

## STANDALONE FINANCIAL STATEMENTS

### Independent Auditors' Report

To The Members of  
Housing Development Finance Corporation Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the accompanying standalone financial statements of Housing Development Finance Corporation Limited ("the Corporation"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs"), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Corporation in accordance with the 'Code of Ethics' issued by the

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>1. Impairment of loans (expected credit losses)</b> (refer note 3.2.5, note 3.2.6 and note 9 to the standalone financial statements)	
Indian Accounting Standard (Ind AS) 109 <i>Financial Instruments</i> requires the Corporation to provide for impairment of its loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Corporation's loans.	<ul style="list-style-type: none"> <li>Read and assessed the Corporation's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>In the process, a significant degree of judgement and estimates have been applied by the management for:</p> <ul style="list-style-type: none"> <li>• Staging of loans (i.e. classification in ‘significant increase in credit risk’ (‘SICR’) and ‘default’ categories) based on past due status or qualitative assessment;</li> <li>• Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default (‘PD’), loss given default (‘LGD’) and exposure at default (‘EAD’) on a collective basis;</li> <li>• Estimation of PD, LGD and EAD for non-retail loan portfolio based on historical default experience and individual assessment, wherever necessary, of the borrower specific cash-flows, security and other relevant factors;</li> <li>• Estimation of losses for loan products with no/minimal historical defaults;</li> <li>• Determining macro-economic and other factors impacting credit quality of loans.</li> </ul> <p>The Corporation has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by the COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.</p> <p>In view of the high degree of management’s judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the standalone financial statements, it is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation.</li> <li>• Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.</li> <li>• Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. Involved internal valuation experts for testing the valuation of the underlying security for the non-retail loan portfolio.</li> <li>• Tested assumptions used by the management in determining the overlay for macro-economic and other factors.</li> <li>• Assessed disclosures included in the standalone financial statements in respect of expected credit losses.</li> </ul>
<p><b>2. Valuation of Derivatives Instruments and Hedge Accounting</b> (Refer to the accounting policies in Note 3.2.11 to the standalone financial statements: Derivative financial instruments; Note 7 to the standalone financial statements: Derivative financial instruments and Note 43.6 to the standalone financial statements – Foreign currency risk)</p>	
<p>The Corporation enters into derivative financial instruments for risk management purposes. The identified risks in relation to the borrowings are foreign exchange rate risk and interest risk. The Corporation enters into cash flow hedges or fair value hedges depending on the risk being hedged.</p> <p>Derivative and Hedge accounting is considered as a key audit matter, because of its significance to the operations and complexity involved in applying formal and technical requirements to the hedge accounting and also in valuing hedge instruments.</p>	<ul style="list-style-type: none"> <li>• Understood the risk management policies and procedures adopted by the Corporation and also obtained understanding about the accounting treatment of such transactions.</li> <li>• Evaluated the design and operating effectiveness of controls over accounting of derivative transactions and controls over designating hedging relationship including authorization and related documentation.</li> <li>• Obtained understanding of ongoing monitoring and tested hedge effectiveness.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Tested qualifying criteria for hedge accounting and also checked that the valuation of derivative instruments is in accordance with Ind AS 109.</li> <li>• Verified hedge documentation on sample basis.</li> <li>• Reviewed valuation reports obtained from experts to assess whether the assumptions used are in line with market practice.</li> <li>• Tested reconciliation of derivative instruments with independent confirmations obtained at the year-end.</li> <li>• Considered the appropriateness of disclosures made in the standalone financial statements relating to financial risk management, derivative financial instruments and hedge accounting.</li> </ul>
<b>3. IT systems and controls</b>	
<p>The financial accounting and reporting systems of the Corporation are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting (“in-scope applications”).</li> <li>• Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting.</li> <li>• Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization.</li> <li>• Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system.</li> <li>• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.</li> </ul>

**Other Information**

The Corporation’s Board of Directors is responsible for the other information. The other information comprises the information included in the Director’s report and Management Discussion & Analysis (MD&A) report, but does not include the standalone financial statements and our auditors’ report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express

any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information,

we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Corporation's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Corporation in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Corporation's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may

cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

The standalone financial statements of the Corporation for the year ended March 31, 2021, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those standalone financial statements on May 7, 2021.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Corporation to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Corporation has disclosed the impact of pending litigations on its financial position



- in its standalone financial statements – Refer Note 40 to the standalone financial statements;
- ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 to the standalone financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation during the year ended March 31, 2022. Whilst the Corporation transferred the unclaimed dividend, 2,371 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant confirmed to the Corporation that the aforesaid equity shares were not available in the demat accounts of the respective shareholders;
- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Corporation to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Corporation (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Corporation from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Corporation shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement; and
- v. The final dividend paid by the Corporation during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act, to the extent it applies to payment of dividend.
- As stated in Note 26.9 to the standalone financial statements, the Board of Directors of the Corporation has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act, to the extent it applies to declaration of dividend.

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership No.: 048749

UDIN: 22048749AIGPRD7872

Mumbai

May 2, 2022

**For G. M. Kapadia & Co.**

Chartered Accountants

ICAI Firm registration number: 104767W

**Atul Shah**

Partner

Membership No.: 039569

UDIN: 22039569AIGPZN4047

Mumbai

May 2, 2022

## Annexure 1 to the Independent Auditors' Report of even date on the Standalone Financial Statements of Housing Development Finance Corporation Limited

In terms of the information and explanations sought by us and given by the Corporation and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Property.
  - (B) The Corporation has maintained proper records showing full particulars of the intangible assets recognized in the standalone financial statements.
  - (b) The management of the Corporation has physically verified Property, Plant and Equipment (including right of use assets) during the year and no material discrepancies were identified on such verification.
  - (c) Based on test check examination of the records and sale deeds/ transfer deeds/ lease deeds/ conveyance deeds/ property tax receipts and such other documents provided to us, the title deeds of all the immovable properties (other than properties where the Corporation is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Corporation. In respect of certain Immovable Properties located at Village Mehrauli Tehsil Hauz Khas New Delhi and Plot No. 4 Echelon Institutional Sector 32 Gurgaon, having aggregate gross carrying cost of ₹ 114.10 crores, the Corporation is in the process of execution and registration of sale deed. The execution of these documents has got delayed due to legal process as detailed in note 13.5 to the standalone financial statements. The acquisition of these properties was in the normal course of business and none of the promoters, directors, or their relatives are associated with these transactions in any manner.
  - (d) The Corporation has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
  - (e) There are no proceedings initiated during the year or are pending against the Corporation as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Corporation's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Corporation.
  - (b) The Corporation has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate by banks or financial institutions. However, such loans are either unsecured or secured by way of negative lien over assets of the Corporation. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Corporation.
  - (iii) (a) Since the principal business of the Corporation is to give loans, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Corporation.
  - (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies or any other parties are not prejudicial to the Corporation's interest.
  - (c) In respect of loans and advances in the nature of loans, granted by the Corporation as part of its business of providing housing finance and loans against property to individual customers as well as providing corporate finance, construction finance, etc. to non-individual customers, the schedule of repayment of principal and payment of interest has been stipulated by the Corporation. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business. Further, except for loans where there are delays or defaults in repayment of principal and / or payment of interest as at the balance sheet date, in respect of which the Corporation has disclosed asset classification / staging in note 9.4 to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and

are also regular in payment of interest, as applicable.

- (d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 9.4 to the standalone financial statements. In such instances, in our opinion, reasonable steps have been taken by the Corporation for recovery of the overdue amount of principal and interest.
- (e) Since, the principal business of the Corporation is to give loans, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Corporation.
- (f) The Corporation has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Corporation.
- (iv) Loans in respect of which provisions of section 185 of the Act are applicable have been complied with by the Corporation. There are no loans, investments, guarantees, and security in respect of which provisions of section 186 of the Act are applicable and hence not commented upon.
- (v) The Corporation being a housing finance company registered with the National Housing Bank, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies

(Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Corporation in respect of the aforesaid deposits.

- (vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Corporation.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues, as applicable to the Corporation, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues as applicable to the Corporation have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of disputed dues	Amount under dispute (₹ in crore)	Amount paid* (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	1,535.63	75.00	FY 2017-2018	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	781.57	156.31	FY 2018-2019	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	13.62	7.20	FY 2007-2018	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
Finance Act, 1994	Service Tax	1.25	0.13	FY 2008-2012	CESTAT, Mumbai
Goods and Services Tax Act, 2017	Goods and Services Tax	2.40	0.24	FY 2017-2018	Joint Commissioner
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease tax	0.02	-	FY 1999-2000	Commissioner of Sales Tax (Appeals)

\* paid under protest

In addition to above, there are other income tax related disputed demands which have been fully paid/ adjusted.



- (viii) The Corporation has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Corporation.
- (ix) (a) The Corporation has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.  
(b) The Corporation has not been declared as a wilful defaulter by any bank or financial institution or other lender during the year.  
(c) Monies raised during the year by the Corporation by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds.  
(d) On an overall examination of the standalone financial statements of the Corporation, no funds raised on short-term basis have been used for long-term purposes during the year by the Corporation.  
(e) On an overall examination of the standalone financial statements of the Corporation, the Corporation has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year.  
(f) The Corporation has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Corporation.
- (x) (a) The Corporation has not raised any money during the year by way of Initial Public Offer/ Further Public Offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Corporation.  
(b) The Corporation has not made any preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Corporation.
- (xi) (a) No fraud by the Corporation or no material fraud on the Corporation has been noticed or reported during the year.  
(b) During the year and up to the date of this report, no report under section 143 (12) of the Act has been filed by secretarial auditor or by the predecessor auditors or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.  
(c) We have taken into consideration the whistle blower complaints received by the Corporation during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Corporation is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Corporation.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Corporation has an internal audit system commensurate with the size and nature of its business.  
(b) The internal audit is performed as per a planned program approved by the Audit and Governance Committee of the Board of Directors of the Corporation. The internal audit reports of the Corporation issued till the date of the audit report, in accordance with the aforesaid plan, have been considered by us.
- (xv) The Corporation has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Corporation.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Corporation. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Corporation.  
(b) The Corporation is a Housing Finance Company registered with the National Housing Bank and is not required to obtain a Certificate of

Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

- (c) The Corporation is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Corporation.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Corporation.
- (xvii) The Corporation has not incurred cash losses in the current year or the immediately preceding financial year.
- (xviii) The previous statutory auditors of the Corporation have resigned during the year pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and

management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Corporation is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Corporation. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Corporation as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 33.8 to the standalone financial statements.
- (b) There are no unspent amounts that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 33.8 to the standalone financial statements.

**For S. R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

**per Viren H. Mehta**

Partner  
Membership No.: 048749  
UDIN: 22048749AIGPRD7872

Mumbai  
May 2, 2022

**For G. M. Kapadia & Co.**

Chartered Accountants  
ICAI Firm registration number: 104767W

**Atul Shah**

Partner  
Membership No.: 039569  
UDIN: 22039569AIGPZN4047

Mumbai  
May 2, 2022

## **Annexure 2 to the Independent Auditors' Report of even date on the Standalone Financial Statements of Housing Development Finance Corporation Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to standalone financial statements of Housing Development Finance Corporation Limited as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Corporation's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Corporation's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained

and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls with reference to these standalone financial statements.

#### **Meaning of Internal Financial Controls with reference to these Standalone Financial Statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

**per Viren H. Mehta**

Partner

Membership No.: 048749

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Mumbai

May 2, 2022

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Corporation has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For G. M. Kapadia & Co.**

Chartered Accountants

ICAI Firm registration number: 104767W

**Atul Shah**

Partner

Membership No.: 039569

UDIN: 22039569AIGPZN4047

Mumbai

May 2, 2022