

Directors' Report

TO THE MEMBERS

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

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

Dividend

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

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

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

Material Developments: Proposed Scheme of Amalgamation

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

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

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

Upon the Scheme becoming effective and in consideration of the proposed amalgamation of the Corporation with and into HDFC Bank, the Corporation will stand dissolved without being wound up and the shareholders of the Corporation as on the record date will receive 42 shares of HDFC Bank (each of face value of ₹ 1), for 25 shares held in the Corporation (each of face value of ₹ 2). This share exchange ratio has been arrived at based on a joint valuation report submitted by two registered valuers and

a joint valuation report submitted by two independent chartered accountancy firms, which was supported by a fairness opinion provided by a Securities and Exchange Board of India (SEBI) registered merchant banker.

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

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

- (a) The amalgamation is based on leveraging the significant complementarities that exist amongst the parties to the Scheme. It would create meaningful value for various stakeholders, including respective shareholders, customers, employees, as the combined business would benefit from increased scale, comprehensive product offering, balance sheet resiliency and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others;
- (b) HDFC Bank would benefit from a larger balance sheet and networth which would allow underwriting of larger ticket loans and also enable a greater flow of credit into the Indian economy;
- (c) The loan book of the Corporation is diversified, having cumulatively financed 9.3 million dwelling units. With the Corporation's leadership in the home loan arena developed over the past 45 years, HDFC Bank would be able to provide customers, flexible mortgage offerings in a cost-effective and efficient manner;
- (d) HDFC Bank has access to funds at lower costs due to its high level of current and savings accounts deposits (CASA). With the amalgamation of the Corporation with HDFC Bank, HDFC Bank will be able to offer more competitive housing products;

- (e) The Corporation's rural housing network and affordable housing lending is likely to qualify for HDFC Bank as priority sector lending and will also enable a higher flow of credit into priority sector lending, including agriculture; and
- (f) The proposed amalgamation is expected to result in bolstering the capital base and bringing in resiliency in the balance sheet of HDFC Bank.

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

Impact of COVID-19

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

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

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

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

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

Key Regulatory Changes

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

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

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

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

The RBI has issued various other circulars, in an endeavour to streamline and harmonise regulations between banks and NBFCs. RBI has provided various timelines for compliance with the same for NBFCs. Further details are elucidated in the MD&A.

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

Lending Operations

The Corporation is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and is engaged in financing the purchase and construction of residential houses, real estate and certain other purposes in India. All other activities of the Corporation revolve around the main business.

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

during the year. The demand for individual housing continued to remain robust.

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

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

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

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

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

As at March 31, 2022, the outstanding amount in respect of individual loans sold was ₹ 83,880 crore. The Corporation continues to service these loans.

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

Market Borrowings

The Corporation is in compliance with the provisions of the guidelines on Private Placement of Non-Convertible Debentures (NCDs) as per the RBI HFC Directions. The Corporation has been regular in payment of principal and interest on the NCDs.

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

Deposits

Deposits outstanding as at March 31, 2022 amounted to ₹ 1,60,900 crore as compared to ₹ 1,50,131 crore in the previous year.

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

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

As at March 31, 2022, public deposits amounting to ₹ 581 crore had not been claimed by 29,777 depositors. Since then, 3,697 depositors have claimed or renewed deposits of ₹ 95 crore.

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

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the central government. The concerned depositor can claim the deposit from the IEPF. During the year, an amount of ₹ 5 crore was transferred to the IEPF.

Capital Adequacy Ratio

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

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

Corporate Social Responsibility (CSR)

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

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

Further details on the prescribed CSR spend under Section 135 of the Companies Act, 2013, the amount spent during the year under review and the executive summaries of impact assessment reports of CSR projects

completed are provided in the Annual Report on CSR activities annexed to this report.

Subsidiary and Associate Companies

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

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

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

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

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

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

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

The Corporation is in compliance with the provisions of Foreign Exchange Management Act, 1999 with respect to downstream investments made by it/by its subsidiaries during the year. Further, as required by the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Corporation has obtained a certificate from statutory auditors on the same.

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

Particulars of Employees

HDFC had 3,599 employees as of March 31, 2022. During the year, 16 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore or more per annum and 4 employees employed for part of the year were in receipt of remuneration of ₹ 8.5 lac or more per month.

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

Further disclosures on managerial remuneration are annexed to this report.

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

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

The Corporation on a regular basis sensitises its employees, including outsourced employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programmes which are held on a regular basis. The Corporation also conducted a special training programme for members of the ICC. During the year, two complaints were received by the ICC which were reviewed and disposed of and accordingly, there were no complaints pending as at March 31, 2022.

Particulars of Loans, Guarantees or Investments

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

As regards investments made by the Corporation, the details of the same are provided in the notes to the financial statements of the Corporation for the year ended March 31, 2022 (note 10).

Particulars of Contracts or Arrangements with Related Parties

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

The policy on Related Party Transactions of the Corporation ensures proper approval and reporting of the concerned transactions between the Corporation and its related parties. During the year, pursuant to the amendment of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to related

party transaction norms, the said policy was amended to align it with the applicable amendments.

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

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

During the year ended March 31, 2022, earnings in foreign currency stood at ₹ 0.04 crore and expenditure in foreign currency stood at ₹ 448 crore (largely pertaining to interest on foreign currency borrowings).

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

Employees Stock Option Scheme (ESOS)

Presently, the stock options granted to the employees operate under ESOS-07, ESOS-08, ESOS-14, ESOS-17 and ESOS-20 schemes. During the year, there has been no variation in the terms of the options granted under any of the schemes and all the schemes are in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SBEB Regulations). The Corporation has obtained a certificate from secretarial auditors on the same. During the year under review, the Corporation granted 2,66,000 options under ESOS-20 to a few employees who joined the Corporation in FY22.

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

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

Unclaimed Dividend and Shares

As at March 31, 2022, dividend amounting to ₹ 23 crore had not been claimed by shareholders of the Corporation.

The Corporation takes various initiatives to reduce the quantum of unclaimed dividend and has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the IEPF.

Unclaimed dividend amounting to ₹ 3 crore for FY14 was transferred to the IEPF on August 30, 2021. Further, in compliance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Corporation transferred 86,465 equity shares of ₹ 2 each (corresponding to the dividend for FY14 remaining unclaimed for a continuous period of 7 years) in favour of the IEPF. However, the concerned shareholders may claim the unclaimed dividend and unclaimed shares from IEPF, the procedure of which is detailed on the Corporation's website.

The unclaimed dividend in respect of final dividend for FY15 must be claimed by shareholders on or before August 26, 2022, failing which, the Corporation would be required to transfer the unclaimed dividend and the corresponding shares to the IEPF within a period of 30 days from the said date.

Directors

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

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

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

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

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

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

The necessary resolution for the re-appointment of directors and their brief profiles have been included in the notice convening the ensuing AGM.

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

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

Auditors

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

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

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

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

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

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Messrs BNP & Associates, practicing company secretaries undertook the secretarial audit of the Corporation for FY22. The Secretarial Audit Report is annexed to this report and does not contain any qualifications.

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

Significant and Material Orders Passed by Regulators

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

In July 2021, National Housing Bank (NHB) imposed a monetary penalty of ₹ 4,75,000 on the Corporation for technical non-compliance with NHB circular NHB(ND)/DRS/PolNo.58/2013-14 dated November 18, 2013 and NHB(ND)/DRS/Policy Circular No.75/2016-17 dated July 1, 2016. The Corporation paid the penalty on July 19, 2021. The Corporation maintains that this is not significant or material in nature.

Directors' Responsibility Statement

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

- a) In the preparation of annual accounts, the applicable accounting standards have been followed;
- b) Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Corporation as at March 31, 2022 and of the profit of the Corporation for the year ended on that date;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities;
- d) The annual accounts of the Corporation have been prepared on a going concern basis;
- e) Internal financial controls have been laid down to be followed by the Corporation and such internal financial controls are adequate and operating effectively; and
- f) Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Internal Financial Control

The Corporation has put in place adequate policies

and procedures to ensure that the system of internal financial controls is commensurate with the size and nature of the Corporation's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Corporation, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with corporate policies.

Annual Return

The Form No. MGT-7 for FY22 is uploaded on the Corporation's website.

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

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

Acknowledgements

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

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

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

On behalf of the Board of Directors

MUMBAI
May 2, 2022

DEEPAK S. PAREKH
Chairman