.19**	**10.03**	**0.64**	**7.05**	**24.45**	**201.86**
Accumulated Depreciation as of April 1, 2020	-	4.57	5.11	3.31	0.28	2.93	13.64	29.83
Depreciation	-	1.96	2.23	1.28	0.07	1.27	4.31	11.12
(Accumulated Depreciation on Deductions)	-	-	-	(0.01)	(0.03)	(0.06)	(0.03)	(0.14)
Accumulated Depreciation as of March 31, 2021	-	6.52	7.34	4.57	0.32	4.14	17.92	40.81
Carrying Value as of March 31, 2021	**28.82**	**111.14**	**5.85**	**5.46**	**0.33**	**2.91**	**6.53**	**161.05**

The Debentures are secured by mortgage on an immovable Property Owned by the Company valuing approx ₹ 1.19 crore (Book Value ₹ 0.10 crore).

NOTE 14.2 CAPITAL WORK IN PROGRESS

The changes in carrying value of Capital Work in Progress for the year ended March 31, 2022 are as follows :

(₹ in crore)

Particulars	Capital Work in Progress	Intangible WIP (software under development)	Total
Gross Carrying Value as of April 1, 2021	2.71	3.63	6.34
Additions	0.46	8.74	9.20
(Deductions)	(0.32)	(10.92)	(11.24)
Gross Carrying Value as of March 31, 2022	**2.85**	**1.45**	**4.30**
Accumulated Depreciation as of April 1, 2021	-	-	-
Depreciation for the year	-	-	-
(Accumulated Depreciation on Deductions)	-	-	-
Accumulated Depreciation as of March 31, 2022	**-**	**-**	**-**
Carrying Value as of March 31, 2022	**2.85**	**1.45**	**4.30**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

The changes in carrying value of Capital Work in Progress for the year ended March 31, 2021 are as follows :

(₹ in crore)

Particulars	Capital Work in Progress	Intangible WIP(software under development)	Total
Gross Carrying Value as of April 1, 2020	2.92	0.00	2.92
Additions	0.97	3.63	4.60
(Deductions)	(1.18)	-	(1.18)
Gross Carrying Value as of March 31, 2021	**2.71**	**3.63**	**6.34**
Accumulated Depreciation as of April 1, 2020	-	-	-
Depreciation for the year	-	-	-
(Accumulated Depreciation on Deductions)	-	-	-
Accumulated Depreciation as of March 31, 2021	**-**	**-**	**-**
Carrying Value as of March 31, 2021	**2.71**	**3.63**	**6.34**

Note 14.3: Intangible Assets under Development

The changes in carrying value of Intangible Assets under Development for the year ended March 31, 2022 are as follows :

(₹ in crore)

Particulars	Software under development
Gross Carrying Value as of April 1, 2021	3.63
Additions	8.74
(Deductions)	(10.92)
Gross Carrying Value as of March 31, 2022	**1.45**
Accumulated Depreciation as of April 1, 2021	-
Depreciation for the year	-
(Accumulated Depreciation on Deductions)	-
Accumulated Depreciation as of March 31, 2022	**-**
Carrying Value as of March 31, 2022	**1.45**

The changes in carrying value of Intangible Assets under Development for the year ended March 31, 2021 are as follows :

(₹ in crore)

Particulars	Software under development
Gross Carrying Value as of April 1, 2020	-
Additions	3.63
(Deductions)	-
Gross Carrying Value as of March 31, 2021	**3.63**
Accumulated Depreciation as of April 1, 2020	-
Depreciation for the year	-
(Accumulated Depreciation on Deductions)	-
Accumulated Depreciation as of March 31, 2021	**-**
Carrying Value as of March 31, 2021	**3.63**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 14.4:

The changes in carrying value of the Right of Use Assets for the year ended March 31, 2022:

(₹ in crore)

Particulars	Right of Use Asset	Total
Gross Carrying Value as of April 1, 2021	**197.18**	**197.18**
Additions	74.63	74.63
(Disposals)	(18.84)	(18.84)
ROU derecognised on subleased asset	(3.89)	(3.89)
Gross Carrying Value as of March 31,2022	**249.08**	**249.08**
Accumulated Depreciation as of April 1, 2021	68.32	68.32
Depreciation for the year	42.60	42.60
(Accumulated Depreciation on Disposals)	(18.84)	(18.84)
Accumulated Depreciation as of March 31,2022	**92.08**	**92.08**
Terminated Leases	**18.54**	**18.54**
Carrying Value as of March 31, 2022	**138.46**	**138.46**

The changes in carrying value of the Right of Use Assets for the year ended March 31, 2021:

(₹ in crore)

Particulars	Right of Use Asset	Total
Opening Value of Right of Use Asset as of April 1, 2020	**162.00**	**162.00**
Additions	43.25	43.25
(Disposals)	(8.07)	(8.07)
Gross Carrying Value as of March 31, 2021	**197.18**	**197.18**
Accumulated Depreciation as of April 1, 2020	35.40	35.40
Depreciation for the year	40.69	40.69
(Accumulated Depreciation on Disposals)	(7.77)	(7.77)
Accumulated Depreciation as of March 31,2021	**68.32**	**68.32**
Terminated Leases	**10.56**	**10.56**
Carrying Value as of March 31, 2021	**118.30**	**118.30**

Note 14.5: OTHER INTANGIBLE ASSETS

The changes in carrying value of the Intangible Assets for the year ended March 31, 2022 are as follows :

(₹ in crore)

Particulars	Software License	Total
Gross Carrying Value as of April 1, 2021	7.61	7.61
Additions	21.82	21.82
(Deductions)	(0.02)	(0.02)
Gross Carrying Value as of March 31, 2022	**29.41**	**29.41**
Accumulated Depreciation as of April 1, 2021	5.30	5.30
Depreciation for the year	2.37	2.37
(Accumulated Depreciation on Deductions)	(0.02)	(0.02)
Accumulated Depreciation as of March 31, 2022	**7.65**	**7.65**
Carrying Value as of March 31, 2022	**21.76**	**21.76**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

The changes in carrying value of the Intangible Assets for the year ended March 31, 2021 are as follows

(₹ in crore)

Particulars	Software License	Total
Gross Carrying Value as of April 1, 2020	6.64	6.64
Additions	0.97	0.97
(Deductions)	-	-
Gross Carrying Value as of March 31, 2021	**7.61**	**7.61**
Accumulated Depreciation as of April 1, 2020	4.64	4.64
Depreciation for the year	0.66	0.66
(Accumulated Depreciation on Deductions)	-	-
Accumulated Depreciation as of March 31, 2021	**5.30**	**5.30**
Carrying Value as of March 31, 2021	**2.31**	**2.31**

Note 15: OTHER NON -FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Capital Advances	5.93	4.23
(ii) Statutory Dues	99.15	100.46
(iii) Prepaid Expenses	34.11	32.57
(iv) Sundry Advances	3.42	3.14
(v) Others	0.06	0.07
Total	**142.67**	**140.47**

Note 16: PAYABLES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	2.80	2.80
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises *	51.17	83.17
Total	**53.97**	**85.97**

The Company had requested its suppliers to confirm the status as to whether they are covered under the Micro, Small & Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year - end together with interest paid / payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under MSMED Act, 2006.

(₹ in crore)

Trade Payable Ageing Schedule	**Outstanding as on 31.03.2022 from due date of payment#**				
Particulars	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	2.80	–	–	–	2.80
(ii) Others	51.11	0.01	–	0.05	51.17
(iii) Disputed dues –MSME	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–

#There is no unbilled due pending for FY 2021-22

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in crore)

Trade Payable Ageing Schedule	Outstanding as on 31.03.2021 from due date of payment#				
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	2.80	–	–	–	2.80
(ii) Others	83.17	–	–	–	83.17
(iii) Disputed dues –MSME	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–

#There is no unbilled due pending for FY 2020-21

Other Payable

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	**-**	**-**

Note 17: DEBT SECURITIES - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(1) SECURED:		
Non Convertible Debentures (Refer Note 17.1)	1,17,042.35	1,11,216.21
Zero Coupon Debentures (Refer Note 17.2)	1,935.42	2,151.50
(2) UNSECURED:		
Commercial Paper (Refer Note 17.3)	8,364.22	12,230.25
Total (A) (1+2)	**1,27,341.99**	**1,25,597.96**
Debt securities in India	1,27,341.99	1,25,597.96
Debt securities outside India	-	-
Total	**1,27,341.99**	**1,25,597.96**

Note 17.1

Secured by a negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules. Subject to maintenance of Asset Cover, as may be applicable and in the normal course of business, the Company may without the consent/approval of the Trustee/Debenture Holder(s)/Beneficial Owner(s)/creditors be entitled to make further issue(s) of Debentures, raise further loans and advances and/or avail further deferred payment guarantees or other financial facilities from time to time from any persons/bank/financial institution/body corporate/ any other agency.

Secured by way of Negative Lien on the Assets, to the extent of Asset Cover, without any encumbrance in favour of the Debenture Trustee except to the extent of the charge created in favour of its depositors of the Company pursuant to the regulatory requirement under Section 29B of the NHB Act.

However, the Company shall, from time to time, be entitled to create any charge, mortgage, pledge, security interest, encumber or create lien on its Assets, subject to maintenance of Asset Cover, except to the extent of charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the NHB Act or as may be required under any law, regulation, guidelines or rules.

Note 17.2

Secured by a negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as maybe required under any law, regulations, guidelines or rules. Subject to maintenance of Asset Cover, as may be applicable and

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

in the normal course of business, the Company may without the consent/approval of the Trustee/Debenture Holder(s)/Beneficial Owner(s)/creditors be entitled to make further issue(s) of Debentures, raise further loans and advances and/or avail further deferred payment guarantees or other financial facilities from time to time from any persons/bank/financial institution/body corporate/ any other agency.

Secured by way of Negative Lien on the Assets, to the extent of Asset Cover, without any encumbrance in favour of the Debenture Trustee except to the extent of the charge created in favour of its depositors of the Company pursuant to the regulatory requirement under Section 29B of the NHB Act.

However, the Company shall, from time to time, be entitled to create any charge, mortgage, pledge, security interest, encumber or create lien on its Assets, subject to maintenance of Asset Cover, except to the extent of charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the NHB Act or as may be required under any law, regulation, guidelines or rules.

The details of Zero Coupon Debentures are as under:

(₹ in crore)

Particulars	Date of Redemption		Earliest Put/ Call Option Date	As at March 31, 2022
6750 ZCD's of ₹ 1000000/- each	25-Apr-25	*	-	674.67
7250 ZCD's of ₹ 1000000/- each	25-Apr-25	*	-	731.25
5295 ZCD's of ₹ 1000000/- each	4-May-22	**	-	529.50
Total				**1,935.42**

Note - Reissue premium (₹ 6.52 crore).

* Maturity Value of ₹ 12,16,593/- per Debenture including premium.

** Maturity Value of ₹ 13,05,675/- per Debenture including premium.

The details of Zero Coupon Debentures are as under:

(₹ in crore)

Particulars	Date of Redemption		Earliest Put/ Call Option Date	As at March 31, 2021
5295 ZCD's of ₹ 1000000/- each	4-May-22	*	-	529.50
16220 ZCD's of ₹ 1000000/- each	25-Feb-22	**	-	1,622.00
Total				**2,151.50**

* Maturity Value of ₹ 13,05,675/- per Debenture including premium.

** Maturity Value of ₹ 13,27,103/- per Debenture including premium.

Note 18: BORROWINGS (OTHER THAN DEBT SECURITIES) - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
SECURED (Refer Note 18.1)		
(a) Term Loans		
(i) from Banks (Rupee Term Loans) **	47,730.40	35,551.12
(ii) National Housing Bank (Refinance) **	8,304.19	10,119.54
(b) Loans repayable on demand from Banks (Rupee Term Loans) **	18,900.00	15,000.00
Total (A) Borrowings in India	**74,934.59**	**60,670.66**
(a) Term Loans		
(i) from Banks (ECB) **	1,512.64	1,462.08
Total (B) Borrowings out side India	**1,512.64**	**1,462.08**
Total Borrowings (A) + (B)	**76,447.23**	**62,132.74**

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Note 18.1

Negative lien on the assets of the Company (excluding current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose off, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and Immovable Property acquired by Company on or after September 26, 2001.

Note 19: DEPOSITS - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
UNSECURED:		
(i) Public Deposits	4,595.72	7,510.92
(ii) Corporate Deposits	13,426.46	10,760.83
Total	**18,022.18**	**18,271.75**

The Company has designated liquid assets for the purpose of maintaining Statutory Liquid Ratio and Floating Charge on Fixed Deposits with banks has been created in favour of the Trustees for Depositors.

Note 20: SUBORDINATED LIABILITIES - AT AMORTISED COST

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
UNSECURED:		
(i) Subordinated Bonds	1,795.44	1,795.12
(ii) Upper Tier II Bonds	-	-
Total (A)	**1,795.44**	**1,795.12**
Subordinated Liabilities in India	1,795.44	1,795.12
Subordinated Liabilities outside India	-	-
Total (B)	**1,795.44**	**1,795.12**

The details of Subordinated Bonds are as under:

(₹ in crore)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2022
3000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	304.07
5000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	498.77
10000 Bonds of ₹ 1,000,000 each	21-Dec-30	7.05%	-	992.60
Total				**1,795.44**

Note:- Reissue premium (₹ 4.41 crore)

These Bonds are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2022, 100% (F.Y. 2020-21 - 100 %) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

The details of Subordinated Bonds are as under:

(₹ in crore)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2021
3000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	304.23
5000 Bonds of ₹ 1,000,000 each	19-Mar-31	7.70%	-	498.70
10000 Bonds of ₹ 1,000,000 each	21-Dec-30	7.05%	-	992.19
Total				**1,795.12**

Note:- Reissue premium (₹ 4.41 crore)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

These Bonds are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2021, 100% (F.Y. 2019-20 - 0%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the at the balance sheet date.

All the quarterly returns or statements of current assets filed by the company with banks or Financial institutions are in agreement with the books of accounts.

Note 21: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Interest accrued		
- Non-Convertible Debentures	3,443.66	3,536.37
- Zero Coupon Debentures	179.54	471.22
- Term Loan	62.25	48.98
- Subordinated Bonds	21.70	20.94
- Deposits	692.98	806.89
(ii) Unclaimed Dividends *	8.60	8.79
(iii) Unpaid Matured Deposits	403.07	210.55
(iv) Book Overdraft [Refer Note 43]	544.03	1,329.46
(v) Pre-received Interest Liability on NCD Reissuance	73.84	40.83
(vi) Pre-received Interest Liability on Subordinate Bond	-	0.76
(vii) Miscellaneous Liabilities	159.17	185.07
Total	**5,588.84**	**6,659.86**

*As required under Section 125 of the Companies Act 2013, the Company has transferred ₹ 1.25 crore (F.Y. 2020-21 ₹ 1.07 crore) to the Investor Education and Protection Fund (IEPF) during the year.

Note 22: CURRENT TAX LIABILITIES (NET)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Provision under Income Tax	-	7.76
Total	**-**	**7.76**

Note 23: DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Deferred Tax Liabilities	0.12	0.09
Total	**0.12**	**0.09**

Note 24: PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Provision for Employee Benefits	170.40	142.28
(ii) Other Provisions	3.53	5.23
Total	**173.93**	**147.51**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 25: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Outstanding Expenses	166.22	131.70
(ii) Statutory Dues	142.19	85.73
(iii) Earnest Money Deposit	0.96	0.93
(iv) Others	49.73	72.68
Total	**359.10**	**291.04**

Note 26: SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
AUTHORISED		
750,000,000 Equity Shares of ₹ 2/- each (Previous year 750,000,000 Equity Shares of ₹ 2/- each)	150.00	150.00
ISSUED, SUBSCRIBED AND PAID-UP		
550,063,000 Equity Shares of ₹ 2/- each (Previous Year 504,663,000 Equity Shares of ₹ 2/- each) fully paid up	110.01	100.93
Add: Forfeited shares as per Note.23(d) below	0.06	0.06
	110.08	**100.99**

Note.26(a): Reconciliation of number of shares outstanding and amount of Share Capital at the beginning and at the end of the reporting period

(₹ in crore)

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity Shares outstanding as at the beginning of the year	50,46,63,000	100.93	50,46,63,000	100.93
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Add: Issued during the year	4,54,00,000	9.08	-	-
Less: Bought back during the year	-	-	-	-
Equity Shares outstanding as at the end of the year	**55,00,63,000**	**110.01**	**50,46,63,000**	**100.93**

Note.26(b): Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amount, in proportion to their shareholdings.

Note.26(c): Detail of Shareholders holding more than 5% share in the company are given below

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Life Insurance Corporation of India	24,88,42,495	45.24	20,34,42,495	40.31

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note.26(d): Forfeited Shares

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Amount received on forfeited shares	0.06	0.06
	0.06	**0.06**

Note.26(e): Shaeholding of Promoters

(₹ in crore)

Shares held by the Promoter at the end of the year	As at March 31, 2022		
	No. of Shares held	% of Holding	% Change during the year
Life Insurance Corporation of India	24,88,42,495	45.24	22.32%

(₹ in crore)

Shares held by the Promoter at the end of the year	As at March 31, 2021		
	No. of Shares held	% of Holding	% Change during the year
Life Insurance Corporation of India	20,34,42,495	40.31	-

Note 27: OTHER EQUITY

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) (a) Capital Reserve		
As per last Balance Sheet	0.48	0.48
(b) Capital Reserve on acquisition of shares in LICHFL Care Homes	27.88	27.88
(ii) Securities Premium Account		
As per last Balance Sheet	4,047.52	1,721.09
(iii) Cash Flow Hedge Reserve		
Opening Balance	-	-
Add: Gain on ECB Cross Currency Swap	79.17	48.62
Less : Loss due to Exchange Rate Fluctuation on ECB	79.17	48.62
Closing Balance	-	-
(iv) Special Reserve - I		
In terms of Section 36(1)(viii) of Income-Tax, 1961 and Section 29C of National Housing Bank (NHB) Act,1987 (Upto financial year 1996-97)		
As per last Balance Sheet	38.98	38.98
(v) Other Statutory Reserves including Special Reserve- II		
Balance at the beginning of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	0.17	0.16
(ii) Amount of Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	6,684.32	5,854.33
Total	**6,684.49**	**5,854.49**
Addition / Appropriation / Withdrawal during the year		
Add :		
(i) Amount transferred u/s 29C of the NHB Act, 1987	0.01	0.01
(ii) Amount of Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	859.99	829.99

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Less :		
(i) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(ii) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account which has been taken into account for purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
(i) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.18	0.17
(ii) Amount of Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	7,544.31	6,684.32
Total	**7,544.49**	**6,684.49**
(vi) General Reserve		
Opening Balance	7,152.72	6,452.72
Add: Transferred during the year	700.00	700.00
Closing Balance	**7,852.72**	**7,152.72**
(vii) Impairment Reserve		
Opening Balance	204.78	-
Add: Transferred during the year	92.72	204.78
Closing Balance	**297.51**	**204.78**
(viii) Surplus in the Statement of Profit and Loss		
Opening balance	4,874.81	4,068.26
Add: Total Comprehensive Income for the year	2,281.42	2,740.29
Less: Appropriations		
Dividend Paid and Tax on Dividend Paid	467.55	403.73
Transfer to General Reserve	700.00	700.00
Transfer to Special Reserve - II	859.99	829.99
Transfer to Statutory Reserve u/s 29C of the NHB Act, 1987	0.01	0.01
Adjustment in Retained Earnings due to first time application of IND AS 116	-	
Closing Balance	**5,128.68**	**4,874.81**
	24,640.74	**20,500.44**

Nature and purpose of each reserve

Securities Premium Reserve

"Securities Premium Reserve" is used to denote the Share premium received on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Cash Flow Hedge Reserve

It represents the effective portion of cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Special Reserve – I:

Special Reserve – I 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 Company. The amounts of Special Reserve account represents, the reserve created in terms of the provision of Section 36(1)(viii) read together with the proviso thereof, from time to time. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97 (Assessment Year 1997-98) when the word was 'created' only was used in the said section and not 'created and maintained'. Admittedly, the position has changed after the amendment made in Section 36(1)(viii) by the Finance Act 1997 with effect from Assessment year 1998-99, when the mandatory requirement of 'maintaining' the special reserve created was inserted. Accordingly, it was interpreted that the Special Reserve created upto Assessment Year 1997-98 need not be 'maintained'. As a logical corollary, it is construed that upto Assessment Year 1997-98, the amounts carried to special reserve ought to be understood as amounts created by transferring to the credit of special reserve from time to time.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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Special Reserve – II:

Special Reserve – 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 Company transferred from Financial Year 1997-98 (Assessment Year 1998-99). In the F.Y. 2021-22 ₹ 859.99 crore (F.Y. 2020-21 ₹ 829.99 crore) has been transferred to Special Reserve No. II in terms of Section 36(1)(viii) of the Income tax Act, 1961.

Statutory Reserves under Section 29C (Regulatory Capital) of NHB:

Upto financial year 1996-97: The Company being regulated by NHB had to mandatorily transfer an amount as per Section 29C of NHB Act, 1987 on the similar lines as that of for Special Reserve – I which has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and it relates to the amounts transferred upto the Financial Year 1996-97 (Assessment Year 1997-98).

After financial year 1996-97: The Company being regulated by NHB has to mandatorily transfer an amount as per Section 29C of NHB Act, 1987 on the similar lines as that of for Special Reserve – II which has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961. For the year under review an amount of ₹ 1,00,000.00 (F.Y. 2020-21 ₹ 1,00,000.00) has been transferred to Statutory Reserve under Section 29C the NHB Act.

General Reserve:

"Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013. However, since the Company utilises the deduction available to Housing Finance Companies registered with National Housing Bank as provided in Section 36(1)(viii) of the Income tax Act, 1961, wherein the proviso of the Section stipulates that the amount carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the Company, the rebate is restricted to the twice of the aggregate of paid up capital and the general reserve. Therefore, the Company transfers funds to General Reserve in order to avail the full benefit of Section 36(1)(viii). For the year, the Company has transferred an amount of ₹ 700 crore to General Reserve. (F.Y. 2020-21 ₹ 700 crore).

Note 28: INTEREST INCOME

(₹ in crore)

Particulars	Year Ended March 31, 2022 On Financial Assets measured at Amortised Cost	Year Ended March 31, 2021 On Financial Assets measured at Amortised Cost
i) Interest on Loans & Advances	19,489.48	19,526.45
ii) Interest Income from Investments	220.37	146.42
iii) Interest on Deposits with Banks	6.55	36.05
iv) Other Interest Income (Net)	1.37	0.36
Total	**19,717.77**	**19,709.28**

Note 29: FEES & COMMISSION INCOME

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Fees & Commission Income	117.61	98.81
Total	**117.61**	**98.81**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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Note 30: NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS - UNDER AMORTISED COST CATEGORY

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Net Gain on Financial Instruments at Fair Value through Profit or (Loss)		-
(i) On Trading Portfolio		
- Investments	1.04	0.96
Total Net Gain on Fair Value changes	1.04	0.96
Fair Value changes:	1.04	0.96
Realised	0.06	0.89
Unrealised	0.97	0.07
Total Net Gain on Fair Value changes (D)		
Total	**1.04**	**0.96**

Note 31: NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS - UNDER AMORTISED COST CATEGORY

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Gain on Derecognition of Financial Instruments	19.40	9.45
Total	**19.40**	**9.45**

Note 32: SALE OF PRODUCTS

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Sale of Products	-	-
Total	**-**	**-**

Note 33: OTHERS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
i) Net gain on Derecognition of Financial Instruments measured at Fair Value through Profit & Loss Account	16.33	33.14
ii) Miscellaneous Income	102.21	30.06
Total	**118.54**	**63.20**

Note 34: OTHER INCOME

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Dividend Income from Associates	0.43	0.00
ii) Interest from Fixed Deposits	3.07	3.82
iii) Income from subleasing right-of-use assets	0.00	0.00
iv) Net gain/(loss) on derecognition of property, plant and equipment	0.01	0.01
v) Net gain or (loss) on foreign currency translation	27.44	(5.31)
vi) Impairment Gain on Sub-Lease Asset	(0.00)	-
Total	**30.95**	**(1.48)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 35: FINANCE COSTS

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Interest on Deposits	1,189.02	1,204.98
ii) Interest on Borrowings	3,571.68	3,222.10
iii) Interest on Debt Securities	9,249.29	9,917.68
iv) Interest on Subordinated Liabilities	132.42	96.80
v) Interest on Lease Liability	8.68	8.82
Total	**14,151.09**	**14,450.38**

Note 36: FEES AND COMMISSION EXPENSE

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Fees and Commisssion	113.99	88.28
Total	**113.99**	**88.28**

Note 37: NET LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Loans Written Off	23.03	-
ii) Loss on Derecognition of Financial Instruments	10.56	27.42
Total	**33.59**	**27.42**

Note 38: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

Particulars	On Financial Instruments measured at Amortised Cost	
	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Loans	1,939.59	1,287.13
ii) Others	48.65	30.48
Total	**1,988.24**	**1,317.61**

The details relating to movment in Impairment on Loans (Expected Credit Loss) is disclosed in Note 37.4.2.4

Note 39: COST OF MATERIALS CONSUMED

(₹ in crore)

Particulars	On Financial Instruments measured at Amortised Cost	
	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Cost of Materials Consumed	19.92	1.03
Total	**19.92**	**1.03**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 40: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Salaries and Wages	474.11	242.91
ii) Contribution to Provident and Other Funds [Refer Note 52]	54.82	34.85
iii) Staff Welfare Expenses	42.47	35.56
iv) Provision for Sick Leave and Earned Leave	28.27	8.65
v) Notional Expense on Staff Loan	2.78	1.81
Total	**602.45**	**323.78**

Note 41: OTHER EXPENSES

(₹ in crore)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
i) Rent, Rates and Taxes	23.57	24.07
ii) Repairs and Maintenance - Building	2.40	2.06
iii) Repairs and Maintenance - Others	15.13	10.84
iv) Communication Costs	13.83	10.52
v) Printing and Stationery	7.05	5.97
vi) Advertisement & Publicity Expenses	28.20	42.97
vii) Director's fees, allowances and expenses	0.88	0.62
viii) Auditor's fees and expenses [Refer Note 44]	1.10	0.74
ix) Legal and Professional charges	10.41	15.19
x) Insurance Charges	0.18	0.18
xi) Travelling and Conveyance	16.39	9.91
xii) Competition Prizes & Conference Expenses	25.69	19.53
xiii) Electricity Expenses	5.27	5.09
xiv) Service Charges for Safe Custody of Documents	15.00	11.89
xv) Contribution towards CSR activites [Refer Note 53]	67.55	63.63
xvi) Miscellaneous Expenses	20.94	30.91
Total	**253.59**	**254.12**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in crore)

Corporate Social Responsibility

		31.03.2022				31.03.2021			
	Particulars	**LICHFL**	**AMC**	**FSL**	**TOTAL**	**LICHFL**	**AMC**	**FSL**	**TOTAL**
(a)	Amount required to be spent by the company during the year	66.98	0.22	0.35	67.55	63.03	0.21	0.39	63.63
(b)	Amount of expenditure incurred	64.68	0.22	0.35	65.25	54.23	0.21	0.39	54.83
(c)	Shortfall at the end of the year	2.30	0.00	0.00	2.30	8.80	0.00	0.00	8.80
(d)	Total of previous years shortfall	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e)	Reason for shortfall,	Considering the due diligence process and the CSR project sourcing guidelines, only those project proposals were selected which fulfilled the minimum criteria and displayed an established track record on similar projects.	NA	NA		The Company had intends to contribute towards genuine projects and partner with only reputed implementation agencies with proven track record. Subsequently the Company gave predominant emphasis on periodically monitoring and impact generation from the CSR contribution made by it. In financial year 2020-21 the Company has made its best endeavour to appraise and process the contribution requests received by it.	NA	NA	
(f)	Nature of CSR activities,	Rural development, promoting education, health, WASH, sanitation, renewable energy, social incubation	Amount expended to PM Care Fund	Paid to Tata Memorial centre for the purpose of promoting health care including preventive health care		Rural development, promoting education, health, WASH, sanitation	Amount expended to PM National Relief Fund	Paid to Tata Memorial centre for the purpose of promoting health care including preventive health care	
(g)	Details of related party transactions	NA				NA			
(h)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Refer Note 57							

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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42. FINANCIAL INSTRUMENTS

42.1. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per the directions issued by Reserve Bank of India (RBI).The adequacy of the Company's capital is monitored using, among other measures, the guidelines issued by NHB.

The Group's objective, when managing Capital, is to safeguard the ability of the Group to continue as a going concern, maintain strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value.

The Group's capital management strategy is to effectively determine, raise and deploy capital so as to maximize the shareholder's value. The capital of the Group comprises of Equity Share Capital and subordinated liabilities. No changes have been made to the objectives, policies and processes from the previous years.

For the purpose of computing equity, the Company does not consider Impairment Reserve to be part of Equity.

The Debt Equity Ratio of the Group is calculated as below:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Debt Securities	1,27,341.99	1,25,597.96
Borrowings (Other than Debt Securities)	76,447.23	62,132.74
Deposits	18,022.18	18,271.75
Subordinated Liabilities	1,795.44	1,795.12
A) Total Debt	2,23,606.84	2,07,797.57
B) Total Equity-Shareholder's Funds	22,935.62	20,399.37
C) Debt Equity Ratio (A/B)	9.75	10.19

42.2. Categories of Financial Instruments:

(₹ in crore)

Particulars	As at March 31, 2022			
	Amortised cost	At Fair Value Through profit or loss	At Deemed Cost	Total
Financial Assets				
Cash and Cash Equivalents	824.35	-	-	824.35
Bank Balance other than above	160.31	-	-	160.31
Derivative Financial Instruments	-	79.17	-	79.17
Receivables	8.38	-	-	8.38
Loans	2,45,234.49	-	-	2,45,234.49
Investments	4,626.66	1,597.01	55.72	6,279.39
Other Financial Assets	21.97	-	-	21.97
Total	**2,50,876.17**	**1,676.17**	**55.72**	**2,52,608.06**
Financial Liabilities				
Lease Liability	150.23	-	-	150.23
Trade Payables	53.97	-	-	53.97
Debt Securities	1,27,341.99	-	-	1,27,341.99
Borrowings (Other than Debt Securities)	76,447.23	-	-	76,447.23
Deposits	18,022.18	-	-	18,022.18
Subordinated Liabilities	1,795.44	-	-	1,795.44
Other Financial Liabilities	5,588.84	-	-	5,588.84
Total	**2,29,399.88**	**-**	**-**	**2,29,399.88**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Particulars	As at March 31, 2021			
	Amortised cost	At Fair Value Through profit or loss	At Deemed Cost	Total
Financial Assets				
Cash and Cash Equivalents	1,331.87	-	-	1,331.87
Bank Balance other than above	53.09	-	-	53.09
Derivative Financial Instruments	-	5.69	-	5.69
Receivables	7.70	-	-	7.70
Loans	2,28,090.98	-	-	2,28,090.98
Investments	2,402.42	2,186.45	55.03	4,643.90
Other Financial Assets	109.75	-	-	109.75
Total	**2,31,995.81**	**2,192.14**	**55.03**	**2,34,242.98**
Financial Liabilities				
Lease Liability	127.63	-	-	127.63
Trade Payables	85.97	-	-	85.97
Debt Securities	1,25,597.96	-	-	1,25,597.96
Borrowings (Other than Debt Securities)	62,132.74	-	-	62,132.74
Deposits	18,271.75	-	-	18,271.75
Subordinated Liabilities	1,795.12	-	-	1,795.12
Other Financial Liabilities	6,659.86	-	-	6,659.86
Total	**2,14,671.03**	**-**	**-**	**2,14,671.03**

42.3. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The Group evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date. Fair value of financial instruments is determined using valuation techniques and estimates which, to the extent possible, use market observable inputs, but in some cases use non-market observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments. In determining the valuation of financial instruments, the Group makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 instruments, and the significant valuation judgements in respect of Level 3 instruments.

Fair Value Hierarchy:

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measurements are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable

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Level 3: Fair value measurements are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars		**Fair Value**		**Fair Value Hierarchy**	**Valuation Technique**	**Key Inputs for Level 2 & Level 3**	**Significant unobservable input(s) for Level 3**
Financial Assets	**Category**	**As at March 31, 2022**	**As at March 31, 2021**				
Mutual funds	FVTPL	1,562.78	2,170.01	Level 1	Quoted Market Price for Mutual Funds	NA	NA
Derivative financial instruments	FVTPL	79.17	5.69	Level 2	Mark to market of the derivative	Valuation received from the counter-party	NA
Initial Settlers Contribution Under Indenture Trust	FVTPL	0.002	0.002	Level 3	Book Value	Refer Note below	Refer Note below
LICHFL Urban Development Fund	FVTPL	6.05	14.89	Level 3	NAV as on reporting date declared by the Fund		
LICHFL Housing And Infrastructure Fund	FVTPL	28.17	1.55	Level 3			
Adarsh Developers	FVTPL	0.01	-	Level 1	Initially recognised at market price	Refer Note below	Refer Note below
Non-Financial Assets							
Assets Held For Sale	FVTPL	107.38	126.19	Level 2	Valuation as per independent valuer	Refer Note below	Refer Note below

There were no transfers between Level 1, Level 2 and Level 3 during the year.

Valuation techniques

Equity instruments

Units held in funds having quoted market price are fair valued considering Level 1 inputs. Others which are measured based on their net asset value (NAV) as on reporting date, taking into account redemption and/or other restrictions. Such instruments are generally fair valued considering Level 3 inputs.

Equity instruments in non-listed entities including investment in private equity funds are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 3. However, Provision for Diminution in value of Investment have considered for computing the fair value.

Interest rate derivatives and Cross Currency Swaps

Interest rate derivatives include interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position.

The fair value of a cross currency swap is calculated by determining the future cash flows on both legs (i.e. the receiving leg and the paying leg), and discounting these cash flows using an appropriate discount factor curve.

These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

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Valuation adjustments and other inputs and considerations

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 financial assets does not have a significant impact in its value.

No valuation adjustments have been made to the prices/yields provided for valuation.

Financial Instruments not measured using Fair Value, i.e. measured using Amortized Cost/Cost

The following table is a comparison, by class, of the carrying amounts and fair values of the Group's financial instrument that are not carried at fair value in the financial statements. This table does not include the fair value of non-financial assets and non-financial liabilities.

(₹ in crore)

Particulars	Carrying Value	Fair Value Hierarchy	Fair Value
As at March 31, 2022			
Financial Assets			
Government Securities	4,626.66	Level 1	4,506.68
Investment in Associates	55.72	Level 3	55.72
As at March 31, 2021			
Financial Assets			
Government Securities	2,402.42	Level 1	2,446.41
Investment in associates	55.03	Level 3	55.03

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include long term bonds with fixed rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Group uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Group classifies those securities as Level 2. The Group does not have Level 3 government securities where valuation inputs would be unobservable.

Investment in associates

In the opinion of the Group, in case of associates, the carrying value approximates the fair value.

Other Financial Assets and Liabilities

With respect to Bank Balances and Cash and Cash equivalents, Other Financial Assets, Trade Receivables, Trade Payables and other Financial Liabilities, the carrying value approximates the fair value.

42.4. Financial Risk Management

Introduction

While risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, market risk and currency risk.

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Impact of Covid-19 (Global Pandemic)

The outbreak of coronavirus or the Covid-19 pandemic resulted in multiple repercussions for most businesses. As Indian economy dipped, many companies resorted to various cost cutting measures like mass layoffs and sharp pay cuts. Amidst threat of job insecurity, individuals looking for real estate investment had deferred their plans. However, massive vaccine rollout helped in slowly restoring normalcy in a Corona-virus hit housing segment. Low interest rates, concessions such as slashed stamp duty offered by states etc., price benefits associated with lower housing prices helped the sector to recover. Incomes have risen faster than real estate prices, leading to increased housing affordability. The demand and supply both have shown positive signs as the states opened up and the industry continues to show an upward trend attributed to the continuing robust demand.

Risk Management Framework for Parent

The Company has a formal risk assessment program to proactively identify the risks and ensure all possible strategies to control & mitigate in pursuit of achieving the Company's objective. Every department is responsible for identification of their risks and putting it in their Risk Registers. The consolidated Risk Register is analyzed at various committees.

At present, the risks faced by the Company are broadly categorized as below:

- Liquidity Risk
- Credit Risk
- Market Risk
- Interest Rate Risk
- Operational Risk
  - A. Compliance Risk
  - B. Legal Risk
- Regulatory Risk
- Currency Risk

Committees

In order to bring the collective knowledge in decision making, the Company has undertaken a Committee approach to deal with the major risks arising in the organization. Committees, their formation and the roles are provided below.

Top Level Committee

Risk Management Committee of Board (RMCB)

Company has a Risk Management Committee of Board in place which consists of Independent Directors and the MD & CEO of the Company.

The role of the Committee is as follows:-

- Review of Risk Management Policy
- Review of the current status on the risk limits in the Risk Management Policy and Report to the Board
- Review the matters on Risk Management
- Review and monitor the risks to which the Company is exposed

Internal Committee

Risk Management Committee and Operational Risk Group of the Parent (RMC & ORG)

The Company has an internal Risk Management Committee and Operational Risk. The Company's major function includes review of Risk Registers submitted on a monthly basis by all departments. It comprises of HODs of Risk Management, Finance, Project Finance, Credit Monitoring, IT, and as nominated by MD & CEO of the Company. A list of functions performed by RMC & ORG is given below -:

- Review of Risk Management Policy
- Review of monthly Risk Register submitted by various depts.

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- Review of the current status on the outer limits prescribed in the Risk Policy and submitting the report to RMCB & Board
- Assessment of risks in the Company and suggesting control/mitigation measures thereof.

Risk Management Framework for Subsidiaries

The respective Board of Director's have established the Risk Management Committee of each subsidiaries, which in turn has the overall responsibility for establishment and oversight of the Risk Management Framework. The Committee reports regularly to their respective Board of Directors on its activities.

The risk management policies are established to identify and analyse the risk faced, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The subsidiaries through its training and management procedures, aim to maintain a discipline and constructive control environment in which all employees understand their roles and regulations.

The Group has exposure to following risks arising from the financial instruments:

42.4.1. Liquidity Risk for Parent

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. In addition, the Company is also maintaining Liquidity Coverage Ratio (LCR) from 01st December, 2021 as prescribed by the regulator.(as per notification no. RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated 22nd October, 2020)

Housing Finance being the core business, maintaining the liquidity for meeting the growth perspective in the business as also to honor our committed repayments is the fundamental objective of the Asset Liability Management (ALM) framework. Investments including investments as a part of liquid asset requirement also forms part of ALM requirement and it is imperative to constantly monitor the liquidity of the investments to achieve our core objective.

Internal Control Process & Liquidity Management

Being in the business of Housing Loans, funds are required to be raised by the Company ahead of loan disbursements so that there is no liquidity crunch. Funds are required to be raised not only for the incremental housing loan assets but also for meeting the committed/due repayments of the earlier borrowings and/or Interest payments on the borrowings. Funds therefore are raised with a reasonable cushion over and above the committed repayments, committed disbursements and unutilized sanctions in pipeline and the expected business targets.

The Company ensures that funds are available from various investor pools and banks. Liquid funds are available in the form of Non-Convertible Debentures and other market instruments, Bank Loans, Refinance from NHB and Foreign Currency Loans. In case of Public Deposits accepted by the Company, a prescribed percentage (as defined by NHB from time to time) is to be invested in approved securities in terms of Liquid Asset Requirement (u/s. 29B of NHB Act, 1987). On the assets side, the Company has loan products broadly classified under individual retail loans and project finance loans with varying repayment structures depending upon the nature of product.

The liquidity is managed at the Corporate Office of the Company with Back Offices providing their liquidity requirements. The surplus funds available with the Back Offices are pooled and funds from the market are arranged for the Back Offices having a deficit of funds. Only surplus funds arrived at after deducting the committed/confirmed outflows (including projected disbursements of loans) from the available resources - both from internal accretions as well as borrowed funds, would be considered as Surplus available for Investment in approved instruments on day-to-day basis. The Company can place surplus funds in Fixed Deposits with selected Scheduled / Commercial / Foreign Banks and / or Financial Institutions within overall exposure limit fixed for each Bank / FI from time to time by the Board. Considering the market risk and the mark-to-market requirements of the debt mutual funds, currently Company is making Investments only in liquid Mutual Fund

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schemes. Exposure limits for each Investment instrument is approved by the Board and reviewed from time to time as per the requirements.

ALCO Committee

Roles & Responsibilities

The Asset Liability Management (ALM) Committee presents the Structural and Dynamic Liquidity Report to the Risk Management Committee on a quarterly basis and meetings are held every month. The ALM Committee formulates the ALM Policy which is reviewed at least once a year. If any change is required, then, the revised policy along with desired change and rationale for the same shall be put up to the Risk Management Committee or any Other Committee constituted by the Board. Consequent to the recommendation of the Risk Management Committee, the reviewed policy would be put up to the Board for its approval.

Composition

ALCO Committee is headed by the MD & CEO of the Company. Other members of the Committee comprise HODs of Departments Finance, Credit Appraisal, Project Finance, Taxation, Accounts, Marketing, IT, Risk Management, Credit Monitoring and as nominated by MD & CEO of the Company.

Changes from previous period

There are no significant changes in the Financial Policies.

Liquidity Risk for Subsidiaries:

The Liquidity risk refers to the risk of financial distress or extra ordinary high financing cost arising due to shortage of liquid funds in a situation where business conditions deteriorate and require financing. The objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are overseen by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

Contractual Maturities of Financial Liabilities of the Group as at March 31, 2022

(₹ in crore)

Particulars	On demand	Upto 3 months	Above 3 months to 12 months	Above 1 Year -3 Years	Above 3 Years -5 Years	Above 5 Years-10 Years	Above 10 Years	TOTAL
Financial Liabilities								
Lease Liabilities	-	12.05	33.74	67.18	39.21	30.53	0.62	183.32
Trade Payables	-	-	53.91	0.01	0.05		-	53.97
Debt Securities	-	7,833.47	25,585.43	48,776.73	25,599.25	19,653.45	-	1,27,448.33
Borrowings (Other than Debt Securities)	-	2,861.85	28,963.70	25,808.94	14,262.24	4,463.59	-	76,360.32
Deposits	-	2,003.13	9,703.95	5,649.20	720.31	-	-	18,076.59
Subordinated Liabilities	-	-	-	-	-	1,804.41	-	1,804.41
Other financial liabilities	570.81	1,695.51	3,050.11	246.52	17.11	-	-	5,580.06
Total	**570.81**	**14,406.01**	**67,390.84**	**80,548.58**	**40,638.17**	**25,951.98**	**0.62**	**2,29,507.00**

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Contractual Maturities of Financial Liabilities of the Group as at March 31, 2021

(₹ in crore)

Particulars	On demand	Upto 3 months	Above 3 months to 12 months	Above 1 Year -3 Years	Above 3 Years -5 Years	Above 5 Years-10 Years	Above 10 Years	TOTAL
Derivative financial instruments	-	-	-	-	-	-	-	-
Lease Liability	-	11.41	30.11	54.18	31.52	29.90	0.30	157.42
Trade Payables	85.97	-	-	-	-	-	-	85.97
Debt Securities	-	6,031.00	29,016.00	39,179.52	34,322.98	17,321.60	-	1,25,871.10
Borrowings (Other than Debt Securities)	9,000.00	4,001.12	12,820.44	19,088.08	10,647.13	6,539.62	-	62,096.39
Deposits	-	2,565.77	10,495.73	2,986.67	2,265.96	-	-	18,314.13
Subordinated Liabilities	-	-	-	-	-	1,804.41	-	1,804.41
Other financial liabilities	341.42	2,658.09	3,323.72	275.49	68.30	0.05	-	6,667.05
Total	**9,427.39**	**15,267.39**	**55,686.00**	**61,583.94**	**47,335.89**	**25,695.58**	**0.30**	**2,14,996.48**

42.4.2. Credit Risk for Parent

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has defined Loan selection principles for establishing credit worthiness of the counterparties and criteria for determining the quantum of loan. The Company has adopted a policy of dealing with creditworthy counter parties and obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored.

On May 5, 2021 the Reserve bank of India (RBI) announced the Resolution Framework 2.0 for Covid related stressed assets of individuals, small businesses and micro, small and medium enterprises (MSMEs) with aggregate exposure of up to ₹ 25 crore which was later revised to ₹ 50 crore vide notification dated June 4, 2021. This facility is available provided the aforementioned entities had not availed benefits under any of the earlier restructuring frameworks (including Resolution Framework 1.0 dated August 6, 2020), and were classified as standard accounts as on March 31, 2021.

In addition to the above, for the Loans where resolution plan has been implemented in terms of the Resolution Framework 1.0, and where such resolution plan either did not envisage any moratorium/extension of tenor or moratorium/extension of residual tenor permitted was less than two years, then such cases are eligible for Resolution Framework 2.0 to modify earlier resolution plan only to the extent of increasing the period of moratorium / extension of residual tenor by two years.

The carrying amount of loans as at March 31, 2022 is ₹ 2,51,073.61 crore (F.Y. 2020-21 ₹ 2,31,990.51 crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ 5,839.12 crore (F.Y. 2020-21 ₹ 3,899.53 crore). The Company has right to sell the collateral in case borrower defaults. The carrying amount of loans as at March 31, 2022 includes ₹ 12.28 crore towards Loans to Staff, Loans against Public Deposit and Finance Lease Receivables. (F.Y. 2020-21 ₹ 47.95 crore).

Credit Risk for Subsidiaries

The Trade Receivables which are Management Fees receivable as on the reporting date are generally received within 30 days from the reporting date. Hence, the Credit Risk pertaining to Trade Receivables is low.

The Credit Risk on Cash and Cash Equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and/or domestic credit rating agencies. Investments primarily includes investment in liquid mutual fund units and deposit for a specified time period.

42.4.2.1. Credit Risk Mitigation measures for Housing Finance

Independent internal legal and technical evaluation team in the Company makes credit decisions more robust and in line to manage collateral risk. The in-house Credit team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards to minimize future losses. To review the adherence to laid down policies and quality of appraisal, Company's independent internal audit team conducts a regular review of files on a sample basis. A dedicated collection and recovery team manages lifecycle of transactions and monitors the portfolio quality.

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Credit Norms: - Certain credit norms and policies are being followed by the Company to manage credit risk, including a standard credit appraisal policy based on customer credit worthiness. These criteria change between loan products and typically include factors such as profile of applicant, income and certain stability factors such as the employment and dependency detail, other financial obligations of the applicant, Loan to value and the loan-to-cost ratio. Standardized credit approval process including a comprehensive credit risk assessment is in place which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

The Credit Policy defines parameters such as Borrower's ability to pay, Reputation of Employer, Nature of employment/ Self-employed, Qualification of Applicants, Stability of Residence, Family size and dependence on Applicants income, Insufficient sales proceeds to pay the dues in case of Project Loans due to project slowdown etc. to ensure consistency of credit quality.

Credit Risk Mitigation measures for Subsidiaries

To manage credit risk the Group periodically assessed the financial reliability of customers, taking into account the financial conditions, current economic trends and analysis of historical bad debts and ageing of accounts receivable.

Retail lending for Housing Finance:

For retail lending, credit risk management is achieved by considering various factors like:

- Assessment of borrower's capability to pay – a detailed assessment of borrower's capability to pay is conducted. The approach of assessment is laid down in the credit policy of the Company. Various factors considered for assessment are credit information report, analysis of bank account statement and valuation of property.

- Security cover – Analysing the value of the property which is offered as security for the loan is essential for the overall underwriting of the loan. It is essential that it is valued before the disbursement of loan to arrive at a clear idea about its cost, valuation, marketability and loan to property ratio.

- Additional Security – Additional Security can be by way of pledge of acceptable Additional Collaterals such as LIC Policies, FDs or immovable properties, etc. is considered. This is taken depending on nature of loan proposal and amount of risk involved.

- Geographical region – The Company monitors loan performance in a particular region to assess if there is any stress due to natural calamities etc. impacting the performance of the loan in a particular geographic region.

Project lending for Housing Finance:

For project lending, credit risk management is achieved by considering various factors like:

- Promoter's strength – a detailed assessment of borrower's capability to pay is conducted. Various factors considered for promoter's assessment are the financial capability, past track record of repayment, management and performance perspective.

- Credit information report – It is very essential to check the Credit worthiness of an Applicant & the Credit History of Borrower for Consumer or Commercial Loans. The Company uses this Report for taking a Decision on Credit Sanction by getting details of the Credit History of a Borrower. For Project Loans, reports from independent institutions are referred so as to get the marketability report of the project and its neighbourhood analysis.

- Security cover – Analysing the value of the property which is offered as security for the loan is essential for the overall underwriting of the loan. With respect to project loans, the main security taken is underlying land and structure there on. Technical appraisals are conducted to establish the life, soundness, marketability and value of the security.

- Additional Security – Additional Security – Additional Security is taken depending on nature of loan proposal and amount of risk involved. In some cases, the hypothecation of receivables from the loan is taken. The Negative lien is marked on the flats in the project to the extent of 1.5 times or more as per merits of the case. The Company endeavours to maintain

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the security cover approved by the Competent Authority as per the merit of the case. Personal Guarantee of promoter directors / corporate guarantee of Company is also obtained as Security on case to case basis. In some cases, the Additional Collateral in the form of Fixed Deposits are also accepted. In case of Higher Risk, Debt Service Recovery Account is also maintained. The Charge on the security / Additional Collateral security is also registered in Central Registry / ROC.

Geographical region – The Company monitors loan performance in a particular region to assess if there is any stress due to natural calamities etc. impacting the performance of the loan in that geographic region.

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Derivative financial instruments:

Interest rate swaps –

The exposure of the Parent to Derivatives contracts is in the nature of interest Rate Swaps and currency swaps to manage risk associated with interest rate movement and fluctuation in currency exchange rate.

Derivative policy of the Company specifies the exposure norms with respect to single counterparty and the total underlying amount at the time of entering into the new derivative contract.

The Asset Liability Management Committee (ALCO) of the Company oversees efficient management of risk associated with derivative transactions. Company identifies, measures, monitors the exposure associated with derivative transaction. For effective mitigation of risk it has an internal mechanism to conduct regular review of the outstanding contracts which is reported to the ALCO & Risk Management Committee of the Board which in turn reports to the Audit Committee and to the Board of Directors.

The gain realized on early termination of swap is amortized over the balance tenor of the swap or underlying liability whichever is less. Loss if any on early termination is charged to revenue in the same year. The carry difference, between coupon rate liability and the swap contract rate is accounted quarterly on accrual basis.

42.4.2.2. Collateral and other credit enhancements:

With respect to loan cases the main security taken is underlying property mortgaged by the borrower. Apart from the main security additional collaterals are also sought depending upon merits of the case. In some cases the hypothecation of receivables for the loan is also taken.

The Company after exploring all the possible measures, initiates action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) against the mortgaged properties as a last resort to recover. Company follows the due procedure as laid down in the SARFAESI Act 2002 and accordingly takes the possession of the properties for its logical conclusion.

As the procedure involved under SARFAESI is to be followed in a time-bound manner, different loan accounts will be at various stages of SARFAESI proceedings.

The properties taken under possession through SARFAESI Act by the Company and held such properties for disposal as on 31.03.2022 included in loan portfolio amounting to ₹ 464.92 crore (FY 2020-21 ₹ 325.06 crore). Out of these, loan portfolio amounting to ₹ 107.38 crore (FY 2020-21 ₹ 126.19 crore) is considered under INDAS 105 (Non-current asset held for sale) being lower of the fair value of the asset possessed and the outstanding as at March 31, 2022.

42.4.2.3 Impairment Assessment for Housing Finance:

The Company applies general approach to provide for credit losses prescribed by Ind AS 109, which provides to recognise 12-months expected credit losses where credit risk has not increased significantly since initial recognition and to recognise lifetime expected credit losses for financial instruments for which there has been significant increase in credit risk since initial recognition considering all reasonable present and forward looking information.

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Definition of Default for Housing Finance:

The Company considers a financial instrument as defaulted when the borrower becomes 90 days past due on its contractual payments. Such instruments are considered Stage 3 (credit-impaired) for ECL calculations.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

Stage wise categories of Loan Assets

The Company categorises loan assets into stages based on the Days Past Due status:

- **Stage 1**: [0-30 days Past Due] It represents exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. The Company uses the same criteria mentioned in the standard and assume that when the days past due exceeds '30 days', the risk of default has increased significantly. Therefore, for those loans for which the days past due is less than 30 days, the Company recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months.

- **Stage 2**: [31-90 days Past Due] The Company collectively assesses ECL on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Company recognises as a collective provision, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

- **Stage 3**: [More than 90 days Past Due] The Company identifies, both collectively and individually, ECL on those exposures that are assessed as credit impaired based on whether one or more events, that have a detrimental impact on the estimated future cash flows of that asset have occurred. The Company use the same criteria mentioned in the standard and assume that when the days past due exceeds '90 days', the default has occurred.

Retail Loans

Depending on the nature of the financial instruments and the credit risk information available for particular groups of financial instruments, an entity may not be able to identify significant changes in credit risk for individual financial instruments before the financial instrument becomes past due. In case of retail loans, the financial instruments are backed by sufficient margin of underlying security which absorbs the associated risks. Hence, the Company has performed the assessment of significant increases in credit risk on a collective basis for retail loans by considering information that is indicative of significant increases in credit risk on groups of financial instruments.

For the purpose of determining significant increases in credit risk and recognising loss allowance on a collective basis, the Company has grouped financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk identified on a timely basis.

Project Loans

Project loans are less in number and more in terms of value per loan. The loans are also credit rated internally. However, the Company does not have any history of the loan transitioning from one rating to the other over a fairly long period of time to arrive at a reliable transition matrix. The Company has used transition matrix compiled and published by a premier rating agency in India for arriving default rate.

Accordingly, loans have been identified into different groups as given below:

Credit Quality Analysis – Classification on basis of risk pattern (Collective and Individual Basis)

(₹ in crore)

Particulars	Stage 1		Stage 2		Stage 3		Total	
	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment
As At March 31, 2022	2,31,791.71	579.32	7,665.50	240.11	11,616.40	5,019.68	2,51,073.61	5,839.12
As At March 31, 2021	2,07,994.88	117.17	14,336.50	37.17	9,659.13	3,745.19	2,31,990.51	3,899.53

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42.4.2.4 ECL Model and Assumptions considered in the ECL Model

The Company has used Markov chain model for estimating the probability of default on retail loans. In a Markov chain model for loans receivable an account moves through different delinquency states each quarter. For example, an account in the "Regular" state this quarter will continue to be in the "Regular" state next month if a payment is made by the due date and will be in the "90 days past due" state if no payment is received during that quarter.

Another valuable feature is that the Markov chain model maintains the progression and timing of events in the path from "Regular" to "Defaulted". For example, an account in the "Regular" state doesn't suddenly become "Defaulted". Instead, an account must progress monthly from the "Regular" state to the "90 days past due" state to the "180 days past due" state and so on until foreclosure activities are completed and the collateral assets are sold to pay the outstanding debt.

The transition matrix in the Markov chain represents the period-by-period movement of receivables between delinquency classifications or states. The transition evaluates loan quality or loan collection practice. The matrix elements are commonly referred to as "roll-rates" since they denote the probability that an account will move from one state to another in one period. The transition matrix is referred to as the "delinquency movement matrix".

The loan portfolio for the past several quarters are analysed to arrive at the transition matrix. Each loan is traced to find out how the loan has performed over the last several quarters. The days past due is grouped into 6 buckets namely Regular [0 days past due], 1 to 90 days past due, 91 to 180 days past due, 181 to 270 days past due, 271 to 365 days past due and above 365 days past due. In a subsequent quarter, the loan may continue to remain in the same bucket or move into the next bucket or previous bucket depending upon the repayments made by the customer.

The bucket intervals are 90 days and the data points considered are also quarterly. The occurrences of every loan over the past several quarters are considered to arrive at the total transitions happening from different buckets in the previous quarter to different buckets in the current quarter. The Company has considered the quarterly loan performance data starting from the quarter ending 30th June 2013 onwards to compute the transition matrix. The total number of such transition occurrences are converted as a percentage to arrive at the transition matrix. The Company has used transition matrix compiled and published by a premier rating agency in India for arriving default rate for Project loans since the Company do not have any history of the loan transitioning from one rating to the other over a fairly long period of time to arrive at a reliable transition matrix. Accordingly, the transition matrix is computed using matrix multiplication.

Probability of Default

Stage 1 – [No significant increase in credit risk]: Based on Markov model, the quarterly normalized transition matrix is converted into a 12-month transition matrix for determining the probability of default for those loan accounts on which the risk has not increased significantly from the time the loan is originated. The Company use the same criteria mentioned in the standard and assume that when the days past due exceeds '30 days', the risk of default has increased significantly. Therefore, for those loans for which the days past due is less than 30 days, one-year default probability is considered.

Stage 2 – [Significant increase in credit risk]: The credit risk is presumed to have increased significantly for loans that are more than 30 days past due and less than 90 days past due. For such loans, lifetime default probability should be considered. Based on the maturity date of the loan, the probability of default is arrived at to determine the quantum of the loan that is likely to move into the buckets '90 days past due' and greater. The quarterly transition matrix is used to find out the transition matrix applicable for the loan considering the maturity date of such loan.

Stage 3 – [Defaulted loans]: As per the standard there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company assumed that the default has occurred when a loan moves into '90 days past due' bucket.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

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The probability of default (PD) of a loan which is less than 30 days past due [Stage 1] is represented by the one-year transition matrix. This PD is used to measure the quantum of the loan that is likely to move into the buckets 90 days past due and above over the next 12 months. The PD of a loan which is 30 days past due and less than 90 days past due [Stage 2] is represented by the transition matrix of the corresponding maturity period of the loan. This PD is used to measure the quantum of the loan that is likely to move into the buckets 90 days past due and above over the remaining life of the loan. The probability of default (PD) of a loan which is 90 days past due [Stage 3] is 100% as the loan has already defaulted. This PD is used to measure the quantum of the loan that is defaulted as on the valuation date over the remaining life of the loan.

Loss given default

Value of collateral property: The loans are secured by adequate property. The present value of such collateral property is considered while calculating the Expected Credit Loss. The Company initiates recovery process of Non Performing accounts within the statutory time limit as per SARFAESI and other applicable laws and accordingly the realizable period has been considered for computing the Present Value of Collateral.

Forward looking information

The assumptions and estimates on the basis of which, the Expected Credit Losses (ECL) of the loan portfolio have been identified, are primarily based on the historical performance of the loan portfolio, updated to reflect current conditions of pandemic including regulatory interventions. Owing to the prevailing situation, additional sensitivity scenarios considered with suitable weights. Going forward as well, the company will continue to closely monitor any further changes to the business processes, the financial impact due to Covid-19 and other business related events. The definitive assessment of the impact would be dependent upon circumstances as they evolve in the subsequent period.

Covid 19 can impact the ability of the Borrowers, whether Corporate or Individuals, to meet their obligations under loan relationships. Individual and Corporate Borrowers may have a particular exposure to the economic impacts in their geography and industry sector.

The Company is into secured lending business where primary collateral security is mostly residential/commercial properties. As stipulated by Regulator, lending is done against part value of security with remaining portion acting as a buffer to absorb fall in property prices. At this point of time, the uncertainties of COVID 19 are still lingering around and it has detrimental impact on economy, property prices in general are expected to fall, but the fall will likely be asymmetric across locations and will depend upon many micro factors including type of property, location, stage/type/age of construction, local micro market, etc.

Scenario 1 is the base scenario without any perturbance. This is assigned a weightage of 20%.

Scenario 2 is based on the forecasted macro-economic parameters and is assigned a weightage of 15%.

Scenario 3 is considered taking perturbed scenario and is assigned a weightage of 15%

COVID – 1 & 2 scenarios are both linked with changes in property prices factoring geography and portfolio category.

COVID – 3 is based on ratio of Principal Outstanding amount to Present value of collateral.

COVID – 4 is based on availing moratorium.

Based on the above, the Company has assumed the following scenarios with the respective weights for ECL computation:

Scenario	Weight
Scenario 1	20 %
Scenario 2	15 %
Scenario 3	15 %
COVID 1	10 %
COVID 2	15 %
COVID 3	15 %
COVID 4	10 %

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Other Outcome

RBI Notification dated 12th Nov 2021.

The Reserve Bank of India vide its notification dated 12th Nov' 2021 regarding Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to advances have provided clarifications which are likely to have a significant impact on the provisioning for all financial institutions including Banks and NBFC's. These directives would not affect the expected credit loss allowance computation as per Ind AS 109. In order to mitigate the systemic risk, we have treated this as one possible outcome in ECL computation.

OTR Framework

RBI issued a broad framework for one-time restructuring to avoid a systemic risk ("OTR Framework"). This OTR Framework offers a special window for lenders under the existing RBI (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 07, 2019 ("Resolution Framework"), to implement a resolution plan for personal loans and commercial/ business exposures, without requiring a change in ownership while continuing to classify such exposures as standard assets. This includes all nonbanking financial companies ("NBFCs") and housing finance companies within the definition of 'lender'. ECL is computed considering this as another possible outcome.

ECL is computed by assigning different weights to the outcomes i.e. 35% weightage is given for regular model (considering 7 scenarios), 25% weightage is given for RBI notification dtd.12/11/2021 and 40% weightage for OTR Framework.

Write off policy for Housing Finance

The Company has over the period established a well-defined Credit Monitoring Mechanism for follow up of the default / delinquent accounts.

A multi-faceted approach is adopted in Credit Monitoring activities which involves participation of In-House employees as well as outsourced agencies. Each loan account is analysed based on the causative factors of becoming default and appropriate follow-up activity is undertaken. Inspite of adopting an appropriate follow-up activity, some accounts continue to be delinquent. Sufficient time, as per law, is given to the Borrowers to regularize their repayments and if still the accounts continue to be under the Non-Performing bracket, legal recourse is adopted.

However, there could be accounts wherein no recovery would be forthcoming despite the best efforts put in by the Company. Such accounts are critically examined on case to case basis and if there is no merit of recovery, such accounts are recommended for write-off to/through internal committees as per the policy approved by the Board. Write-off is a de-recognition of a loan the Company has no reasonable expectations of recovering the contractual inflows.

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Financial Assets written off but are still subjected to enforcement activity	400.33	493.15

Movement of Gross Exposures and impairment provision of the Financial Instruments (Collective and Individual Basis)

(₹ in crore)

Particulars	Stage 1		Stage 2		Stage 3		Total	
	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment
Gross Carrying Amount -2020	1,94,665.32	0.10	9,605.48	0.15	6,316.16	2,612.20	2,10,586.96	2,612.45
Net change in exposures	21,599.69	332.82	166.17	56.26	295.30	970.24	22,061.16	1,359.32
Transfer to Stage 1	4,523.27	(100.78)	(4,171.65)	0.11	(351.62)	100.67	-	-
Transfer to Stage 2	(10,630.41)	(2.74)	10,698.58	(17.90)	(68.16)	20.63	-	-
Transfer to Stage 3	(1,656.17)	(112.24)	(1,949.70)	(1.44)	3,605.87	113.68	-	-
Changes in contractual cash flows due to modifications not resulting in derecognition	(506.82)	-	(12.37)	-	(0.20)	-	(519.39)	-
Amounts Written Off	-	-	-	-	(138.22)	(72.23)	(138.22)	(72.23)
Gross Carrying Amount Closing Balance -2021	2,07,994.88	117.17	14,336.50	37.17	9,659.13	3,745.19	2,31,990.51	3,899.53

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(₹ in crore)

Particulars	Stage 1		Stage 2		Stage 3		Total	
	Amount	Impairment	Amount	Impairment	Amount	Impairment	Amount	Impairment
Net change in exposures	21,587.50	603.50	(1,263.48)	344.64	(697.89)	998.26	19,664.68	1,946.40
Transfer to Stage 1	8,191.76	297.42	(7,348.45)	(113.35)	(843.31)	(184.06)	-	-
Transfer to Stage 2	(3,904.25)	(3.44)	(4,193.47)	75.47	(289.22)	(72.03)	-	-
Transfer to Stage 3	(1,703.17)	(435.32)	(2,106.66)	(103.82)	(3,809.83)	(539.13)	-	-
Changes in contractual cash flows due to modifications not resulting in derecognition	(375.01)	-	(145.88)	-	(5.97)	-	(526.86)	-
Amounts Written Off	-	-	-	-	(16.17)	(6.81)	(16.17)	(6.81)
Gross Carrying Amount Closing Balance -2022	2,31,853.54	579.32	7,665.50	240.11	11,616.40	5,019.68	2,51,135.45	5,839.12

The movement within the tables is a combination of quarterly movements over the year. The credit impairment charge in the Statement of Profit & Loss comprises the amount arrived after addition of figures in Total column.

Transfers – transfers between stages are deemed to occur at the beginning of a quarter based on prior quarters closing balances.

Net re-measurement from stage changes – the re-measurement of credit impairment provisions arising from a change in stage is reported within the stage that the assets are transferred to.

Net changes in exposures – comprises new disbursements less repayments in the year.

42.4.2.5. Modified Loans

Where the contractual terms of a financial instrument have been modified, and this does not result in the instrument being derecognised, a modification gain or loss is recognised in the Statement of Profit or Loss representing the difference between the original cash flows and the modified cash flows, discounted at the effective interest rate. If the modification is credit-related or where the Company has granted concessions that it would not ordinarily consider, then it will be considered credit-impaired. Modifications that are not credit related will be subject to an assessment of whether the asset's credit risk has increased significantly since origination by comparing the remaining lifetime probability of default (PD) based on the modified terms to that on the original contractual terms.

42.4.3. Market Risk

Market risk is the risk of losses in positions taken by the Group which arises from movements in market prices. Any item in the balance sheet which needs re-pricing at frequent intervals and whose pricing is decided by the market forces will be a component of market risk. There are number of items in the Group's balance sheet which exposes it to market risk like Housing loans at floating rate, loans to developers at floating rate, Non-Convertible Debentures (NCDs) with options, bank loans with option, Foreign Currency Bank Loans, Coupon Swaps, etc.

42.4.4. Interest Rate Risk

Interest Rate Risk refers to the risk associated with the adverse movement in the interest rates. Adverse movement for the Group would imply rising interest rates on liabilities and falling interest yields on the assets. This is the biggest risk which the Group faces. It arises because of maturity and re-pricing mismatches of assets and liabilities.

In order to mitigate the impact of this risk, the Group tracks the composition and pricing of assets and liabilities on a continuous basis.

42.4.5 Operational Risk for Parent

Operational risk is "the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses". It can be subdivided into the following categories:

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A. **Compliance risk** is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Company may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/ good practice.

The Company is regulated by RBI and supervised by NHB, registered with SEBI and has listing agreements with stock exchanges, i.e. BSE & NSE and Luxembourg. In order to ensure compliance with applicable laws, the Company has put in place adequate processes.

B. **Legal risk** is the cost of litigation due to cases arising out of lack of legal due diligence. Litigation can also arise out of failure or frauds in the course of business.

The main business is of lending money for/against mortgage loans and is therefore exposed to legal risk. For handling the same, there are robust legal systems for title verification and legal appraisal of related documents. Company has standards of customer delivery and the operational mechanism to adhere to such standards aimed at minimum instances of customers' grievances.

Operational Risk for Subsidiaries

Operational Risk for Subsidiaries include losses due to failure to adhere to internal policies and processes, human error or external events. Operational risk also includes information technology risk, operations risk and legal risk. The Management of the Subsidiaries identifies, assesses, monitors and controls these risks and formulates plans and processes to mitigate the same.

42.4.6. Regulatory Risk for Parent and Subsidiaries

Regulatory risk is the risk that a change in laws and regulations will materially impact the Group. Changes in law or regulations made by the government or a regulatory body can increase the costs of operating the business, and/or change the competitive landscape.

In case of the Group, the regulatory risk can arise due to change in prudential rules/norms by the regulators viz; NHB, SEBI, RBI etc. In order to mitigate the effects of same, the Group is aware of the Business and Regulatory environment and anticipate the likely regulatory changes that may come in the short and medium term so that it is able to quickly change its systems and practices to realign itself with the changed regulatory framework.

42.4.7. Competition Risk

Competition Risk is the risk to the market share and profitability arising due to competition. It is present across all the businesses and across all the economic cycle with the intensity of competition risk varying due to several factors, like, barriers to entry, industry growth potential, degree of competition, etc.

The Company's business environment is characterized by increased youth population, growing economy, increased urbanization, Government incentives, acceptability of credit in society and rise in nuclear families. Due to all these reasons, the Housing Finance industry has seen a higher growth rate than overall economy and several other industries since past several years. This has led to increase in competition and in turn increased pressure on the existing Companies to maintain/ grow market share and profitability. In order to mitigate the risk arising due to competition, the Company has customer centric approach coupled with state of art infrastructure including IT interface.

42.4.8. Currency Risk and mitigation

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company manages itself against currency risk by taking out foreign currency swaps and converting the exposures into Indian Rupees. The Company applies cash flow hedge accounting to the foreign currency element of its floating rate dollar-denominated External Commercial Borrowings and associated cross currency interest rate swaps.

The Company converts ECB into fixed rate Indian Rupee exposures with the floating rate and principal of the hedged item matched by those of the hedging instrument. The Company considers the hedge as a hedge of more than one risk and does not split the interest rate from the principal for hedge accounting purposes.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Hedge Accounting

In December 2019 the company raised an ECB of USD 200 million in the form of a syndicated loan facility. The tenor of the facility is 3 years. The proceeds have been fully utilized in accordance with the approval granted by RBI under automatic route and is in conformity with the applicable ECB Guidelines.

As a part of its risk management, the Company has identified a series of risk categories with corresponding hedging strategies using derivative instruments.

When a hedging relationship meets the specified hedge accounting criteria set out in Ind AS 109, the Company applies one of three types of hedge accounting: fair value hedges; cash flow hedges; or hedges of a net investment in a foreign operation.

Transactions that are entered into in accordance with the Company's hedging objectives but do not qualify for hedge accounting, are referred to in these financial statements as economic hedge relationships.

The nature of risk that is needed to be hedged, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis is recorded with reference to the economic relationship between the hedged item and the hedging instrument.

Every hedge relationship is required to be tested to assess whether the hedge relationship meets the hedge effectiveness requirements at the inception of the hedging relationship, and on an on-going basis at each reporting date. This assessment relates to expectations about hedge effectiveness and is therefore only forward looking.

Cash Flow Hedges

Cash flow hedge is a hedge of the exposure to variability in the cash flows of a specific asset or liability, or of a forecasted transaction, that is attributable to a particular risk. It is possible to only hedge the risks associated with a portion of an asset, liability, or forecasted transaction, as long as the effectiveness of the related hedge can be measured. The accounting for a cash flow hedge will be to recognize the effective portion of any gain or loss in other comprehensive income, and recognize the ineffective portion of any gain or loss in finance cost in 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.

Impact of Covid 19 on Hedge Accounting and Interest Rate Swap

Hedge Accounting is purely an accounting exercise – even though now it is dove tailed into the risk management policies of the company – to minimise the impact of fluctuations in the profit & loss account caused primarily due to 'accounting mismatch'. As such we do not see any COVID-19 impact on hedge accounting.

Hedge Ratio

The hedge ratio is consistent with that used for risk management purposes without a deliberate imbalance to derive an inappropriate accounting outcome.

The Company economically hedges the risk of volatility in floating interest rate on USD External Commercial Borrowings and the Currency Risk on the principal with a Cross Currency Swap with matched terms and matched USD notional. This actual hedge ratio does not reflect an imbalance (that could result in an accounting outcome that would be inconsistent with the purpose of the hedge accounting) and hence represents an eligible hedge ratio.

Maturity interest rate risk profiles

The following table shows the maturity and interest rate risk profiles of the company's hedging instruments used in its cash flow hedges. As the Company applies one-to-one hedging ratios, the below table effectively shows the outcome of the cash flow hedges:

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

Maturity of cross currency swaps

(₹ in crore)

31-Mar-22	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Micro cash flow hedges						
Cross currency interest rate swaps						
Notional principal	-	-	1,425.73	-	-	1,425.73
Average fixed rate	-	-	7.52%	-	-	-
Average INR/$ Rate			77.72	-	-	-

Micro cash flow hedges

(₹ in crore)

31-Mar-21	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cross currency interest rate swaps						
Notional principal						
Average fixed rate	-	-	-	1425.73	-	1425.73
Average INR/$ Rate	-	-	-	7.52%	-	-
Average INR/$ Rate	-	-	-	79.61	-	-

Carrying Value of Derivatives used in Cash Flow Hedges

(₹ in crore)

31-Mar-22	Carrying value assets	Carrying value liabilities	Notional amount
Derivatives used as cash flow hedges			
Cross-currency interest rate swaps	79.17	-	1,425.73
Total derivative financial instruments	**79.17**	**-**	**1,425.73**

(₹ in crore)

31-Mar-21	Carrying value assets	Carrying value liabilities	Notional amount
Derivatives used as cash flow hedges			
Cross-currency interest rate swaps	5.69	-	1,425.73
Total derivative financial instruments	**5.69**	**-**	**1,425.73**

Hedge Instrument

Fair Value of Hedging Instrument

(₹ in crore)

31st March 2022	Carrying value			Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			
				In Total	Effective portion	Hedge Ineffectiveness	Reclassified into income statement
	Notional amount	Assets	Liabilities		Recognised in OCI	Recognised in profit & loss account	
Micro cash flow hedges							
Cross currency interest rate swaps	1,425.73	79.17	-	73.48	73.48	-	73.48
Total	**1,425.73**	**79.17**	**-**	**73.48**	**73.48**	**-**	**73.48**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

31st March 2021				Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			
	Carrying value			In Total	Effective portion	Hedge Ineffectiveness	Reclassified into income statement
	Notional amount	Assets	Liabilities		Recognised in OCI	Recognised in profit & loss account	
Micro cash flow hedges							
Cross currency interest rate swaps	1,425.73	5.69	-	(42.93)	(42.93)	-	(42.93)
Total	**1,425.73**	**5.69**	**-**	**(42.93)**	**(42.93)**	**-**	**(42.93)**

Fair Value of Hedged Item

(₹ in crore)

31-Mar-22	Change in fair value of hedged item in the year used for ineffectiveness measurement	Cash flow hedge reserve	
		Continuing hedges	Discontinued hedges
Micro cash flow hedges			
Floating rate USD notes	73.48	-	-
Total	**73.48**	**-**	**-**

(₹ in crore)

31-Mar-21	Change in fair value of hedged item in the year used for ineffectiveness measurement	Cash flow hedge reserve	
		Continuing hedges	Discontinued hedges
Micro cash flow hedges			
Floating rate USD notes	(42.93)	-	-
Total	**(42.93)**	**-**	**-**

Movement of Cash Flow Hedge

(₹ in crore)

Movement of cash flow hedges	For the year ended March 31, 2022	For the year ended March 31, 2021
Hedging net gains/(losses) arising during the year	73.48	(42.93)
Less: Recognised in the income statement	(73.48)	42.93
Income tax related to the above	-	-
Movement on cash flow hedges	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Impact of Cash Flow Hedge on Balance Sheet

(₹ in crore)

Impact of cash flow hedge on balance sheet and financial result - hedging instruments	For the year ended March 31, 2022	For the year ended March 31, 2021
Nominal value	1,425.73	1,425.73
Carrying amount – assets	79.17	5.69
Carrying amount – liabilities	-	-
Balance Sheet item in which hedging instrument is reported	Hedging Instruments	Hedging Instruments
Change in the fair value of the hedging instrument used for estimating hedge ineffectiveness	73.48	(42.93)
Amount of hedge ineffectiveness recognised in the income statement	-	-
Profit & Loss item in which hedge ineffectiveness is reported	No ineffectiveness reported	No ineffectiveness reported

(₹ in crore)

Impact of cash flow hedge on balance sheet and financial result - hedging instruments	For the year ended March 31, 2022	For the year ended March 31, 2021
Impact of cash flow hedge on balance sheet and financial result - hedged items	73.48	(42.93)
Amount of change in the fair value of the hypothetical derivative representing the hedged item used for estimating the hedge ineffectiveness in the reporting period	-	-
Revaluation reserve due to cash flow hedge accounting for relationships for which hedge accounting will be continued after the end of the reporting period	-	-
Revaluation reserve due to cash flow hedge accounting for relationships for which hedge accounting is no longer applied	-	-

ADDITIONAL DISCLOSURES IN ECB

For hedging relationships to which an entity applies the temporary exceptions from applying specific hedge accounting requirements exceptions set out in paragraphs 6.8.4-6.8.12	
(a) the significant interest rate benchmarks to which the entity's hedging relationships are exposed;	3M Libor
(b) the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;	Risk exposure is nil as the floating rate foreign currency loan is hedged by a cross currency swap effectively converting the floating rate to fixed rate of 7.52%
(c) how the entity is managing the process to transition to alternative benchmark rates	As per the information available the transition to alternative benchmark is likely to happen in June,2023 which is after the maturity date of the ECB facility. However, in a situation if it is applicable before that the Company will adopt the benchmark which is commonly being accepted for similar transaction in the market.
(d) a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate the interest rate benchmark-based cash flows); and benchmark reform is no longer present with respect to the timing and the amount of	The interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform till maturity of the Facility i.e. December, 2022
(e) the nominal amount of the hedging instruments in those hedging relationships	1,425.73 crore

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

42.5. 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:

As at March 31, 2022

(₹ in crore)

Particulars	Upto 12 months	More than 12 months	Amount
ASSETS			
Financial Assets			
Cash and cash equivalents	824.35	-	824.35
Bank Balance other than above	160.31	-	160.31
Derivative financial instruments	79.17	-	79.17
Receivables			
(I) Trade Receivables	7.28	1.10	8.38
(II) Other Receivables	-	-	-
Loans	17,754.49	2,27,480.00	2,45,234.49
Investments	1,634.53	4,644.86	6,279.39
Other Financial assets	7.65	14.32	21.97
Non-Financial Assets			
Current Tax Assets (Net)	-	138.18	138.18
Deferred Tax Assets (Net)	-	1,371.36	1,371.36
Property, Plant and Equipment	-	154.39	154.39
Capital Work in Progress	2.85	-	2.85
Intangible assets under development	-	1.45	1.45
Right of Use Assets	-	138.46	138.46
Goodwill	-	0.21	0.21
Other Intangible Assets	-	21.76	21.76
Other Non-Financial Assets	142.67	-	142.67
Assets Held for Sale	107.38	-	107.38
Total Assets	**20,720.68**	**2,33,966.10**	**2,54,686.78**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Lease Liability	40.14	110.09	150.23
Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	2.80	-	2.80
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	51.11	0.06	51.17
Debt Securities	33,350.77	93,991.22	1,27,341.99
Borrowings (Other than Debt Securities)	31,912.44	44,534.79	76,447.23
Deposits	11,690.21	6,331.97	18,022.18
Subordinated Liabilities	-	1,795.44	1,795.44
Other financial liabilities	5,234.46	354.38	5,588.84
Non-Financial Liabilities			
Deferred Tax liabilities (Net)	-	0.12	0.12
Provisions	63.29	110.64	173.93
Other non-financial liabilities	359.10	-	359.10
Total Liabilities	**82,704.31**	**1,47,228.72**	**2,29,933.03**
NET	**(61,983.63)**	**86,737.38**	**24,753.74**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

As at March 31, 2021

(₹ in crore)

Particulars	Upto 12 months	More than 12 months	Amount
ASSETS			
Financial Assets			
Cash and cash equivalents	1,331.87	-	1,331.87
Bank Balance other than above	38.04	15.05	53.09
Derivative financial instruments	5.69	-	5.69
Receivables	-	-	-
(I) Trade Receivables	7.70	-	7.70
(II) Other Receivables	-	-	-
Loans	15,767.54	2,12,323.44	2,28,090.98
Investments	2,153.08	2,490.82	4,643.90
Other Financial assets	7.54	102.21	109.75
Non-Financial Assets			
Current Tax Assets (Net)	1.30	3.73	5.03
Deferred Tax Assets (Net)	-	918.69	918.69
Property, Plant and Equipment	-	161.05	161.05
Capital Work in Progress	2.71	-	2.71
Intangible assets under development	-	3.63	3.63
Right of Use Assets		118.30	118.30
Goodwill	-	0.21	0.21
Other Intangible Assets	-	2.31	2.31
Other Non-Financial Assets	140.30	0.17	140.47
Assets Held for Sale	126.19	-	126.19
Total Assets	**19,581.97**	**2,16,139.61**	**2,35,721.57**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Lease Liability	35.81	91.83	127.63
Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	2.80	-	2.80
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	83.17	-	83.17
Debt Securities	34,808.62	90,789.34	1,25,597.96
Borrowings (Other than Debt Securities)	25,821.56	36,311.18	62,132.74
Deposits	13,032.81	5,238.94	18,271.75
Subordinated Liabilities	-	1,795.12	1,795.12
Other financial liabilities	6,256.46	403.40	6,659.86
Non-Financial Liabilities			
Deferred Tax liabilities (Net)	-	7.76	7.76
Deferred Tax liabilities (Net)	-	0.09	0.09
Provisions	62.87	84.64	147.51
Other non-financial liabilities	291.04	-	291.04
Total Liabilities	**80,395.12**	**1,34,722.30**	**2,15,117.44**
NET	**(60,813.15)**	**81,417.31**	**20,604.14**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 43: Segment Reporting:

As per the Ind AS 108 dealing with 'Operating Segments', the main segments and the relevant disclosures relating

(₹ in crore)

Particulars	Loans		Other Segments		Inter Segment Adjustments		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Segment Revenue	19,953.02	19,847.69	95.72	80.78	(43.43)	(48.24)	20,005.31	19,880.22
Segment Result	2,778.15	3,348.57	19.56	30.83	(10.46)	(14.28)	2,787.26	3,365.13
Share of profit of Associates	-	-	-	-	-	-	0.69	2.06
Current Tax	-	-	-	-	-	-	952.38	967.18
Tax Expense for Earlier Years	-	-	-	-	-	-	(0.12)	(21.33)
Deferred Tax	-	-	-	-	-	-	(451.02)	(321.84)
OCI adjustments	-	-	-	-	-	-	(4.92)	(2.49)
Share of Profit/(Loss) of Non-Controlling Interest	-	-	-	-	-	-	(0.35)	(0.41)
Total Result	-	-	-	-	-	-	2,281.42	2,740.29
Segment Assets	2,54,460.08	2,35,507.13	286.15	268.23	(166.84)	(179.98)	2,54,579.39	2,35,595.38
Assets held for sale	107.38	126.19	-				107.38	126.19
Segment Liabilities	2,29,895.62	2,15,112.01	101.85	84.46	(64.44)	(79.04)	2,29,933.03	2,15,117.43
Net Assets	24,671.84	20,521.31	184.29	183.77	(102.39)	(100.94)	24,753.74	20,604.14
Depreciation & Amortization	52.44	49.44	4.24	2.80	(1.50)	0.22	55.19	52.47
Non Cash Expenses other Depreciation & Amortization	2,021.83	1,345.03	-	-	-	-	2,021.83	1,345.03

(i) The accounting policies adopted for segment reporting are in line with the 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.

(ii) Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(iii) Loans segment comprises of providing finance for purchase, construction, repairs, renovation of house/buildings.

(iv) Other Segments comprise of Financial Services segment which involves business of marketing Financial Products and Services on own account as well as for and on behalf of other service providers, Construction Segment which establishes and operates assisted living community centres for elderly citizens in India, Asset Management segment which includes promoting and managing different schemes on behalf of LIC Mutual Fund and Trusteeship segment which supervises activities of LIC Mutual Fund.

(v) The Company does not have any material operations outside India and hence, disclosure of geographic segments is not given.

(vi) No single customer represents 10% or more of the Company's total revenue for the year ended March 31, 2022 and March 31, 2021.

Note 44: Commitments:

a) Estimated amounts of contracts remaining to be executed on capital account and not provided for - (net of advance) are ₹ 13.23 crore (F.Y. 2019-20 ₹ 17.28 crore).

b) Commitments: Uncalled liability of ₹ 1.14 crore (F.Y. 2019-20 ₹ 1.14 crore) in respect of commitment made for contribution to LICHFL Urban Development Fund by subscription of 50,000 units (F.Y. 2019-20 50,000 units) of ₹ 10,000/- face value each, paid up value being ₹ 2,975.12 (F.Y. 2019-20 ₹ 3,761.71/-) each.

c) The Company had committed for an upfront investment of ₹ 37.50 crore subject to a maximum of 10% of aggregate Capital Commitment but not exceeding ₹ 100.00 crore in LICHFL Infrastructure Fund managed by one of the Subsidiary of the Company, namely LICHFL Asset Management Company Limited. The outstanding investment in LICHFL Infrastructure Fund as on 31st March, 2022 is 28.17 crore (F.Y. 2020-21 ₹ 9.23 crore).

d) Undisbursed amount of Housing and Non- Housing Loans sanctioned is ₹ 36,333.05 crore.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 45. Contingent liabilities in respect of:

a) Claims against the Company not acknowledged as debts ₹ 18.36 crore (F.Y. 2020-21 ₹ 6.92 crore).

Contingent Liability of LICHFL Financial Services Limited as on 31st March, 2022 is NIL (For F.Y. 2020-21 LICHFL Financial Services Limited received Order dated 17.11.2020 from Office of the Assistant Commissioner of CGST & C.Ex, Division -V, Mumbai - South for Service tax Liability of ₹ 0.99 crore along with interest as per rules. The Company has received intimation U/s 154 of the Income Tax Act, 1961 from Income tax department, Mumbai, Demanding ₹ 0.28 crore for A.Y. 2017-18 and intimation U/s 143(1) of the Income Tax Act, 1961 demanding ₹ 0.01 crore for A.Y. 2011-12.)

There is an investigation going on against LICHFL Care Homes Limited by DGAP for the violation of Sec 171 of CGST act 2017. Documents in this regards have been submitted by LICHFL Care Homes Limited. Persuant to the investigation, DGAP had submitted its report to NAA basis which NAA has issued SCN to the company alleging profiteering and proposing to impose penalty under section 171 of CGST Act. LICHFL Care Homes Limited has submitted its response to NAA and we have received an order for hearing on 13.04.2022.

LICHFL Care Homes Limited has an outstanding Bank guarantee amounting to ₹ 0.44 crore (F.Y. 2020-21 ₹ 0.44 crore)

b) The management has assessed there are no executory contracts which have become onerous due to the adverse impact of COVID -19.

c) The Company under Direct Tax Vivad Se Vishwas Act, 2020 (3 of 2020) entered into Vivad Se Vishwas Scheme for settling its tax dispute in respect of AY 2004-05 to AY 2017-18 and accordingly, received confirmation from Income tax authorities i.e. in Form 5 which is Order for full and final settlement of tax arrears under Section 5(2) read with Section 6 of under Direct Tax Vivad Se Vishwas Act, 2020 (3 of 2020) the Direct Tax Vivad Se Vishwas Rules, 2020 for all those assessment years and thereby the Company has taken conscious and practical call for settling its tax disputes resulting into finality of outcome in the above aforesaid assessment years. However, refunds for the period under Vivad Se Vishwas is still pending.

On completion of income tax assessment, the Company had received a demand of ₹ 10.64 crore for AY 2018-19 and ₹ 30.12 crore (Including interest of ₹ 1.17 crore) for AY 2019-20 respectively. For AY 2018-19, the demand of ₹ 10.64 crore has been adjusted against the refund claimed whereas for AY 2019-20 the demand of ₹ 30.12 crore is unpaid. The aforesaid demands for AY 2018-19 and AY 2019-20 are disputed and the Company has preferred an appeal at the Appellate Authority.

Note 46: Movement in Provision for contingencies as under:

a. Provision includes:

i. Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

(₹ in crore)

Provision for Doubtful Advances	As at March 31, 2022	As at March 31, 2021
Opening balance	5.23	0.42
Add: Additional provisional for doubtful advances	-	4.81
Less: Amounts utilized during the year / provision written back for doubtful advances	-	-
Less: Reversal of provision for doubtful advances	1.70	-
Closing balance	**3.53**	**5.23**

Note 47: Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 82.70 crore (F.Y. 2020-21 ₹ 82.70 crore grouped under Other Financial Asset). The Company has beneficial interest on the income earned from these deposits.

Note 48: Temporary Book Overdraft of ₹ 544.03 crore (F.Y. 2020-21 ₹ 1,329.46 crore) represents cheques issued towards disbursements to borrowers for ₹ 523.36 crore (F.Y. 2020-21 ₹ 1,324.70 crore) and cheques issued for payment of expenses of ₹ 20.67 crore (F.Y. 2020-21 ₹ 4.76 crore), but not encashed as at March 31, 2022.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 49: Auditor's Remuneration

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor	0.51	0.39
Tax Audit	0.08	0.09
For Quarterly Limited Reviews	0.19	0.15
In any other manner (Certification work)	0.24	0.08
Reimbursement of expenses to Auditors	0.07	0.06
Total	**1.10**	**0.77**

*Excluding GST

Note 50: Proposed Dividend

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividends not recognized at the end of reporting period	467.69	429.10

NOTE 51: The Group is in the continuous process of obtaining confirmation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

(₹ in crore)

Particulars	March 31, 2022	March 31, 2021
The principal amount remaining unpaid to any supplier	2.80	2.80
The interest due thereon (above principal amount) remaining unpaid to any supplier	-	-
The amount of interest paid by the buyer in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day for the year ended	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	-	-

Note 52: Disclosure in respect of Employee Benefits:

In accordance with the Indian Accounting Standard (Ind AS 19) – "Employee Benefits", the following disclosures have been made:

Provident Fund and Pension Fund Liability

The Group has recognized ₹ 40.90 crore (F.Y. 2020-21 ₹ 21.45 crore) in the Statement of Profit or Loss towards contribution to Provident fund in respect of Group employees. In respect of LIC employees on deputation who have opted for pension, ₹ 2.72 crore (F.Y. 2020-21 ₹ 0.74 crore) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Gratuity Liability

(₹ in crore)

Changes in the Defined Benefit Obligation:	2021-22	2020-21
Liability at the Beginning of the year	105.67	95.68
Interest Cost	7.28	6.53
Current Service Cost	6.25	6.00
Benefit Paid	(4.09)	(2.92)
Actuarial Loss/(Gain) on obligations	5.29	0.38
Liability at the end of the year	**120.42**	**105.67**

(₹ in crore)

Fair Value of the Plan Assets:	2021-22	2020-21
Fair Value of Plan Asset at the beginning of the year	90.57	79.22
Expected Return on Plan Assets	6.25	5.41
Contributions	17.87	9.27
Benefit paid	(4.09)	(2.92)
Actuarial Gain / (Loss) on Plan Assets	(1.29)	(0.41)
Fair value of Plan Assets at the end of the year	**109.31**	**90.57**
Total Actuarial Loss to be Recognized	**6.58**	**0.79**

(₹ in crore)

Actual Return on Plan Assets:	2021-22	2020-21
Expected Return on Plan Assets	6.25	5.41
Actuarial Gain / (Loss) on Plan Assets	(1.29)	(0.41)
Actual Return on Plan Assets	**4.96**	**5.00**

(₹ in crore)

Amount Recognized in the Balance Sheet:	2021-22	2020-21
Liability at the end of the year	(120.40)	(105.67)
Fair Value of Plan Assets at the end of the year	109.32	90.57
Amount recognized in the Balance Sheet	**(11.08)**	**(15.10)**

(₹ in crore)

Net Interest Cost for Current Year:	2021-22	2020-21
Present Value of Benefit Obligation at the Beginning of the Year	105.67	95.68
Fair value of Plan Assets at the Beginning of the Year	(88.10)	(79.22)
Net Liability/(Asset) at the Beginning of the Year	**15.09**	**16.45**
Interest Cost	7.29	6.53
Interest Income	(6.07)	5.41
Net Interest Cost for Next Year	**13.37**	**1.12**

(₹ in crore)

Expense Recognized in the Statement of Profit or Loss for Current Year:	2021-22	2020-21
Current Service Cost	6.25	6.00
Net Interest Cost	13.37	1.12
Expense recognized in the Statement of Profit or Loss under staff expenses	**19.62**	**7.12**

(₹ in crore)

Expense Recognized in Other Comprehensive Income (OCI) for Current Year :	2021-22	2020-21
Actuarial Loss/(Gain) on obligations	5.29	0.38
Return on Plan Assets, excluding Interest Income	1.29	0.41
Net (Income)/Expense for the year recognized in OCI	**6.58**	**0.79**

(₹ in crore)

Reconciliation of the Liability recognized in the Balance Sheet:	2021-22	2020-21
Opening Net Liability	15.11	16.45
Expense recognized in the Statement of Profit or Loss	7.28	7.12
Expense recognized in Other Comprehensive Income	6.58	0.79
Contribution by the Group	(17.87)	(9.27)
Amount recognized in the Balance Sheet under “Provision for Retirement Benefits”	**11.10**	**15.10**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Maturity Analysis of the Benefit Payments : From the Fund

(₹ in crore)

Proiected Benefits Payable in Future Years From the Date of Reporting	2021-22	2020-21
Ist Following Year	7.96	5.49
2nd Following Year	6.78	6.13
3rd Following Year	8.04	6.94
4th Following Year	13.18	7.10
5th Following Year	11.39	12.08
Sum of Years 6 to 10	44.91	44.49
Sum of Years 11 and above	192.03	155.19
Sensitivity Analysis	2021-22	2020-21
Projected Benefit Obligation on Current Assumptions	120.40	105.67
Delta Effect of +1% Change in Rate of Discounting	(8.11)	(10.43)
Delta Effect of -1% Change in Rate of Discounting	9.60	12.16
Delta Effect of +1% Change in Rate of Salary Increase	6.76	6.26
Delta Effect of -1% Change in Rate of Salary Increase	(6.64)	(6.35)
Delta Effect of +1%Change in Rate of Employee Turnover	3.65	2.01
Delta Effect of -1%Change in Rate of Employee Turnover	(3.88)	(2.07)

Assumptions	2021-22	2020-21
Discount Rate	7.29%/6.15%/7.25%	6.90%/5.75%/6.87%
Rate of Return on Plan Assets	7.29%/7.00%/7.25%	6.90%/5.75%/6.86%
Salary Escalation	8.00%/6.90%/8.00%	8.00%/6.90%/8.00%
Attrition Rate	2.00%	2.00%

Gratuity Premium is paid to LIC of India under Gratuity Scheme of LIC.

Actuarial Gains/Losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary Escalation and Attrition Rate are considered as advised to the Company by the Actuary; they are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition and death in respective year for members as mentioned above.

The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for employees, which 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.

Gratuity is a defined benefit plan and the Group is exposed to the Following Risks:

Interest Risk: A fall in the discount rate which is linked to the Government Security 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.

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.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Asset Liability Matching 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.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance Company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2022 is ₹ 10.61 crore (Previous Year ₹ 14.68 crore).

Leave Encashment

(₹ in crore)

Changes in the Benefit Obligation	2021-22	2020-21
Liability at the Beginning of the year	71.63	64.68
Interest Cost	4.93	4.42
Current Service Cost	3.48	2.90
Benefit Paid	(3.15)	(1.46)
Actuarial (Gain) / Loss on obligations	17.26	1.10
Liability at the end of the year	**94.15**	**71.63**

(₹ in crore)

Amount Recognized in the Balance Sheet:	2021-22	2020-21
Liability at the end of the year	(94.16)	(71.63)
Fair Value of Plan Assets at the end of the year	0.00	-
Amount recognized in the Balance Sheet*	**(94.16)**	**(71.63)**

(₹ in crore)

Expense Recognized in the Statement of Profit or Loss:	2021-22	2020-21
Current Service Cost	3.48	2.90
Interest Cost	4.93	4.42
Expected Return on Plan Assets	0	-
Net Actuarial (Gain) / Loss to be recognized	17.26	1.09
Expense recognized in the Statement of Profit or Loss under staff expenses	**25.67**	**8.41**

(₹ in crore)

Reconciliation of the Liability recognized in the Balance Sheet	2021-22	2020-21
Opening Net Liability	71.63	64.68
Expense recognized	25.67	8.41
Contribution by the Group	(3.15)	(1.46)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	**94.15**	**71.63**

Assumptions	2021-22	2020-21
Retirement Age	58 Years	58 Years
Discount Rate	6.90%/7.25%	6.84%/6.86%
Salary Escalation	8.00%/8.00%	8.00%/8.00%
Attrition Rate	2.00%/2.00%	2.00%/2.00%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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The estimates of future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

* Exclusive of Amount ₹ Nil (F.Y. 2020-21 ₹ 0.03 crore) towards additional provision made for LIC employees.

Sick Leave

The Group has recognized ₹ 5.85 crore (F.Y. 2020-21 ₹ 1.71 crore) in the Statement of Profit or Loss towards sick leave in respect of Company employees.

Note 53: Related Party Disclosure:

a) Details of related parties:

(i) Enterprise having Significant Influence on the Company

Life Insurance Corporation of India

(ii) Associates by way of the Company holding shares of the following Enterprises

LIC Mutual Fund Asset Management Limited

LIC Mutual Fund Trustee Private Limited

(iii) Details of Key Management Personnel and Directors (Executive or Otherwise)

Key Management Personnel	Nature of Relationship	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Shri Siddhartha Mohanty	-	MD & CEO (Resigned on 01.02.2021)
Shri Y. Viswanatha Gowd	MD & CEO	MD & CEO (From 01.02.2021)
Shri Nitin K Jage	Company Secretary	Company Secretary
Shri Sudipto Sil	Chief Financial Officer	Chief Financial Officer
Directors (Executive or Otherwise)	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Shri M R Kumar	Chairman	Chairman
Shri Vipin Anand	Non-Executive Nominee Director (Resigned on 30.07.2021)	Non-Executive Nominee Director
Shri Raj Kumar	Non-Executive Director (From13.08.2021)	-
Shri Jagdish Capoor	Independent Director	Independent Director
Smt. Savita Singh	-	Independent Director (Upto 09.11.2020)
Shri Dharmendra Bhandari	Independent Director	Independent Director
Shri V. K. Kukreja	Independent Director	Independent Director
Shri Ameet Patel	Independent Director	Independent Director
Shri P Koteswara Rao	Non Independent Director	Non Independent Director
Shri Kashi Prasad Khandelwal	Independent Director	Independent Director
Shri Sanjay Kumar Khemani	Non Independent Director	Non Independent Director
Shri Akshay Rout	Non Independent Director	Non Independent Director (From 28.09.2020)
Smt. Jagennath Jayanthi	Independent Director	Independent Director (From 05.02.2021)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

b) Details of transactions with related parties:

(₹ in crore)

Nature of transactions	For the year ended March 31, 2022	For the year ended March 31, 2021
Life Insurance Corporation of India:		
Issue of Equity Shares	9.08	-
Securities Premium on Issue of Equity Shares	2,326.43	
Repayment of non-convertible debentures	1,500.00	2,000.00
Interest expenses on Secured and Unsecured loans	1,130.34	1,362.63
Dividend Payment by LIC Housing Finance Limited to LIC of India	211.52	162.75
Dividend Payment by LICHFL Asset Management Company Limited to LIC of India	0.14	0.14
Rent Rates and Taxes	9.55	8.94
Reimbursement of Electricity Expenses	0.55	0.56
Payment for Staff training, Conference, etc.	-	-
Reimbursement of Expenses	0.19	0.10
Reimbursement of Gratuity, Mediclaim, GSLI and Pension Fund for staff on deputation from LIC	1.85	1.25
Net Contribution to LIC of India, P & GS, for Gratuity premium for employees (Post Employment Benefit)	18.25	10.90
Balance as at the year end towards non convertible debentures (Credit)	**13,050.00**	**14,550.00**
Balance as at the year end towards Interest Accrued on non convertible debentures (Credit)	**291.32**	**399.14**
Balance as at the year end-Others (Credit)	**2.09**	**1.08**
LIC Mutual Fund Asset Management Company		
Dividend Income	0.43	**-**
Shri Siddhartha Mohanty, MD & CEO (Upto 01.02.2021) Shri Y. Viswanatha Gowd, MD &CEO (From 01.02.2021)		
*Managerial remuneration-Total	**0.84	**0.59
Short Term Employment Benefits	0.83	0.58
Post-Employment Benefits	0.01	0.01
Investment in Public Deposit	0.18	-
Interest Expense on investment in Public Deposit by Close Members	0.01	0.01
Balance as at the year end towards investment in Public Deposit by Close Members and Accrued Interest on Public Deposit (Credit)	0.26	0.07
Shri Nitin K Jage, Company Secretary		
Managerial remuneration-Total	**0.69	**0.42
Short Term Employment Benefits	0.69	0.42
Interest Expense on investment in Public Deposit	0.00	0.00
Redemption of Public Deposit	-	0.03
Balance as at year end towards Public Deposit and Accrued Interest on Public Deposit (Credit)	0.01	0.01
Outstanding Amount of Loan taken from the Company	0.00	0.04
Shri Sudipto Sil, Chief Financial Officer		
Managerial remuneration-Total	**0.55	**0.33
Short Term Employment Benefits	0.55	0.33
Investment in Public Deposit by Close Members of family	0.22	0.07
Redemption in Public Deposit by Close Members of family	0.22	
Interest Expense on investment in Public Deposit by Close Members	0.05	0.05
Balance as at the yearend towards investment in Public Deposit by Close Members and Accrued Interest on Public Deposit (Credit)	0.61	0.63

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Nature of transactions	For the year ended March 31, 2022	For the year ended March 31, 2021
Directors (Executive or Otherwise)		
Sitting Fees Paid	0.74	0.48
Shri Jagdish Capoor, Independent Director		
Interest Expense on investment in Public Deposit	0.01	
Redemption in Public Deposit by a Close Member	0.10	-
Balance as at the year end towards investment in Public Deposit and Accrued Interest on Public Deposit (Credit)	-	0.10
Shri Raj Kumar, Non-Executive Nominee Director		
Outstanding Amount of Loan taken from the Company	0.07	-

*As the Provision for Performance Linked Incentive (PLI) and Leave encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the financial year 2021-2022 has been included.

**The amount includes Performance Linked Incentive (PLI), Arrears (from August 2017-August 2021) and salary paid to Shri Y. Viswanatha Gowd , MD &CEO, Shri Nitin Jage, Company Secretary and Shri Sudipto Sil, CFO.

Gratuity payable by the Company to the Company Secretary and CFO is ₹ 0.20 crore as a post-employment benefit. For the MD & CEO, an amount of 5% of Basic Salary plus DA is contributed as a post- employment benefit to LIC.

Note 54: Leases

a. Actual Payment of Rent from 01.04.2021 to 31.03.2022 is ₹ 49.78 crore (Previous Year ₹ 47.50 crore).

b. The following is the breakup of current and non-current portion of Lease Liability as on 31.03.2022:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Current	38.72	35.81
Non-Current	111.51	91.83
Total Lease Liability as on 31.03.2021	**150.23**	**127.63**

c. The following is the movement of Lease Liability as on 31.03.2022:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Value of Lease Liability as of April 1	127.63	133.15
Additions	74.71	43.25
Terminated	(8.18)	(13.24)
Interest Expense on Lease Liability	8.44	8.70
Interest Expense on Terminal Lease	0.18	2.44
Finance Income on Subleased Assets	0.07	0.07
Finance Income Receivable on Subleased Assets	(2.90)	0.65
Actual Payment of Rent	(49.78)	(47.50)
Provision on Disposals	0.06	0.12
Closing Value of Lease Liability as of March 31	**150.23**	**127.63**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

d. The Carrying Value of Right of Use Asset as of March 31, 2022:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Value of Right of Use Asset as of April 1	**197.19**	**162.00**
Additions	74.63	43.27
Disposals	(18.84)	(8.08)
ROU derecognised on subleased asset	(3.89)	-
Gross carrying value as of March 31	**249.09**	**197.19**
Accumulated Depreciation as of April 1	**68.33**	**35.40**
Depreciation	42.60	40.70
Accumulated Depreciation on Disposals	(18.84)	(7.77)
Accumulated Depreciation as of March 31	**92.09**	**68.33**
Terminated Cases	**(18.54)**	**(10.56)**
Carrying Value as of March 31	**138.46**	**118.30**

e. The following represents the Contractual Maturity of the Lease Liability on an undiscounted basis:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
On demand	-	-
Upto 3 months	12.05	11.41
Above 3 months to 12 months	33.74	30.11
Above 1 Year -3 Years	67.18	54.18
Above 3 Years-5 Years	39.21	31.52
Above 5 Years-10 Years	30.53	29.90
Above 10 Years	0.62	0.30
Total	**183.32**	**157.42**

As a Lessee:

f. Amount recognised in Statement of Profit and Loss:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest on lease Liabilities	8.68	8.71
Variable payments not included in measurement of lease liability	-	-
Income from subleasing ROU assets	-	-
Expenses relating to short term leases	-	-
Expenses relating to leases of low value assets, excluding short term leases of low value assets	-	-
Total amount recognised in the Statement of Profit and Loss	**8.68**	**8.71**

g. Amount recognised in the Statement of Cash Flow:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Total amount of cash outflows for leases (net of rental inflows)	49.78	47.50

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 55. Earnings per share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

Particulars		Year Ended March 31, 2022	Year Ended March 31, 2021
Profit after tax attributable to equity shareholders	(₹ in crore)	2,286.00	2,740.72
Weighted average number of equity shares outstanding during the year	Nos.	53,01,61,630.13	50,46,63,000.00
Basic and Diluted Earnings per equity share	₹	43.12	54.32
Face value per equity share	₹	2/-	2/-

Note 56: Taxes on Income

Movement in Deferred Tax Assets / (Liabilities)

(₹ in crore)

Particulars	As at April 01, 2021	Profit or Loss	OCI	Total	As at March 31, 2022
Property, plant and equipment	0.58	(1.49)	-	(1.49)	(0.91)
Expected credit losses	996.06	481.21	-	481.21	1,477.27
Provisions other than those pertaining to Expected credit loss	26.04	(138.36)	-	(138.36)	(112.31)
Financial assets at fair value through profit or loss	4.33	9.73	-	9.73	14.06
Re-measurements of employee benefits through OCI	0.94	-	1.64	1.64	2.58
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(201.92)	15.02	-	15.02	(186.91)
Income recognition on NPA cases	(5.73)	-	-	-	(5.73)
Others	98.30	84.90		84.90	183.20
Total	**918.60**	**451.01**	**1.64**	**452.65**	**1,371.24**

(₹ in crore)

Particulars	As at April 01, 2020	Profit or Loss	OCI	Total	As at March 31, 2021
Property, plant and equipment	(28.65)	29.22	-	29.22	0.58
Expected credit losses	604.35	391.70	-	391.70	996.06
Provisions other than those pertaining to Expected credit loss	23.97	2.08	-	2.08	26.04
Financial assets at fair value through profit or loss	1.24	3.10	-	3.10	4.33
Re-measurements of employee benefits through OCI	4.37	-	(3.43)	(3.43)	0.94
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(106.01)	(95.92)	-	(95.92)	(201.92)
Income recognition on NPA cases	(31.48)	25.75	-	25.75	(5.73)
Others	58.49	39.82	-	39.80	98.30
Total	**526.28**	**395.75**	**(3.43)**	**392.32**	**918.60**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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Income Tax recognized in Statement of profit and loss:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax		
In respect to of Current Year	952.38	967.18
In respect of prior years	(0.12)	(21.33)
Deferred Tax		
In respect to of Current Year	(451.01)	(321.84)
Total Income Tax expense recognised in the current year	**501.25**	**624.00**

Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consolidated Profit before tax	2,787.25	3,365.14
Income tax expense calculated *	707.18	851.94
Effect of expenses that are not deductible in determining taxable profit	524.95	393.07
Effect of incomes which are exempt from tax	(1.31)	(1.45)
Effect on deferred tax balances due to the changes in income tax rate	0.00	0.00
Deduction under section 36(1)(viii) of the Income tax Act, 1961	(211.10)	(205.73)
Others	(518.47)	(413.83)
Income tax expense recognized in statement of profit or loss	**501.25**	**624.00**

*The tax rate used for the reconciliations above is the corporate tax rate of ranging from 25.168% to 29.12% (Previous Year 22.88% to 29.12%) payable by the Group in India on taxable profits under tax law in Indian jurisdiction.

The new effective tax rate, which will apply to domestic companies availing the benefit of section 115BAA is 25.168%.

In the current COVID 19 situation, the Parent has re-assessed the recognised deferred tax assets. The Parent has recognised previously unrecognised deferred tax assets/ liabilities to the extent that it has become reasonably certain and is of view that sufficient future taxable income will be available against which such deferred tax assets can be realised. The Parent will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

Note 57: Corporate Social Responsibility

Establishment and Other expenses includes ₹ 67.55 crore for the year ended March 31, 2022 (F.Y. 2020-21 ₹ 63.63 crore) for contribution towards Corporate Social Responsibility (CSR) in accordance with Companies Act, 2013.

Details of CSR expenditure during the financial year

a) Gross amount required to be spent by the Group during the year is ₹ 67.55 crore (F.Y. 2020-21 ₹ 63.63 crore).

b) Amount approved by the Board to be spent during the year is ₹ 67.55 crore.

c) Amount spent during the year:

(₹ in crore)

Sl. No	Particulars	In cash	Yet to be paid	Total
(i)	Construction/acquisition of any asset	9.03	17.45	26.48
		(1.02)	(16.26)	(17.28)
(ii)	On purposes other than (i) above	10.39	30.68	41.07
		(6.50)	(39.85)	(46.35)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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d) Details of related party transactions, e.g., contribution to a trust / society / section 8 company controlled by the company in relation to CSR expenditure as per Accounting Standard (AS) 24, Related Party Disclosures. – Nil

e) Provision of ₹ 48.02 crore has been made for CSR expenditure unspent by the company as on March 31, 2022 (F.Y. 2020-21 ₹ 56.11 crore).

f) Movements in the provision during the year should be shown separately:

Amount to be transferred to special Bank Account:

i) Company have transferred ₹ 45.73 crore unspent amount to a separate bank account within 30 days of the end of FY 2021-22 and ₹ 2.29 crore unspent amount to a Fund specified in Schedule VII, a provision for liability for ₹ 48.02 crore representing the amount to be transferred is recognized in the financial statements for FY 2021-22.

ii)

Details of ongoing projects

Financial Year	Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
	With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
FY 2019-20	19.23	-	19.23	3.26	-	15.97	-
FY 2020-21	9.10	47.02	56.12	8.91	11.62	0.19	35.4
FY 2021-22	-	-	66.97	18.84	-	2.41	45.72

iii) (a) Provision created for transferring the unspent amount other than ongoing projects to the Schedule VII Fund within 6 months form the end of the Financial Year:

Financial Year	Opening Balance	Amount to be deposited/deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
FY 2019-20	19.23	-	19.23	3.26	15.97
FY 2020-21	56.12	8.79	56.12	20.53	35.59
FY 2021-22	-	2.29	66.97	18.84	48.13

(b) ₹ 11.62 crore spent during the year out of the amount transferred to the special CSR Account of the previous year 2020-21.

g) The Board of Directors of the Company has disclosed the followings on its website:

- Composition of CSR Committee (https://www.lichousing.com/Committees.php)
- CSR Policy (https://www.lichousing.com/policies_codes.php)
- Projects approved by the Board on their website (https://www.lichousing.com/corp_soci_res_policy.php)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Note 58: Transfer to Special Reserves

Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961, out of the distributable profits of the Company. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter. In the current financial year ₹ 859.99 crore (F.Y. 2020-21 ₹ 829.99 crore) has been transferred to Special Reserve No. II in terms of Section 36(1)(viii) of the Income tax Act, 1961 and an amount of ₹ 0.01 crore (F.Y. 2020-21 ₹ 0.01 crore) to Statutory Reserve under Section 29C the NHB Act as per notification no. RBI/2020-21/73 DOR. FIN.HFC.CC.No.120/03.10.136/2020-21.

As per National Housing Bank's (NHB) circular vide circular NHB(ND)/DRS/Pol. 62/2014 dated 27th May, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on the Special Reserve as at April 1, 2014 created under Section 36(1)(viii) of the Income tax Act, 1961.

Note 59: Interests in Other Entities

Subsidiaries

The Company's Subsidiaries as at March 31, 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company.

Name of Entity	Place of Business	Ownership interest held by the Company		Ownership interest held by non-controlling interests		Principal Activities
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	
		%	%	%	%	
LICHFL Asset Management Company Ltd.	India	94.62	94.62	5.38	5.38	To act as Investment Manager to Venture Capital Funds and Alternative Investment Funds
LICHFL Trustee Company Private Ltd.	India	100.00	100.00	-	-	To act as Trustee to Venture Capital Funds and Alternative Investment Funds
LICHFL Financial Services Ltd.	India	100.00	100.00	-	-	To provide Financial Services to Various Clients
LICHFL Care homes Ltd.	India	100.00	100.00	-	-	To develop residential Projects for Senior Citizens

Note 60: Indian Accounting Standard 110 – Consolidated Financial Statements

The Consolidated Financial Statements is prepared in accordance with Indian Accounting Standard 110 "Consolidated Financial Statements" issued by ICAI and notified under the relevant Provision of the Companies Act, 2013.

The detailed note is included under Significant Accounting Policies and Notes to Accounts of the Consolidated Financial Statements.

Additional information, as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as Subsidiaries / Associates.

(₹ in crore)

Name of Entity	Net Assets I.E Total Assets minus total liabilities		Share in profit or loss		Share of Comprehensive Income		Share of Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
Parent								
LIC Housing Finance Limited	99.47%	24,623.30	102.88%	2,351.83	96.43%	(4.72)	102.90%	2,347.12
Subsidiaries								
LICHFL Asset Management Company Ltd.	0.16%	38.42	0.14%	3.23	0.00%	-	0.14%	3.23

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

Name of Entity	Net Assets I.E Total Assets minus total liabilities		Share in profit or loss		Share of Comprehensive Income		Share of Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated OCI	Amount	As a % of consolidated Total Comprehensive Income	Amount
LICHFL Care homes Ltd.	(0.12%)	(28.66)	-0.84%	(19.21)	-0.46%	(0.03)	(0.84%)	(19.24)
LICHFL Trustee Company Private Ltd.	0.00%	0.73	0.00%	0.11	0.00%	-	0.00%	0.11
LICHFL Financial Services Ltd.	0.25%	61.10	-2.19%	(49.97)	4.03%	(0.17)	(2.20%)	(50.14)
Goodwill on Consolidation	0.00%	0.21	-	-	-	-	-	-
Associate	0.23%	55.72	-	-	-	-	-	-
Non Controlling Interest	0.01%	2.92	-	-	-	-	-	-
	100.00%	24,753.74	100.00%	2,286.00	100.00%	(4.92)	100.00%	2,281.08

Note 61: The previous year figures have been reclassified / regrouped / restated to confirm to current year's classification.

As per our report of even date attached

For and on behalf of the Board of Directors

For Gokhale & Sathe
Chartered Accountants
FRN 103264W

For M.P. Chitale & Co.
Chartered Accountants
FRN 101851W

M. R. Kumar
Chairman
DIN: 03628755

Jagdish Capoor
Director
DIN: 00002516

Y. Viswanatha Gowd
Managing Director &
Chief Executive Officer
DIN: 09048488

Rahul Joglekar
Partner
M.No.129389

Ashutosh Pednekar
Partner
M. No. 041037

Nitin K. Jage
General Manager (Tax.)
& Company Secretary
FCS No. 8084

Sudipto Sil
CFO

Deepak Kumar
General Manager
(Accounts)

Place: Mumbai
Date: May 18, 2022

NOTES

स्वगृहाय अर्थसहाय:

LIC HFL

LIC HOUSING FINANCE LTD

CORPORATE OFFICE

LIC Housing Finance Limited

131 Maker Towers, "F" Premises, 13th Floor,

Cuffe Parade, Mumbai - 400 005.

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