



ICICI HOME FINANCE COMPANY LIMITED
ANNUAL REPORT 2020-21



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Chairman
Anup Bagchi

Non-Executive Director
N. R. Narayanan
Supritha Shetty

Independent Director
Vinod Kumar Dhall
G. Gopalakrishna
S. Santhanakrishnan

Managing Director & CEO
Anirudh Kamani

KEY MANAGERIAL PERSONNEL
Chief Financial Officer
Vikrant Gandhi

Company Secretary
Priyanka Shetty

SENIOR MANAGERIAL PERSONNEL
Chief Human Resources Officer
Ashish Kakkar

Chief Distribution Officer
Abhiroop Pandey

Chief Risk Officer
Yogesh Rawat

Chief Operations & Technology Officer
Nilesh Deshpande

REGISTERED OFFICE

ICICI Bank Towers, Bandra-Kurla Complex,
Mumbai - 400051

CORPORATE OFFICE

ICICI HFC Tower, Andheri Kurla Road, J.B.
Nagar, Andheri (E), Mumbai - 400059
Email: secretarial@icicihfc.com
Website: www.icicihfc.com
Tel.: (+91-22) 40093231

STATUTORY AUDITOR

B S R & Co. LLP,
Chartered Accountants

SECRETARIAL AUDITOR

Makarand M. Joshi & Co.,
Company Secretaries

REGISTRAR & TRANSFER AGENT

Datamatics Business Solutions Limited Plot
No. B-5, Part B Crosslane, MIDC, Andheri
(East), Mumbai - 400093
Tel: 022-66712196

DEBENTURE TRUSTEE

Axis Trustee Services Limited

SECURITY TRUSTEE

SBICAP Trustee Company Limited

DIRECTORS' REPORT

To the members,

Your Company is a Housing Finance Company registered with the National Housing Bank (NHB) and now regulated by the Reserve Bank of India (RBI). Your Company is engaged in the primary business of providing a range of home loans and home improvement loans, office premises loans, home equity loans, loan against property to customers and construction finance to developers.

On behalf of the Board of Directors, it is our pleasure to present the 22nd Annual Report along with the Audited Financial Statement of Accounts for the year ended March 31, 2021 (fiscal 2021).

FINANCIAL HIGHLIGHTS

The financial performance for fiscal 2021 is summarised in the following table:

(₹ in million)

	Fiscal 2020	Fiscal 2021	% of change
Net interest income	4,957.3	5,512.9	11.2%
Other income	50.4	70.6	40.1%
Operating expenses	2,814.6	2,562.5	(9.0)%
Impairment on financial instruments/ write-off (Including fair value changes)	1,934.2	2,694.6	39.3%
Profit before tax	258.9	326.4	26.1%
Profit after tax	2.8	216.7	-
Total comprehensive income	(136.9)	1,173.0	-

Net interest income was higher by ₹ 555.6 million primarily on account of lower cost of funds and higher income from sell-down and investments. Operating expenditure was lower by ₹ 252.1 million on account of cost optimisation and lockdown in H1-2021 due to COVID-19 pandemic. Provisions were higher due to increase in non-performing assets (NPAs) and mid-bucket pool in mortgage loans due to COVID-19 impact.

Appropriations

The profit after tax for fiscal 2021 was ₹ 216.7 million after provision for impairment on financial instruments/write-off of ₹ 2,694.6 million, provision for taxes of ₹ 109.7 million and all expenses. The accumulated profit was ₹ 1,587.0 million, taking in to account the balance of ₹ 1,413.8 million brought forward from the previous fiscal year and after appropriating the disposable profit as follows:

(₹ in million)

	Fiscal 2020	Fiscal 2021
To Special Reserve (created and maintained in terms of Section 29 C of National Housing Bank Act, 1987)	66.3	43.5
Dividend paid during the year		
- Equity Shares (including dividend distribution tax)	53.2	-
Leaving balance to be carried forward to the next year	1,413.8	1,587.0

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DIVIDEND

Your Directors have recommended reinvesting the profits into the business of the Company in order to build a strong reserve base for the long-term growth of the Company. Your Company has formulated a Dividend payout policy as per the applicable regulations for bringing transparency in the matter of declaration of dividend and to protect the interest of investors. In line with the Company's dividend payout policy and applicable regulations, your Directors have not recommended any dividend for fiscal 2021 (fiscal 2020: Nil).

OPERATIONAL REVIEW

In order to focus on deeper geographies for affordable housing finance business the Company moved to Hub and Spoke model during fiscal 2021 and accordingly, the Company has opened two micro branches and four sales offices and closed three branches, with a final tally of 143 branches/offices at March 31, 2021. The employee strength stood at 1,964 compared to 1,848 last year, including employees on contract. The Company also increased its channel partners network significantly during fiscal 2021.

The overall business of the Company, which is primarily retail mortgages, was impacted by lockdown in first quarter of fiscal 2021 due to the COVID-19 pandemic. The Company enabled WFH for its employees allowing them to work at almost full capacity. Additionally, the Company's digital capabilities built during fiscal 2021 enabled it to perform various activities like customer onboarding and pre/post disbursement and collections processes (Video KYC, Video PD, online fee collection, online disbursements, NACH mandate for EMI collection etc.) online.

Business growth was muted and the Company disbursed loans amounting to ₹ 35,658.6 million, 45% lower compared to the last fiscal. During fiscal 2021, the Company assigned loans amounting to ₹15,692.1 million compared to ₹ 24,147.7 million last fiscal. The total assets under management (AUM) of the Company grew by 3.3% year-on-year to ₹169.73 billion at March 31, 2021.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company from the end of fiscal 2021 and the date of the report.

CHANGE OF NATURE OF BUSINESS

There has been no change in the nature of the business of the Company during the year under review.

SIGNIFICANT AND MATERIAL ORDERS

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

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PARTICULARS OF LOANS, GUARANTEE OR INVESTMENT

Pursuant to Section 186(11) of the Companies Act, 2013, the provisions of Section 186 of the Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given, security provided or investment made by a housing finance company in the ordinary course of business.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of the Company currently and at March 31, 2021, comprises of seven Directors consisting of three Non-Executive Independent Directors, three Non-Executive Directors (nominees of ICICI Bank, the Parent) and the Managing Director & CEO.

The Directors of the Company are:

Sr. No.	Name of the Director	Designation	DIN
1	Anup Bagchi	Chairman	00105962
2	S. Santhanakrishnan	Non-executive Independent Director	00032049
3	Vinod Kumar Dhall	Non-executive Independent Director	02591373
4	G. Gopalakrishna	Non-executive Independent Director	06407040
5	N. R. Narayanan	Non-Executive Director	07877022
6	Supritha Shetty	Non-Executive Director	02101473
7	Anirudh Kamani	Managing Director & CEO	07678378

Declaration of independence

The Independent Directors have confirmed that they satisfy the criteria prescribed for Independent Directors as stipulated in the provisions of Section 149(6) of the Act. The names of all the Independent Directors of the Company have been included in the Independent Directors databank maintained by Indian Institute of Corporate Affairs (IICA). The Company has obtained declaration of independence from all the Independent Directors of the Company that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and as amended by the Companies (Amendment) Act, 2017, which have been relied upon by the Company and were placed at the Board Meeting held on April 22, 2021. None of the Directors has any pecuniary relationship or transactions with the Company. None of the Directors of the Company are related to each other. They have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164 of the Act and are not debarred from holding the office of Director by virtue of any SEBI order or any other such authority.

In the opinion of the Board, the Independent Directors fulfil the necessary criteria for independence as stipulated under the statutes.

The Board has formed the opinion that the Independent Directors have requisite expertise and experience required by the Company based on their skills, knowledge and competencies.

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Retirement by rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Anup Bagchi, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

Appointment and Cessation of Directors

Pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, Supritha Shetty was appointed as a Non-Executive Director with effect from August 22, 2019 by the members at the AGM held on June 5, 2020.

During the year under review, all the Directors of the Company at March 31, 2020, have continued to be on its Board.

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Companies Act, 2013 Anirudh Kamani (Managing Director & Chief Executive Officer), Vikrant Gandhi (Chief Financial Officer) and Priyanka Shetty (Company Secretary) are Key Managerial Personnel of the Company. Pratap Salian resigned as Company Secretary of the Company from the closure of business hours of January 19, 2021. Priyanka Shetty was appointed as the Company Secretary effective January 19, 2021.

STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules 2014 and as recommended by the Audit Committee and the Board of Directors, the shareholders of the Company appointed B S R & Co. LLP, Chartered Accountants, Firm Registration number 101248W/W-100022, as statutory auditors of the Company to hold office from the conclusion of Eighteenth AGM till the conclusion of Twenty Third AGM of the Company, subject to ratification of their appointment at every AGM. However, as per the Companies (amendment) Act, 2017, effective from May 7, 2018, the requirement of ratification of appointment of auditors at every AGM was done away with.

Further, RBI recently on April 27, 2021 issued guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) for Banks and NBFCs (including HFCs). As per the requirement of the guidelines, the Company can appoint Statutory Auditors for a continuous period of maximum three years, subject to the firms satisfying the eligibility norms on a continuous basis. The said guidelines shall be applicable for the first time to NBFCs (including HFCs), NBFCs/HFCs will have the flexibility to adopt these guidelines from second half of fiscal 2022, in order to ensure that there is no disruption. Accordingly, as per the aforesaid provisions of RBI guidelines, if they are willing, they can continue to hold office till completion of audit of the half-year ending September 30, 2021.

The auditors have indicated their willingness to continue as statutory auditors of the Company for the half year ending September 30, 2021 and provided the certificate that they meet the eligibility criteria as required under the Companies Act, 2013.

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Additionally, the guidelines also requires NBFCs/HFCs with asset size of more than ₹ 15,000 crore at March 31, 2021, are required to appoint joint auditors for audit of their accounts.

We understand that industry has made representations to RBI with reference to the aforesaid clause on the tenure of the Auditors to provide relaxation in complying with the guidelines and allow the existing SAs to complete their balance tenure. The clarification from RBI is awaited, accordingly post clarifications from RBI, the Company will comply with the applicable provisions of the guidelines.

Further, the report of the Statutory Auditors along with notes to schedules is enclosed to this report. The Auditors' Report to the members does not contain any qualification. The Notes to Accounts referred to in the Auditors' Report are self-explanatory and do not call for further comments.

SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Makarand M. Joshi & Co., a firm of Practicing Company Secretaries was appointed as Secretarial Auditors of the Company. The secretarial auditors have submitted their report for fiscal 2021 and the report does not contain any qualification. The report of the Secretarial Auditors is enclosed as **Annexure 1** to this report.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Companies Act, 2013, the Company is in compliance with Secretarial Standards on Meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

PERSONNEL

The Company had 1,964 (including on contract) employees at March 31, 2021.

The Company, during the COVID-19 pandemic lockdown, to safeguard employees' health and safety, enabled work from home (WFH) facility for all employees and ensured continuous employee engagements and awareness for tracking their health and safety. The Company also provided assistance and support in case any employee or his/her family members tested positive for COVID-19 in the form of extended insurance coverage, hotel and home quarantine facility and medical assistance. The Company will bear the cost of vaccination of all its employees (including contract employees) and their dependent family members.

The disclosure as required in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for fiscal 2021 is given in **Annexure 2**.

The statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure 2A** and forms part of this report. In terms of Section 136(1) of the Companies Act, 2013, the annual report and the financial statements are being sent to the Members excluding Annexure 2A. The said Annexure is

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available for inspection at the Corporate Office of the Company. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Company.

INTERNAL CONTROL AND ITS ADEQUACY

The Company has adequate internal controls and processes in place with respect to its financial statements, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. These controls and processes are implemented through various policies, procedures and certifications which commensurate with the size and nature of the Company's business. The processes and controls are reviewed periodically. The Company has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

These systems provide reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with Company's policies.

REGULATORY & STATUTORY COMPLIANCES

During the year under review, the NHB/RBI has issued various guidelines to Housing Finance Companies. The updates on the guidelines are placed before the Board of Directors at regular intervals. The Company has put in place adequate systems and processes in place to ensure compliance with the applicable guidelines issued by NHB/RBI/other regulators. RBI issued Master Direction – Non-Banking Financial Company – Housing Finance Companies Directions, 2021 on February 17, 2021. The Company is in the process of implementing the aforesaid Master Direction.

Your Company is also in compliance with the provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (SEBI LODR Regulation) to the extent applicable to the Company and subsequent amendments thereof and other applicable statutory requirements.

During the year, no penalty was imposed on the Company by any of the regulators.

Your Company is registered as buyer with the Receivables Exchange of India Limited Trade Receivables Discounting System (TReDS) for facilitating the financing of trade receivables of MSMEs from corporate and other buyers, including Government Departments and Public Sector Undertakings (PSUs), through multiple financiers.

Your Company has registered itself on BSE Bond platform to avail the facility of EBP Platform to issue Debt Securities/Non-Convertible Debentures on a private placement basis.

Your Company is registered with Legal Entity Identifier (LEI) India Limited (wholly owned subsidiary of Clearing Corporation of India Limited) and has obtained the LEI code 335800GH1L1U8HKSRG05. The same has a validity period of one year upto April 8, 2022.

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

The provisions of Section 134 (3) (m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Company. The Company uses information technology extensively in its operations.

During fiscal 2021, the Company has not earned any foreign exchange (fiscal 2020: Nil) and the total foreign exchange used was USD 4.9 million (fiscal 2020: USD 10.2 million).

RELATED PARTY TRANSACTIONS

The transactions between the Company and its related parties, during fiscal 2021, were in the ordinary course of business and based on the principles of arm's length. The Company has a Board approved framework for related party transactions, which has been disclosed on the website of the Company at <https://www.icicihfc.com/policies>. The details of material related party transactions at an aggregate level for fiscal 2021 are given in **Annexure 3**.

ARM'S LENGTH PRINCIPLES

The transactions between the Company and its group companies are to be undertaken on an arm's length basis. The following broad principles shall be adhered to at the time of undertaking such transactions:

- a) All transactions shall have the substantive characteristics of a transaction between independent parties
- b) The transactions shall be entered into in a need based manner and shall be based on principle of impartiality
- c) The pricing for specific transactions shall be at market related rates and would be benchmarked against comparable quotes for similar transactions in the market between independent parties
- d) The transactions shall comply with all statutory/regulatory guidelines, internal policy norms and procedures (including appropriate documentation) applicable to such transactions, if engaged with independent parties with similar background.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website on <https://www.icicihfc.com/investors>

RISK MANAGEMENT FRAMEWORK

The Company is exposed to various kinds of risks like credit risk, market risk, liquidity risk and operational risk arising out of business operations, which include mortgage lending, construction finance, gold loan, liability management etc. In order to mitigate these risks a risk management policy has been placed under the supervision of the Risk Management Committee (RMC) of the Company and the same has been approved by the Board of the Company. The Company has laid down appropriate systems to facilitate reporting pertaining to key risks to the Board of Directors, Board Committees and the senior management.

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The Company has a robust credit risk management framework implemented through various policies, manuals and guidelines. The Company has implemented a pre and post disbursement credit risk control system ensuring effective risk analysis and measurement, periodic monitoring and reporting based on various parameters and adherence to amendments in policy changes. The delegation structure for approval of credit limits is approved by the Board of Directors. All credit proposals other than retail loans and certain other specified products are rated as per the limit prescribed under the policy by the risk management team prior to consideration at the appropriate delegated authority.

Due to the unprecedented situation created by the outbreak of the COVID-19 pandemic, the Company had observed repayment stress from borrowers whose cash flows were impacted by the lockdown and slowdown of the economy. The Company had taken following mitigation steps to curb the credit risk post the outbreak of the COVID-19 pandemic:

- Moratorium benefits as announced by the Regulator have been extended to the eligible borrowers by following the regulatory guidelines.
- For all such accounts where the moratorium was opted for, the asset classification stand still was maintained as per applicable regulation and judicial pronouncements.
- In accordance with RBI guidelines relating to resolution framework issued on August 6, 2020 for COVID-19 stress, the Company had formulated a restructuring policy for the eligible borrowers. Under this policy, the resolution facility has been provided to the borrowers having stress on account of COVID-19.
- Engagement with customers through dedicated relationship managers and collection teams for regularization of standard accounts.
- Policy intervention by way of identifying positive and negative sectors and geographies for future funding need of the customers.
- Realigning the product suite by way of differentiated product mix offering to different segments of borrowers.
- Diversification of geographical concentration risk by way of varied maximum ticket size based on target geography.
- Enhanced field monitoring for partly disbursed retail home loans in under construction projects.
- For developer loans, stringent escrow management, field monitoring and engagement with promoters.

The Company is taking the following additional measures to ensure the effectiveness of risk management, maintaining a strong, diversified and resilient portfolio and ensuring that areas of growth are well controlled and sustainable:

- Micro segment policies for enabling effective sourcing
- Branch level portfolio monitoring and intervention
- Early warning monitoring like early mortality and non-starters reporting
- Calibration of large ticket size loans, LAP portfolio & Real Estate funding

The Company is susceptible to market-related risks such as liquidity risk, interest rate risk and funding risk. Liquidity risk arises when there is an asset-liability mismatch caused by the difference in the maturity profile of assets and liabilities. The risk may arise when the Company may not be able to generate sufficient cash flow at reasonable cost to meet expected and/or unexpected claims. The Company is exposed to liquidity risk in view of the fact that the assets

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generated by the Company are in a tenor band of seven to eight years against liability tenor of three to five years.

The Company actively monitors the liquidity position. Moreover, various triggers are identified and monitored (as per liquidity contingency plan) regularly to ensure that the Company can meet all the requirements of borrowers and lenders while being able to consider investment opportunities as they arise. Liquidity risk is monitored and reported to the senior management of the Company and the Asset Liability Management Committee (ALCO) on an ongoing basis. The Company seeks diverse sources of finances to facilitate flexibility in meeting funding requirements. The Company's operations are principally funded by borrowings from capital markets, NHB refinance, fixed deposits, banks and financial institutions.

The Company had taken the following steps in managing the liquidity risk during FY2021 considering the COVID-19 situation:

- Increased the liquidity threshold under the Liquidity Contingency Plan (LCP)
- Prepared a plan for recovery of dues up to next 90 days and accordingly calibrated the funds requirement with an assumption that new collections and borrowings will be disrupted severely
- Assessment of structural liquidity after factoring the moratorium effect and expected change in prepayment behavior of the borrower to address liquidity issues, if any

The Company has observed no negative impact on liquidity during the last year. The Company continues to maintain ample liquidity and monitor liquidity positions as a part of the Liquidity Contingency Plan.

Market risk of the investments of the Company is governed by the Investment Policy and Risk Management Policy. The Investment Policy has established limits for various risk metrics, which helps to control the market risk. It describes investment functions, incorporating various limits approved for investment, in line with regulations of the Reserve Bank of India.

Additionally, the Risk Management group also analyses the results of various stress testing scenarios from the perspective of ensuring the Company's capital adequacy under any unfavorable/unforeseen market circumstances and ensuring timely actions, wherever required, towards avoidance of situation that could threaten the financial stability of the Company.

The Operational Risk Management function identifies and monitors the operational risks in various products as well as processes of the Company. It ensures that major risks are covered or mitigated in order to avoid or minimize operational risk loss.

During the pandemic, the Company has followed business continuity by enabling WFH for its employees. Only a few employees were allowed to work from office. The Company has enabled critical activities like disbursement of loans, raising funds, repayment of borrowings etc. remotely. With relaxation of COVID-19 related government directions, the Company rostered its employees to attend the corporate office ensuring that no more than 40% staff strength was attending the office. All COVID-19 protocols are being followed by maintaining social distancing, arranging proper sanitization facilities, masks, temperature checking, minimum use of public transport etc. for employees coming to office.

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The Company continues to follow rules issued by the government, local authorities related to COVID-19 and accordingly plans its activities for its offices across India.

The Company also keeps tracking the employees and their family's members' health during this pandemic situation and appropriate actions have been taken for the safety of its employees.

The operations of the Company are periodically subject to Internal Audit/Concurrent Audit, as per the annual risk based audit plan duly approved by the Audit Committee, to ensure that the business operations of the Company are being undertaken as per the Board approved policies and risk management framework.

Over the last few years, the manifold increase in dependence on technology to run critical businesses has also led to the manifestation of newer risks and threats pertaining to the area of cyber security. In order to effectively manage cyber security and at the same time to ensure compliance with regulatory guideline, the Company has developed a comprehensive Cyber Security Policy. The Policy lays down a comprehensive set of measures and practices that would ensure protection of the Company's cyberspace against cyber-attacks, threats and vulnerabilities.

The IT Risk (including cyber security risk) is managed by the Information Technology Strategy Committee (ITSC) of the Company. The core IT systems of the Company is presently hosted at ICICI Bank datacenter and the Group follows Information Security Risk Management framework for risk assessment of these IT systems. The Company ensures awareness of cyber security among all employees by periodic trainings and guidance issued through periodic mailers.

In WFH environment, the Company has ensured system accessibility through Virtual Private Network (VPN) connectivity and dual authentication for employees reducing the risk of security breaches. Further auto-updation of antivirus is also ensured while connecting with the internet. Timely phishing drills are also conducted to check the awareness of employees.

FAIR PRACTICE CODE, KYC NORMS, ANTI MONEY LAUNDERING STANDARDS AND INFORMATION REQUIRED UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has put in place policy and processes to ensure adherence to the requirement of Fair Practices Code, Know Your Customers (KYC) and Anti Money Laundering (AML) norms as per the regulatory guidelines.

The Company has complied with the provisions related to constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint reported during the year under this Act.

CORPORATE GOVERNANCE

Philosophy of Corporate Governance

The Company's corporate governance philosophy encompasses regulatory and legal requirements, which aims at a high level of business ethics, effective supervision and enhancement of value for all stakeholders.

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Vigil mechanism

The Company has put in place a Whistleblower Policy through which it has set-up a mechanism that enables employees to report about potentially illegal and/or unacceptable practices. It seeks to enable employees to report such practices without fear of victimisation and reprisal. The Whistleblower Policy aims to administer good governance practices in the Company and to ensure that serious concerns are properly raised and addressed.

The purpose of the Whistleblower Policy is to enable a person who observes an unethical practice (whether or not a violation of law) to approach the Head-Internal Audit and Chairperson of the Audit Committee without necessarily informing his supervisors. The Whistleblower Policy governs reporting and investigation of allegations of suspected improper activities.

Employees of the Company are encouraged to use guidance provided in the Whistleblower Policy for reporting all alleged or suspected improper activities. In all instances, the Company retains the right to determine when circumstances warrant an investigation and in conformity with the Whistleblower Policy and applicable laws and regulations, the appropriate investigative process is employed.

Board evaluation

The Company has adopted a framework for annual evaluation of the Board, Individual Directors and Board Level Committees as per the provisions of the Companies Act, 2013. Your Company is following the most effective way to ensure that Board Members understand their duties and adopt good governance practices. Your Company has defined a manner of evaluation as per the provisions of the Act and SEBI LODR Regulations. In terms of the framework adopted by the Company, the Independent Directors evaluate performances of the Board as a whole and Non-Independent Directors of the Company. The Board members evaluate the performances of the Independent Directors and the Board Governance, Nomination and Remuneration Committee evaluates performance the Non- Independent Directors', the Board as a whole and the Board level committees on the basis of the questionnaires submitted by all the Directors. A separate meeting of Independent Directors without the attendance of Non-Independent Directors and the management team was held during the fiscal as per the provisions of Schedule IV of the Companies Act, 2013.

Appointment and remuneration policy for Directors, Key Managerial Personnel and other employees

The Board at its meeting held on March 31, 2015, adopted criteria for appointment of Directors (amended from time to time). The Board while appointing a Director considers the areas of expertise as required to be possessed by a Director under the Companies Act, 2013 and the due diligence checks to confirm the fit and proper status. The fundamental core attributes which may be considered for the position of an Executive Director would be proven leadership capability, ability to successfully manage diverse stakeholder relationships and ability to devise and drive the business strategy of the Company with focus on productivity and risk management.

The Company while appointing senior management candidates considers proven skills, performance track record, relevant competencies, maturity and experience in handling core functions relevant to the role.

ICICI HOME FINANCE COMPANY LIMITED

CIN: U65922MH1999PLC120106

Registered Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai- 400 051

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Website: www.icicihfc.com; Email: secretarial@icicihfc.com; Phone: [40093480](tel:40093480)

The Whole-time Directors should have sufficient expertise and tenure to enable them to deliver on the Company's long-term business strategy.

Remuneration for the Independent Directors includes fees for attending each meeting of Committee/Board or for any other purpose whatsoever as may be approved by the Board from time to time within the limits as provided under the Companies Act, 2013.

Additionally, the Independent Directors of the Company are paid a profit related commission of ₹ 750,000 each per annum effective fiscal 2016. The payment would be subject to the provisions of the Companies Act, 2013 and availability of net profits at the end of each fiscal. The Independent Directors would be entitled to reimbursement of expenses for attending Board/Committee meetings, official visits and participation in various forums on behalf of the Company and any other expenses as may be approved by the Board.

The criteria for appointment of Directors and the Compensation Policy of the Company is available on the website of the Company at <https://www.icicihfc.com/policies>.

Details of Board meetings

During the financial year, six (6) Board Meetings were held on May 2, 2020, July 17, 2020, October 20, 2020, December 11, 2020, January 19, 2021 and February 24, 2021. The attendance details of Board members are given below. The intervening gap between the Board Meetings was within the period prescribed under the Act.

Sr. No.	Names of Directors	Number of Board meetings attended/held
1	Anup Bagchi	6/6
2	S. Santhanakrishnan	6/6
3	Vinod Kumar Dhall	6/6
4	G. Gopalakrishna	6/6
5	N. R. Narayanan	6/6
6	Supritha Shetty	6/6
7	Anirudh Kamani	6/6

Committees of the Board

The details of composition of the Board Level Committees and its meetings held are given below.

a. Audit Committee

The terms of reference of the Committee inter-alia is to provides direction to the audit function and monitor the quality of internal and statutory audit. The responsibilities of the Audit Committee include examining the financial statements and auditors' report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements and other matters related to finance, accounts, compliance, inspection and audits to make suitable recommendation to the Board from time to time.

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As per provisions of section 177 of the Companies Act, 2013 and NHB Directions, the Company had re-constituted the Audit and Risk Management Committee. The Audit and Risk Management Committee was reconstituted by splitting into Audit Committee and Risk Management Committee effective May 2, 2020.

During the year, five meetings of the Committee were held on April 24, 2020, May 2, 2020, July 17, 2020, October 20, 2020 and January 19, 2021.

Sr. No.	Names of Members	Chairman/members	Number of meetings attended/held
1	S. Santhanakrishnan	Chairman	5/5
2	G. Gopalakrishna	Member	5/5
3	Supritha Shetty	Member	5/5

b. Risk Management Committee

The terms of reference of the Committee inter-alia is to make suitable recommendation to the Board from time to time after careful consideration of matters related to review of risk management policies and review of key risk indicators.

During the year, three meetings of the Committee were held on July 14, 2020, October 16, 2020 and January 18, 2021. The Committee was constituted by the Board effective May 2, 2020.

Sr. No.	Names of Members	Chairman/members	Number of meetings attended/held
1	S. Santhanakrishnan	Chairman	3/3
2	G. Gopalakrishna	Member	3/3
3	Supritha Shetty	Member	3/3

c. Board Governance, Nomination & Remuneration Committee

The constitution of Nomination and Remuneration Committee was done in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013. The terms of reference of the Committee inter-alia is to make suitable recommendation to the Board from time to time after careful consideration of matters related to appointment of Directors and senior management personnel, policy relating to the remuneration for the directors, key managerial personnel and other employees.

During the year, four meetings of the Committee were held on May 2, 2020, July 17, 2020, October 20, 2020 and January 19, 2021.

Sr. No.	Names of Members	Chairman/members	Number of meetings attended/held
1	Vinod Kumar Dhall	Chairman	4/4
2	G. Gopalakrishna	Member	4/4
3	Anup Bagchi	Member	4/4

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d. Corporate Social Responsibility Committee

As per section 135 of the Companies Act, 2013 the Company had duly constituted a Corporate Social Responsibility (CSR) Committee. The functions of the Committee include review of corporate social responsibility (CSR) initiatives undertaken by the ICICI Group and the ICICI Foundation for Inclusive Growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of expenditure to be incurred on such activities, reviewing and recommending the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, policies and practices of the ICICI Group, monitoring the CSR activities, implementation and compliance with the CSR Policy and reviewing and implementing, if required, any other matter related to CSR initiatives as recommended/suggested by RBI or any other statutory Authority.

During the year, two meetings of the Committee were held on May 2, 2020 and January 19, 2021.

Sr. No.	Names of Members	Chairman/members	Number of meetings attended/held
1	Supritha Shetty	Chairperson	2/2
2	S. Santhanakrishnan	Member	2/2
3	Vinod Kumar Dhall	Member	2/2
4	G. Gopalakrishna	Member	2/2

The Company has partnered with ICICI Foundation for Inclusive Growth. ICICI Foundation focuses on the areas of sustainable livelihood through skill development and identified social & environmental projects, etc. The initiatives of ICICI Foundation can be viewed on the link www.icicifoundation.org. During the year, the Company has contributed funds amounting to ₹ 10.0 million to PM CARES Fund for COVID-19 related expenses, an amount of ₹ 2.5 million to ICICI Foundation and ₹ 1.0 million was used for tree plantation. The Company has a CSR policy approved by the Board and the CSR budget and activities are overseen by the CSR Committee.

The major initiative taken up is in the area of skill development for enabling sustainable livelihood through the ICICI Foundation for Inclusive Growth (ICICI Foundation).

Detailed report on CSR activities/initiatives is enclosed as **Annexure 4**.

e. Stakeholders Relationship Committee

As per section 178 of the Companies Act, 2013 the Company had duly constituted a Stakeholders Relationship Committee to consider and resolve the grievances of security holders of the Company.

No Committee meeting was held during the year FY2021 as there were no complaints or pending grievances from the institutional lenders & bond holders of the Company.

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Sr. No.	Names of Members	Chairman/Members
1	N. R. Narayanan	Chairman
2	S. Santhanakrishnan	Member
3	Anirudh Kamani	Member

f. Management Committee

The Management Committee was duly constituted by the Board. The terms of reference of the Committee is to inter-alia approve various matters namely all credit/investment proposals of the Company with its Group companies which use 'ICICI' as a part of their name, any proposal exceeding the individual and/or group borrower prudential exposure ceilings if prescribed by the National Housing Bank (NHB) and sell down of loan assets through direct assignment/securitisation to related and unrelated party upto a prescribed limit.

No Management Committee meeting was held during the year FY2021.

Sr. No.	Names of Members	Chairman/Members
1	Anup Bagchi	Chairman
2	S. Santhanakrishnan	Member
3	G. Gopalakrishna	Member
4	N. R. Narayanan	Member
5	Supritha Shetty	Member
6	Anirudh Kamani	Member

g. Information Technology (IT) Strategy Committee

Pursuant to the circular issued by NHB on IT Framework for Housing Finance Companies (HFCs), the Company had duly constituted an Information Technology (IT) Strategy Committee inter-alia to review and amend the IT strategies in line with the corporate strategies, recommend the Board on various policies pertaining to IT Framework, monitor cyber security arrangements and any other matter related to IT Governance.

During the year, two meetings of the Committee were held on July 17, 2020 and January 18, 2021.

Sr. No.	Names of Members	Chairman/Members	Number of meetings attended/held
1	G. Gopalakrishna	Chairman	2/2
2	S. Santhanakrishnan	Member	2/2
3	Supritha Shetty	Member	2/2
4	Anirudh Kamani	Member	2/2

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h. Asset Liability Management Committee

The Company had duly constituted an Asset Liability Management Committee inter-alia, to review the ALM profile, set and monitor the market risk limits including limits on liquidity, interest rate and exchange rate positions for the structural balance sheet and the trading book, decide the business strategy on asset and liability side, oversee the implementation of the Asset Liability Management (ALM) system and review its functioning periodically, consider and approve any other matter related to liquidity and market risk management.

During the year, 19 meetings of the Committee were held on April 10, 2020; April 20, 2020; May 02, 2020; May 27, 2020; June 17, 2020; July 9, 2020; July 17, 2020; July 24, 2020; September 3, 2020; September 14, 2020; October 8, 2020; October 19, 2020; November 17, 2020; November 24, 2020; December 18, 2020; January 7, 2021; January 18, 2021; February 23, 2021 and March 26, 2021.

Sr. No.	Names of Members	Chairman/Members	Number of meetings attended/held
1	Anup Bagchi	Member	2/19
2	N. R. Narayanan	Member	16/19
3	Supritha Shetty	Member	19/19
4	Anirudh Kamani	Member	17/19

i. Committee of Directors

The Company had duly constituted the Committee of Directors inter-alia to approve various matters namely the sanction proposals, Information Memorandum for issuance of debentures and sell down of loan assets through direct assignment/securitisation to related and unrelated party upto a prescribed limit.

During the year, 13 meetings of the Committee were held on April 10, 2020; April 27, 2020; May 19, 2020; June 17, 2020; July 3, 2020; July 17, 2020; August 13, 2020; September 28, 2020; October 19, 2020; October 30, 2020; January 7, 2021; January 18, 2021; February 23, 2021.

Sr. No.	Names of Members	Chairman/Members	Number of meetings attended/held
1	Anup Bagchi	Chairman	0/13
2	N. R. Narayanan	Member	11/13
3	Supritha Shetty	Member	12/13
4	Anirudh Kamani	Member	10/13

SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY

The Company does not have any subsidiary, associate and joint venture company within the meaning of Section 2(87) and 2(6) of the Companies Act, 2013 and no new subsidiary, associate and joint venture company was formed during the year under review.

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DISCLOSURES AS PER THE NON-BANKING FINANCIAL COMPANY- HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021 (AS AMENDED FROM TIME TO TIME)**PUBLIC DEPOSITS**

As required by the aforesaid Directions, the details of public deposits unclaimed at March 31, 2021, are given below.

- i. The total number of accounts of public deposits which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment: 837
- ii. The total amounts due (including interest) under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: ₹ 166.9 million

The total amount of interest due on such unclaimed or unpaid deposits amounted to ₹ 3.17 million at March 31, 2021.

The Company has sent reminders to the depositors and requested them to claim the same. There are no overdue deposits other than unclaimed deposits.

The Company raised deposits worth ₹ 18,043.8 million during fiscal 2021. The Company's Fixed Deposits programme has received the highest credit ratings of 'MAAA' by ICRA, 'CARE AAA (FD)' by CARE and FAAA by CRISIL.

DISCLOSURE UNDER HOUSING FINANCE COMPANIES ISSUANCE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS/RBI MASTER DIRECTIONS, 2021 (AS AMENDED FROM TIME TO TIME)

- i. The total number of 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: Nil
- ii. The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date of such debentures become due for redemption: N.A.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of the Companies Act, 2013, the Company filed the necessary form on November 19, 2020 and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of closure of financial year (i.e. March 31, 2021) with the Ministry of Corporate Affairs.

The matured deposits with the Company, which were unclaimed for more than seven years from the date of maturity of ₹ 3.3 million for fiscal 2021 was transferred to IEPF as required by the Companies Act, 2013.

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MAINTENANCE OF COST RECORD

The Company is not required to maintain cost records in terms of Section 148(1) of the Companies Act, 2013.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

There is no application made or pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

The Company has not availed one-time settlement for any of its loan from Banks or Financial Institutions.

DETAILS OF DEBENTURE TRUSTEES

As per SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of Debenture Trustees are as under.

Name	Axis Trustee Services Limited
Address	Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025.
Contact details	Tel. No.: 022-62260054 Fax No.: 022-43253000

DISCLOSURE OF LARGE CORPORATE ENTITY

Pursuant to SEBI circular SEBI/HO/DDHS/CIR/2018 dated November 26, 2018, the Company has been identified as Large Corporate Entity as per the applicability criteria.

As per the requirement of said circular, the Company after being identified as a Large Corporate entity has to raise 25% of its incremental borrowings during fiscal 2021 through issuance of debt securities. The Company was able to meet the criteria of minimum 25% (it raised 33.9% during the year) of its incremental borrowings through issuance of NCDs, which are in the nature of debt securities.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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- (b) They had 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 at the end of the fiscal 2021 and of the profit and loss of the Company for that period;
- (c) They had 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) They had prepared the annual accounts on a going concern basis;
- (e) They had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details of Fraud Reporting to NHB & as per provisions of section 134 (3) (ca), read with section 143 (12) of the Companies Act, 2013

- a) There were no material fraud cases detected and required to be reported during the year under review, as per the provisions of section 134 (3) (ca), read with section 143 (12) of the Companies Act, 2013 to the regulatory authorities.
- b) However, the frauds of value involved for ₹ 1 lakh & above and frauds committed by unscrupulous borrowers, detected, during the year under review, the Company has duly reported 9 (nine) fraud cases as per Circular(s)/Guidelines, issued by NHB.

ACKNOWLEDGEMENTS

The Directors thank the National Housing Bank, the Reserve Bank of India, the Securities and Exchange Board of India, other statutory authorities, Bombay Stock Exchange, vendors, channel partners and the bankers and lenders of the Company for their continued support.

The Directors express their gratitude for the support and guidance received from the Company's shareholder, ICICI Bank Limited and other ICICI Group companies and also express their warm appreciation to all the employees of the Company for their commendable teamwork, professionalism and contribution during the year. The Directors extend their sincere thanks to the customers of the Company for their continued support.

For and on behalf of the Board

ICICI Home Finance Company Limited

Sd/-

ANUP BAGCHI

Chairman

DIN: 00105962

Place: Mumbai

Date: April 22, 2021

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MAKARAND M. JOSHI & CO.

Company Secretaries

Ecstasy, 803-804, 8th Floor, City of Joy, JSD Road, Mulund (W), Mumbai- 400080 (T) 022-21678100

FORM NO. MR.3
SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
ICICI Home Finance Company Limited,
ICICI Bank Towers
Bandra-Kurla Complex,
Mumbai -400051
Maharashtra, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ICICI Home Finance Company Limited (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 secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 (hereinafter called the '**Audit Period**') 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 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**), and the rules made there under;

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- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not Applicable to the Company during the Audit Period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings; **(Foreign Direct Investment and Overseas Direct Investment Not Applicable to the Company during the Audit Period)**
- (v) 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the Audit Period)**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, to the extent applicable to the company. **("Listing Regulations")**;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc mentioned above.

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We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following law applicable specifically to the Company:

(i) National Housing Bank Act, 1987 and notifications, and other directions pertaining to Housing Finance Companies issued by the National Housing Bank and the Housing Finance Companies (NHB) Directions, 2010

(ii) IRDA (Registration of Corporate Agents) Regulations, 2015 issued by the Insurance Regulatory Development Authority

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 Meetings, agenda and detailed notes on agenda were sent at least seven days 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

We further report that during the audit period the Company:

- a. has taken shareholder approval vide Annual General Meeting dated 5th June, 2020 for Sale/Assignment/Securitisation of loan receivables upto Rs. 40/- billion during a financial year.
- b. Allotted 4,400 Nos. of Unsecured, Redeemable, Senior Bonds in the nature of NonConvertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 2,200,000,000/- on private placement basis on 28th April, 2020;
- c. Allotted 5,500 Nos. of Unsecured, Redeemable, Senior Bonds in the nature of NonConvertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 2,750,000,000 /- on private placement basis on 19th May, 2020;
- d. Allotted 4,100 Nos. of Unsecured, Redeemable, Senior Bonds in the nature of NonConvertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 2,050,000,000 /- on private placement basis on 26th May, 2020;
- e. Allotted 1,000 nos. of Unsecured, Redeemable, Subordinated Bonds in the nature of Non-Convertible Debentures (NCDs) of face value of ₹ 5,00,000/- each aggregating to an amount of Rs. 500,000,000 /- on private placement basis on 10th June, 2020;

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- f. Allotted 910 Nos. of Unsecured, Redeemable, Senior Bonds in the nature of NonConvertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 455,000,000/- on private placement basis on 26th June, 2020;
- g. Allotted 2,200 Nos. of Rated, Listed, Secured Redeemable Principal Protected Senior Bonds in the nature of Market Linked Non- Convertible Debentures (MLDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 1,100,000,000/- on private placement basis on 26th August, 2020;
- h. Allotted 2,000 Nos. of Rated, Listed, Secured Redeemable Senior Bonds in the nature of Non-Convertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 1,000,000,000/- on private placement basis on 19th October, 2020;
- i. Allotted 1,280 Nos. of Rated, Listed, Unsecured Redeemable Subordinated Bonds in the nature of Non-Convertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 640,000,000/- on private placement basis on 10th November, 2020;
- j. Allotted 3,200 Nos. of Rated, Listed, Secured Redeemable Senior Bonds in the nature of Non-Convertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 1,600,000,000 /- on private placement basis on 20th November, 2020;
- k. Allotted 2,540 nos. of Rated, Listed, Unsecured Redeemable Subordinated Bonds in the nature of Non-Convertible Debentures (NCDs) of face value of ₹5,00,000/- each aggregating to an amount of Rs. 1,270,000,000/- on private placement basis on 10th December, 2020;
- l. Allotted 1,000 Nos. of Rated, Listed, Secured Redeemable Senior Bonds in the nature of Non-Convertible Debentures (NCDs) of face value Rs. 5,00,000/- each aggregating to an amount of Rs. 500,000,000 /- on private placement basis on 11th January, 2021.

**For Makarand M. Joshi & Co.
Practicing Company Secretaries**

Sd/-

**Kumudini Bhalerao
Partner**

FCS No. 6667

CP No. 6690

UDIN: F006667C000159710

Peer Review No: P2009MH007000

Place: Mumbai

Date: April 22, 2021

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ICICI HOME FINANCE COMPANY LIMITED

CIN: U65922MH1999PLC120106

Registered Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai- 400 051

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To
The Members,
ICICI Home Finance Company Limited
ICICI Bank Towers
Bandra-Kurla Complex,
Mumbai -400051
Maharashtra, India

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, standards 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 of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Makarand M. Joshi & Co.
Practicing Company Secretaries**

Sd/-

**Kumudini Bhalerao
Partner**

FCS No. 6667

CP No. 6690

UDIN: F006667C000159710

Peer Review No: P2009MH007000

Place: Mumbai

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Annexure 2

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. –

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the fiscal:

Anirudh Kamani, MD & CEO	74:1
S. Santhanakrishnan, Independent Director ¹	4:1
Vinod Kumar Dhall ¹	4:1
G. Gopalakrishna ¹	4:1

1. Includes Commission paid during fiscal 2021 and sitting fees has been excluded for calculation of remuneration.

(ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the fiscal

During the fiscal there was no increase in remuneration of Director, Chief Executive Officer, Chief Financial Officer and Company Secretary.

(iii) The percentage increase in the median remuneration of employees in the fiscal

The median remuneration of employees in the fiscal has increased by 6%.

(iv) The number of permanent employees on the rolls of Company

The number of permanent employees on rolls of the Company is 1,812 at March 31, 2021.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last fiscal 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

The average percentile (percentage) increase made in the salaries of total employees other than the Key Managerial Personnel for fiscal 2021 is around 5%, however there was no increase in the remuneration of the Key Managerial Personnel in fiscal 2021.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company

Yes. However, due to inadequate profits for fiscal 2021 the remuneration paid to the Company's Managing Director & CEO exceeds the limit of 5% and overall limit as specified under Section 197 of the Companies Act, 2013. The Company is seeking approval of its Members, by way of a special resolution for authorising the payment of remuneration exceeding the said limits at the ensuing AGM.

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Annexure 3
Related party transactions

The details of material related party transactions at arm's length principles for the year ended March 31, 2021 on an aggregate basis are given below.

₹ in million

Sr. no.	Nature of Contracts/ Transactions	Name of the Related Party	Nature of Relationship	Duration of Contracts	Salient terms of Contracts/ Transactions	Amount
1.	Letter of undertaking (utilised)	ICICI Bank Ltd.	Holding Company	Various maturities	-	22,215.5
2.	Sell down of retail mortgage loans by way of Direct Assignment (DA)	ICICI Bank Ltd.	Holding Company	-	At Market Price	8,071.2
3.	Bank balances (including fixed deposits and interest accrued thereon)	ICICI Bank Ltd.	Holding Company	-	At Market Price	6,417.2
4.	Term Loan repaid	ICICI Bank Ltd.	Holding Company	Various Maturities	At Market Price	2,600.0
5.	Book overdraft in current accounts	ICICI Bank Ltd	Holding Company	-	At Market Price	2,093.3

Sd/-

Anirudh Kamani
Managing Director & CEO
DIN: 07678378

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Annexure 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES/ INITIATIVES

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

Corporate Social Responsibility (CSR) has been a long-standing commitment at ICICI Home Finance Company Ltd. The Company's contribution to social sector development includes several pioneering interventions and was implemented through the involvement of stakeholders within the Company and through the broader community. As per the CSR Policy, CSR activities are being undertaken by the Company directly or through ICICI Foundation or through any other entity.

The CSR Policy of the Company sets the framework guiding the Company's CSR activities. It outlines the governance structure, operating framework, monitoring mechanism and CSR activities that would be undertaken. The CSR committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR policy. The Company's CSR activities are largely focused in the areas of education, health, skill development and financial inclusion and other activities as the Company may choose to select in fulfilling its CSR objectives. The CSR policy was approved by the Committee in October 2014, and put up on the Company's website <https://www.icicihfc.com/policies>

2. The Composition of the CSR Committee

The Company's CSR Committee comprises three Independent Directors and a Non-Executive Director and is chaired by the Non-Executive Director. The composition of the Committee is set out below.

Sr. No.	Name	Chairman/ members	Number of CSR Committee meeting held during the year	Number of meeting attended during the year
1	Supritha Shetty	Chairperson	2	2
2	G. Gopalakrishna	Member	2	2
3	Vinod Kumar Dhall	Member	2	2
4	S. Santhanakrishnan	Member	2	2

The functions of the Committee include review of CSR initiatives undertaken by the Company, formulation and recommendation of CSR policy indicating the activities to be undertaken and recommendation of the annual CSR plan and amount of the expenditure to be incurred on such activities to the Board, monitoring the CSR activities, implementation of and compliance with the CSR Policy and reviewing and implementing, if required, any other matter related to CSR initiatives as recommended/suggested by the Board.

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3. The web-link where composition of the CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:
<https://www.icicihfc.com/policies>
4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Nil
6. Average net profit of the Company as per Section 135 (5) of the Companies Act, 2013 was ₹ 387.0 million
 - a) Two per cent of the average net profit of the Company as per Section 135(5) of the Companies Act, 2013 for fiscal 2021 is ₹ 13.5 million.
 - 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: Nil
 - d) Total CSR obligation for the financial year (7a+7b-7c) was ₹ 13.5 million.
7. a. CSR amount spent or unspent for the financial year:

₹ in million

Total amount Spent for the Financial Year	Amount Unspent				
	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
13.5	Nil	NA	NA	Nil	NA

- b. Details of CSR amount spent against ongoing projects for the financial year:
The skill training programme of ICICI Foundation is a long-term project. However, the targets and outlay, including the training plan, courses offered, new centres to be opened and number of students to be trained, are planned on an annual basis. Accordingly, the programme is considered as an other than ongoing project in the annual report for fiscal 2021.

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c. Details of CSR amount spent against other than ongoing projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SI 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		Amount spent for the Project (in ₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
1.	Sustainable livelihood through skill development by the ICICI Academy for Skills and Rural Livelihood initiative along with social and environmental projects	Item no (ii): promoting education, employment enhancing vocation skills and livelihood enhancement projects Item no: (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining	Yes	Pan India		2.5	No	ICICI Foundation for Inclusive Growth	CSR00001979

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(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SI 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		Amount spent for the Project (in ₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
		quality of soil, air and water.							
2.	Tree plantation	Item no: (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.	Yes	Madhya Pradesh, Odisha and Maharashtra	Harda, Koraput and Surav Village	1.0	Yes	NA	NA
3.	Contributed towards PM CARES Fund to help India in fighting distress	Item no. (viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen	Yes	Pan India		10.0	Yes	NA	NA

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(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SI 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		Amount spent for the Project (in ₹ million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
	situations like COVID-19	Assistance and Relief in Emergency Situations Fund (PM CARES Fund)							
	TOTAL					13.5			

d. Amount spent in Administrative Overheads: Nil

e. Amount spent on Impact Assessment, if applicable: Nil

f. Total amount spent for the fiscal 2021: ₹ 13.5 million

g. Excess amount for set off, if any:

SI No.	Particulars	Amount (in ₹ million)
(i)	Two percent of average net profit of the company as per section 135(5)	13.5
(ii)	Total amount spent for the Financial Year	13.5
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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8. (a) Details of Unspent CSR amount for the preceding three financial years: Nil
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding fiscal(s): Nil
9. 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).
(a) Date of creation or acquisition of the capital asset(s): NA
(b) Amount of CSR spent for creation or acquisition of capital asset: NA
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: NA
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA
10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA
11. The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

Sd/-
Anirudh Kamani
Managing Director & CEO
DIN: 07678378

Sd/-
Supritha Shetty
CSR Committee Chairperson
DIN: 02101473

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MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL BUSINESS ENVIRONMENT

Macroeconomic overview

The end of Fiscal 2020 saw an outbreak of the COVID-19 pandemic, which impacted most economies and banking systems across the world, including India. The nation-wide lockdown in the first quarter of fiscal 2021 impacted economic activity. As a result, according to IMF, the global economy is estimated to contract by 3.3% and Indian economy contracted by a record ~8%.

The global economy is projected to grow at 5.5% in calendar 2021 and 4.2% in calendar 2022. The strength of the recovery is estimated to vary across countries depending on medical interventions, effectiveness of policy support, exposure to cross country spillovers and changing dynamics following the impact of the pandemic.

Approval and rollout of vaccines have boosted expectations of a global recovery and lifted risk asset prices but until the vaccines are widely available, the market rally and the economic recovery remain predicated on continued monetary and fiscal policy support.

From the middle of March 2021, in the second wave of the Covid-19 pandemic, India has witnessed a huge rise in the number of people infected virus. The rise has been so stupendous that the overall health infrastructure, which was ramped-up during the first wave, has proved to be insufficient. Various state governments have announced partial/full lockdowns leading to a wide scale disruption in economic activities. Going forward, economic activity will depend on the trajectory of the second wave of Covid-19, progress of the vaccination programme, the tenure and nature of restrictions on economic activity. We are better prepared to deal with the pandemic than we were in the first phase and will calibrate growth depending on the trajectory and severity of the second wave of Covid-19.

Housing and Real Estate

The nationwide lockdowns in the first quarter of fiscal 2021 following the outbreak of the Covid-19 pandemic impacted the real estate sector by shaving off 40-50% of the business. As the restrictions were lifted, the sector continued to be impacted because of interruption in construction activities on account of labour paucity and subdued sales on account of concerns over economic growth. The threat of job losses and pay cuts negatively impacted consumer sentiment.

The pandemic accelerated the pace of digital adoption in real estate. With WFH environment, there has been a behavioural change in people with smaller homes or rented homes towards

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larger/ self-occupied homes. This is further supported by the all-time best affordability for the buyers. The ratio of the home loan payment to income has been reducing over the years. According to industry estimates, affordability for a mid-income apartment in Indian city was at 27% in fiscal 2021, which is among the best in the last two decades. Also a decade low interest rates has added to the rise in demand.

Various government initiatives such as the 'Special Window for Completion of Construction of Affordable and Mid-Income Housing Projects' (SWAMIH) fund, loan moratorium given to individuals and corporates, loan restructuring proposed for the real estate sector, reduction in the stamp duty, affordable rental housing complexes and "Housing for all" under the Pradhan Mantri Awas Yojna (PMAY) have supported the sector.

On the other hand, commercial properties for office space are facing trouble with most of the offices/companies encouraging WFH for all.

Challenges and opportunities for housing finance companies

CAGR growth for housing finance companies stood at 15% from FY2015 to FY2020. Growth slowed down considerably after September 2018 due to liquidity constraints and housing finance companies started focusing on managing asset liability mismatches instead of growing the book. This led to decrease in growth from 21% in FY2018 to 9% in FY2019 and 3% in FY2020. The COVID-19 pandemic further aggravated the headwinds for the sector. However, with the gradual easing of restrictions and increasing economic activity, disbursements picked-up considerably in the second half of fiscal 2021. Consequently, overall housing credit is expected to have grown between 3-5% in fiscal 2021. The growth is expected to be skewed in favor of banks, which are expected to have grown by 4-6%, while HFCs by 2-4%, mainly due to lower interest rates offered by banks. However, growth would be significantly lower than the compound annual growth rate (CAGR) of 15% in the last three years.

Within housing credit, asset quality in the affordable and self-employed segments could worsen more vis-à-vis the salaried segment, which is expected to exhibit more resilience. However, salary cuts/job losses in certain sectors could lead to some weakening in the debt repayment capability of salaried borrowers. The construction finance segment, which was already under pressure due to demand-side issues, was further impacted by labour migration and lockdowns, which will delay project execution, completion and sales and thus affect the cash flow of this borrower segment.

Gross Non-Performing Assets (GNPAs) in the housing segment are expected to increase to 1.5-1.8% in fiscal 2021 from 1.3% at March 31, 2020, while slippages in the non-housing segment could be higher, leading to overall GNPAs of 2.9-3.4% at March 31, 2021.

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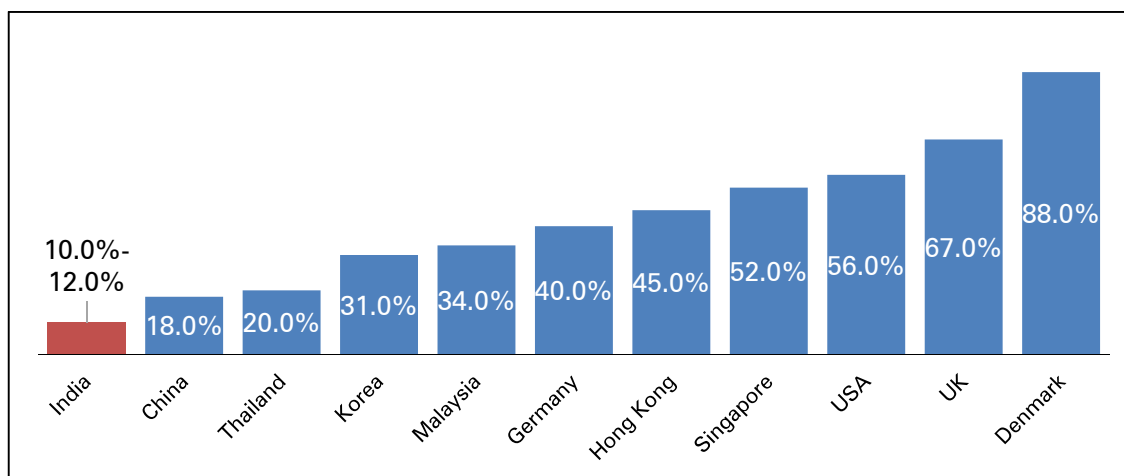
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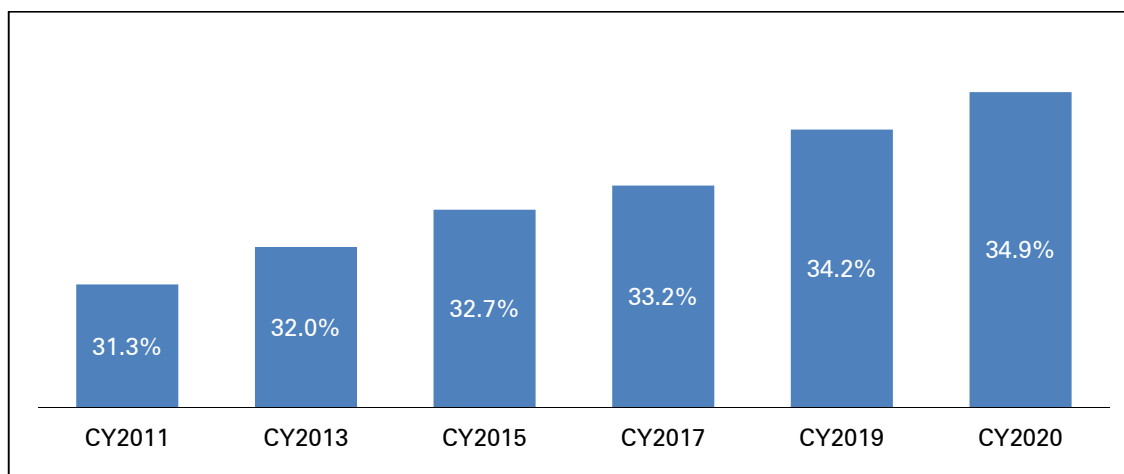
While the above challenges remain with a high level of uncertainty over future growth, we cannot ignore the opportunities for established players like us in the coming years. The hugely under penetrated mortgage finance sector, rise in urban population and their incomes coupled with the low real estate prices and low interest rates will boost growth of housing finance.

Opportunity in mortgage penetration



Source: CRISIL

Rapid urbanization, increasing nuclear families will boost housing demand leading to formation of more urban households.



Source: CRISIL

Further, rising demand for affordable housing and a surge in construction in Tier 2 & 3 cities has led to increased focus of financiers in these geographies. Finance penetration in urban

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areas has increased from 42.7% in fiscal 2016 to 45.0% in fiscal 2020.

Key regulatory developments

Further, the government along with the regulator took steps to ease stress in the real estate and HFC/NBFC sectors by announcing various policies and fiscal interventions such as –

- Infused liquidity of ₹ 3.7 trillion through CRR cuts and TLTRO (targeted long-term refinance operations)
- NPA classification norms relaxed for 90-days initially starting March 2020 later which was extended to August 31, 2020
- Emergency Credit Line Guarantee Scheme (ECLGS) introduced for MSMEs sector for addressing working capital needs, operational liabilities and to restart businesses. The validity of Scheme has been extended upto June 30, 2021 or until the guarantees for an amount of ₹ 3 lakh crore are issued.
- Rationalising of risk weights for individual housing loans irrespective of the amount depending on the loan to value ratio
- Extension of an additional interest deduction of ₹ 1.5 lakhs in income tax on loans for affordable housing and tax holiday to affordable real estate developers
- Increased differential between circle rate and agreement value to 20% from the earlier 10%
- Relaxation of ECB guidelines for affordable housing for buyers who are eligible under PMAY
- Modification of the Partial Credit Guarantee (PCG) scheme to include HFC and NBFCs rated up to BBB+

Regulatory interventions relating to COVID-19

Post the outbreak of the COVID-19 pandemic, RBI announced various measures starting with the announcement on moratorium from March 2020 for three months for the benefit of the borrowers who were stressed due to the pandemic, which was further extended for an additional three months till August 2020. Further, RBI announced the resolution (restructuring) scheme, which will provide additional relief to certain set of borrowers who were impacted due to the pandemic by way of additional moratorium for repayment of loans without any additional cost.

Further, GoI/RBI also announced waiver of interest on interest on specific loans and advances for six-month moratorium period under the guidance of the Hon. Supreme Court and accordingly, the amount was credit to the borrowers' accounts.

The Supreme Court's interim stay on lenders for not classifying borrower accounts that are standard at August 31, 2020, as NPAs, was a relief provided to borrowers until February 2021, which was vacated in March 2021. While this worked as relief to the borrowers, for lenders this lead to additional stress since the vacation of stay in end March 21 did not

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provide enough time to get these accounts regularised through either recovery action or legal efforts.

BUSINESS OVERVIEW

Distribution and other initiatives

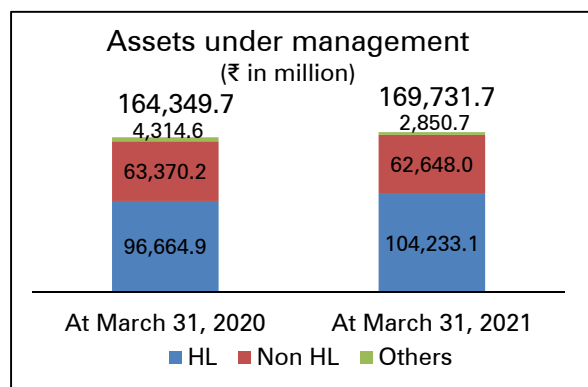
It was a tough start to the fiscal 2021 with lockdown, restrictive business operations and standstill economy; we had to re-strategize our business model in terms of focus, expansion and working. Business performance was muted in the first half of fiscal 2021. Second half of the fiscal saw a pick-up in overall economy and business returned to normalcy by end of the fiscal. The Company focused on fixed deposits and Gold loan business in the first half and in the second half it focused on the affordable finance segment. The Company also calibrated its policy to ensure that the loans are given to sectors which were not negatively impacted by the pandemic.

The Company reviewed its non-performing branches and either closed them or converted them into small offices depending on the opportunity available in the vicinity. Accordingly, the Company, at March 31, 2021 had 143 branches/offices, of which nine were micro branches and twelve were sales offices (as compared to 139 full-fledged branches at March 31, 2020). The Company also introduced Hub & Spoke model for certain locations, primarily in deeper affordable geographies where it has placed resident sales executives. The sales offices and resident executive report into the nearest Hub branches.

Simultaneously, the Company invested in hiring a frontline team with experience in affordable business, the Company's focus area going forward. There were 1,964 employees of which 662 were frontline executives at March 31, 2021 as compared to 1,848 employees of which 615 were front line executives at March 31, 2020. In line with the distribution strategy adopted by the Company, it strengthened its channel partner network.

Loan portfolio

The Company continued to focus on home loan (HL) disbursements in fiscal 2021. HL constituted 57% of the total disbursements in fiscal 2020, which increased to 76% in the fiscal 2021. Differentiated focus on affordable housing through spot sanctions and dedicated front line sales team led to increase in the share of affordable segment in HL disbursements to 43% in fiscal 2021 from 12% in fiscal 2020.



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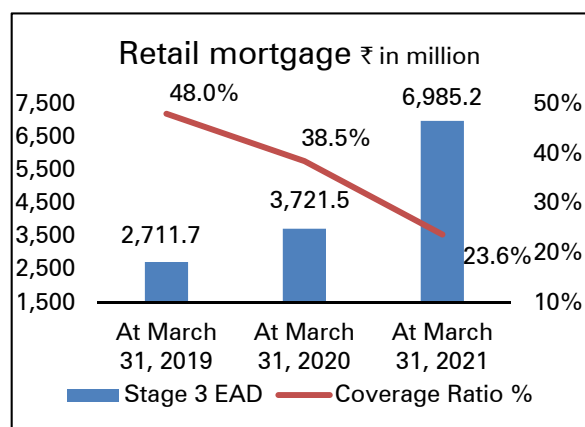
Corporate Office: ICICI HFC Tower, Andheri Kurla Road, J.B. Nagar, Andheri (E), Mumbai-400 059

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Asset quality and composition

Under Ind AS, asset classification is done based on expected credit loss model instead of the earlier incurred loss model under Indian GAAP. Accordingly, provisions are based on the Company's historical loss experience and future expected credit loss in addition to other parameters.

Retail Mortgage – Asset quality



The increase in Gross NPAs during the fiscal is mainly due to the impact of the COVID-19 pandemic on certain type of borrowers whose working capital was affected during lockdown and risk aversion on health issues generally. Additionally, during the fiscal, the Company wrote-off loans aggregating ₹ 1,012.2 million, which were fully provided, leading to decrease in provision coverage ratio to 23.6% at March 31, 2021 from 33.3% at March 31, 2020.

Corporate – Asset quality

Stage-3 EAD stood at ₹ 2,400.5 million at March 31, 2021 with a coverage ratio at 24.8%. The Company wrote-off loans aggregating ₹ 2,133.7 million, which in the assessment of the Company were not recoverable. The write-off led to a decrease of the provision coverage ratio from 60.2% at March 31, 2020 to 24.8% at March 31, 2021.

Risk management

The Company has a well-established Enterprise Risk Management framework (covering market, credit, liquidity & operational risks). This framework governs policies, procedures and systems to monitor, review and report key risks. The Company continues to follow NHB guidelines for High/Medium/Low categorisation of its customers and further applies pre-defined risk weights based on proprietary credit scoring model to take appropriate credit sanction decisions.

The Company has taken following measures to mitigate the COVID-19 related risk arising in fiscal 2021:

- Engagement with customers through dedicated relationship managers and collection team for regularisation of standard accounts
- Policy intervention by way of identifying positive and negative sectors and geographies for future funding need of the customers

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- Realigning the product suite by way of differentiated product mix offering to different segments of borrowers
- Diversification of geographical concentration risk by way of varied maximum ticket size based on target geography
- Enhanced field monitoring for partly disbursed retail home loans in under construction projects
- For developer loans, stringent escrow management, field monitoring and engagement with promoters
- Offered moratorium and restructuring of loans to the borrowers as per regulatory guidelines
- Increased the liquidity threshold under the Liquidity Contingency Plan (LCP)
- Assessment of structural liquidity after factoring the moratorium effect and expected change in prepayment behavior of the borrower to address liquidity issues if any arise
- Ensured system accessibility through Virtual Private Network (VPN) connectivity and dual authentication for employees in WFH working condition reducing the risk of security breaches
- Employee awareness mailers on cyber risk to avoid such incidents

Technology and digitisation

The Company has put in place its IT strategy and governing policies to focus on new applications/systems on-boarding (through development/procurement) in a seamless manner to address growing focus on technology enabled processes and customer experience enhancement. The Company will continue to leverage its parent ICICI Bank's technology infrastructure, core business applications for its functions and processes and IT/Cyber security.

The overall business of the Company, which is primarily retail mortgages, was impacted by lockdowns in the quarter of fiscal 2021 due to the COVID-19 pandemic. The Company enabled WFH for its employees allowing them to work at almost full capacity. Additionally, the Company's digital capabilities built during fiscal 2021 enabled it to perform various activities like customer onboarding and pre/post disbursement and collections processes (Video KYC, Video PD, online fee collection, online disbursements, NACH mandate for EMI collection etc.) online.

Borrowing profile

The borrowing/resource profile of the Company is well diversified and is therefore one of its key strengths. It has borrowings through NCDs/Bonds, Commercial Papers (CPs), refinance from NHB, Rupee term loans and Fixed Deposits (FDs). The Company had borrowed funds through External Commercial Borrowings (ECBs) in fiscal 2019. The Company also has a diverse investor profile who have lent money through capital market instruments. The Company has also been augmenting funds through sell down of retail mortgage loans.

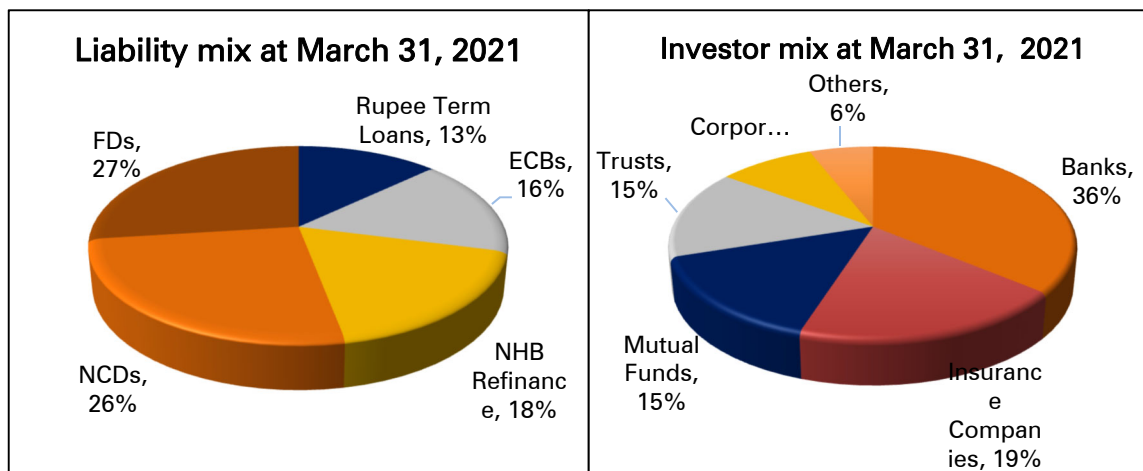
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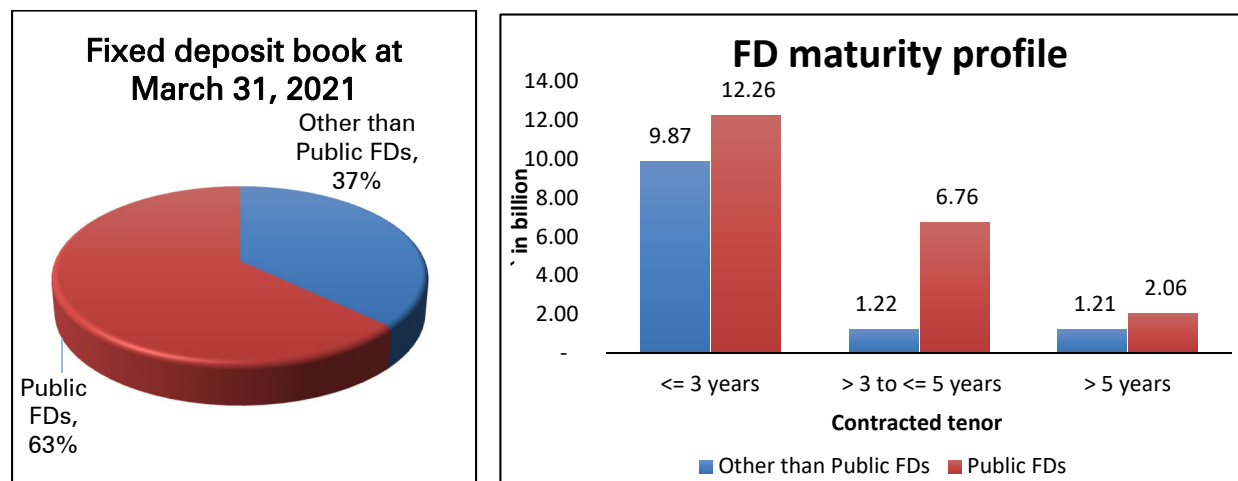
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The aggregate amount of fixed deposits book stands at 27% of the total borrowings at March 31, 2021, comprising of 21% public (retail) fixed deposits.



RBI, since the outbreak of the Covid-19 pandemic has announced various measures such as aggressive repo rate cuts, Targeted Long Term Repo Operations (TLTRO) and additional funds for refinance to NHB, among others, to reduce interest rates and manage liquidity challenges. These measures have aided the Company to significantly reduce the weighted average rate of interest of incremental borrowing. In fiscal 2021, the Company raised funds aggregating ₹ 14.89 billion through medium to long tenor NCDs/bonds/sub-debt issuances, including under TLTRO scheme, of which ₹ 4.19 billion was raised through subordinate NCDs/bonds. Additionally, the Company also raised ₹ 15.96 billion through refinance from NHB under various schemes. Further, during the fiscal, the Company prepaid high cost Rupee term loans amounting to ₹ 31.01 billion and also renegotiated rate of interest with a few banks. As a

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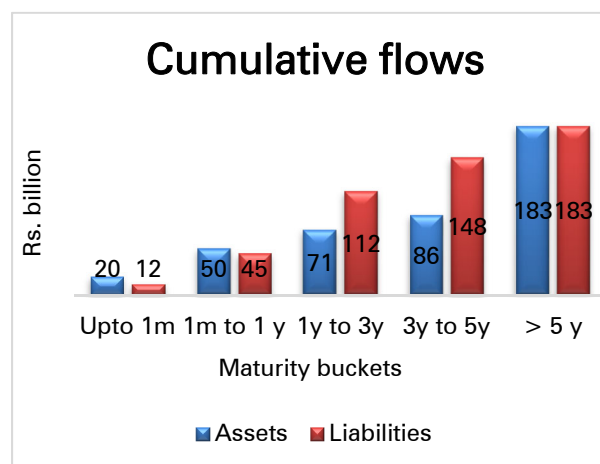
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result, the Company was able to bring down its cost of funds from 8.7% in FY2020 to 7.8% in FY2021. These efforts also helped the Company in diversifying its borrowing mix by reducing its reliance on Rupee term loans. The share of capital market borrowings and NHB refinance increased to 26% and 18% as against 20% and 6% respectively at March 31, 2020. In addition, the Company could also increase the average duration of its liability book, and improve the Tier-2 capital adequacy.

Asset Liability Management (ALM)



The Company's stringent policy norms of restricting reliance on short-term instruments and ongoing efforts to increase the duration of its liabilities has placed its ALM in a comfortable position. Further, the policy of carrying adequate liquidity and liquidity buffers insulated the Company from any liquidity shocks.

The graph includes behavioral analysis of prepayments and other assumptions in accordance with the guidelines issued by the regulator.

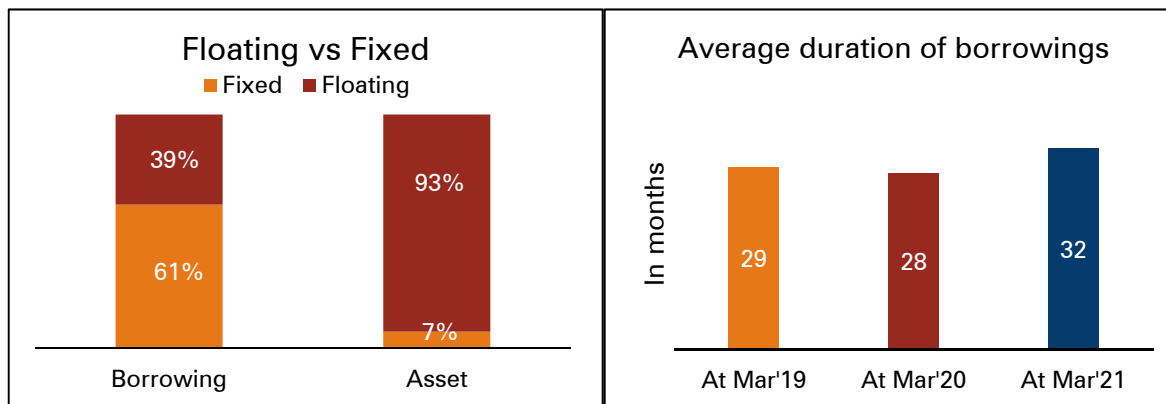
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The interest rate repricing risk on the floating rate asset book is well supported by a healthy mix of floating and fixed rate borrowing.

Credit rating

The Company has been accorded the highest rating by leading credit rating agencies. The Company has a standalone issuer credit rating of AAA/Stable by ICRA. Various borrowing programmes of the Company have also been accorded with the highest credit rating from different rating agencies.

Instrument	CRISIL	ICRA	CARE
Fixed Deposits	FAAA/Stable	MAAA/Stable	CARE AAA (FD);Stable
Senior Bonds Non-Convertible Debentures	CRISIL AAA/Stable	[ICRA] AAA/(Stable)	CARE AAA; Stable
Subordinate Bonds	CRISIL AAA/Stable	[ICRA] AAA/(Stable)	CARE AAA; Stable
Market Linked Debentures	CRISIL PP-MLD AAAr/Stable	-	CARE PP-MLD AAA; Stable
Commercial Paper	-	[ICRA] A1+	CARE A1+
Long Term Bank Facilities	-	[ICRA] AAA/(Stable)	-

Strategy

The Company is continuously working on increasing the share of housing loans in the overall asset book, specifically the share of affordable housing finance space, a high yielding asset. The Company is in the quest of attaining leadership in affordable housing finance segment.

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The affordable housing finance book increased to ₹ 21.55 billion at March 31, 2021 from ₹ 8.19 billion at March 31, 2020. The NIM of the company increased to 3.0% in fiscal 2021 from 2.5% in fiscal 2020. The net interest margin will be further enhanced as we grow the affordable housing finance book.

Going forward, the Company will continue to focus on the mortgage loan portfolio with a special focus on affordable housing credit, which is a high growth segment in the sector. The Company will build upon the existing capacity of frontline sales team, channel partners and synergy with ICICI Bank along with geographical expansion through hub and spoke model for deeper affordable business. The Company will also focus on Portfolio management through a risk calibrated business built on the Lend to Collect foundation. The Company is investing in technology enabled distribution platform, seamless customer acquisition and servicing channel, speedy loan disbursement and enhanced service with a focus on differentiated customer experience.

The Company also intends to leverage its liability franchise to bring cost competitiveness to its business.

Financial highlights

Considering the current situation, the Company's infrastructure presence has remained flat in fiscal 2021, resulting in optimising of costs. Consequently, the operating profit has improved in fiscal 2021. The performance highlights for fiscal 2021 are given below.

- Net interest income increased from ₹ 4.96 billion in fiscal 2020 to ₹ 5.51 billion in fiscal 2021, primarily due to lower cost of funds, higher investment income and income from sell down
- Yield decreased from 10.2% in fiscal 2020 to 10.1% in fiscal 2021
- Fee income primarily includes income from third party referrals, income from property search services and advisory business. Fee income remained flat at ₹ 0.30 billion in fiscal 2021 compared to ₹ 0.31 billion in fiscal 2020.
- Other income primarily includes rental income from property. Other income decreased from ₹ 0.05 billion in fiscal 2020 to ₹ 0.03 billion in fiscal 2021 on account of reduction in rent from property due to vacation of certain area occupied by ICICI Bank in ICICI HFC Tower.
- Operating expenses primarily includes employee benefits expenses and other administrative expenses. Employee cost and benefit expenses increased from ₹ 1.45 billion in fiscal 2020 to ₹ 1.59 billion in fiscal 2021. Other administrative expenses include rent, rates and taxes, repairs and maintenance, direct marketing and sourcing business expenses, collection expenses and depreciation on assets. Other operating expenses decreased from ₹ 1.36 billion in fiscal 2020 to ₹ 0.96 billion in fiscal 2021. This is mainly due to the lower business volumes, lockdown in first half of the fiscal and efforts towards cost optimisation.
- Provisions and write-offs increased from ₹ 1.93 billion in fiscal 2020 to ₹ 2.69 billion in

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fiscal 2021, primarily due to an increase in provision in the retail portfolio and provision for restructured loans on the account of the COVID-19 pandemic.

- The Company appropriated ₹ 0.04 billion from retained earnings to Special Reserve in fiscal 2021 in accordance with Section 29C of the National Housing Bank Act, 1987. Transfer to Special Reserve amounted to ₹ 0.07 billion in fiscal 2020.
- Total AUM increased from ₹ 164.34 billion at March 31, 2020 to ₹ 169.73 billion at March 31, 2021. Loan book decreased from ₹ 140.92 billion at March 31, 2020 to ₹ 137.58 billion at March 31, 2021.
- Gross non-performing loans (NPA) increased from ₹ 8.46 billion at March 31, 2020 to ₹ 9.38 billion at March 31, 2021. Net non-performing loans (NPA) increased from ₹ 4.69 billion at March 31, 2020 to ₹ 7.13 billion at March 31, 2021. The gross and net NPA ratio for fiscal 2021 were 6.6% and 5.2% respectively.
- Investments decreased from ₹ 5.95 billion at March 31, 2020 to ₹ 4.38 billion at March 31, 2021.
- Total borrowings decreased from ₹ 128.64 billion at March 31, 2020 to ₹ 126.66 billion at March 31, 2021.
- The capital adequacy ratio increased from 14.80% at March 31, 2020 to 20.94% at March 31, 2021 as the Company raised Tier-2 capital in the form of sub-debt, against NHB requirement of 13.00%. The Tier-1 capital adequacy ratio was 15.92% at March 31, 2021 compared to 13.74% at March 31, 2020.

KEY FINANCIAL INDICATORS OF LAST 4 YEARS

The following table sets forth, for the periods indicated, the key financial ratios.

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Return on average equity (%) ¹	7.12	2.73	*	1.30
Return on average assets (%) ²	1.18	0.39	*	0.14
Earnings per share (Basic & Diluted) (₹)	0.96	0.40	0.00	0.20
Net interest margin (%)	3.25	3.06	2.52	2.99
Fee/Income (%)	6.32	5.23	6.15	5.43
Cost/Income (%) ³	33.92	52.67	56.21	45.90

*Insignificant amount.

1. Return on average equity is the ratio of the net profit after tax to average equity share capital and reserves.
2. Return on average assets is the ratio of net profit after tax to average assets.
3. Cost represents operating expense. Income represents net interest income and non-interest income.

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Independent Auditor's Report

To the Board of Directors of ICICI Home Finance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ICICI Home Finance Company Limited (the "Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the 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 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 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 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 opinion on the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Registered Office:

Independent Auditor's Report (Continued)

ICICI Home Finance Company Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances Charge: INR 2,655.9 million for year ended 31 March 2021 Provision: INR 3,651.4 million as at 31 March 2021	
<i>Refer to the accounting policies in "Note 3.7 to the Financial Statements: Impairment", "Note 3.1 to the Financial Statements: Significant Accounting Policies- Use of estimates" and "Note 45 to the Financial Statements: Loans and Advances"</i>	
Subjective estimate Under Ind AS 109, <i>Financial Instruments</i> , allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Restructuring – the Company has restructured loans in the current year on account of COVID-19 related regulatory measures. This has resulted in increased management estimation over determination of losses for such restructured loans.	Our key audit procedures included: Design / controls We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. <i>Key aspects of our controls testing involved the following:</i> • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with the RBI guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology. • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination.

Independent Auditor's Report (*Continued*)

ICICI Home Finance Company Limited

Key Audit Matters (*Continued*)

Key audit matter	How the matter was addressed in our audit
Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk sections of the financial statements (Note 45) disclose the sensitivities estimated by the Company. Disclosures The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented and are related to an area of significant estimate.	Test of details Key aspects of our testing included: - Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. - Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. - Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As part of this, we assessed the sensitivity analysis that is disclosed. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.
Assessment of business model for classification and measurement of financial assets Financial assets classified at Amortised cost: INR 126,788 million as at 31 March 2021 Financial assets classified at FVOCI: INR 14,442 million as at 31 March 2021 <i>Refer to the accounting policies in "Note 3.3 to the Financial Statements: Financial assets", "Note 3.1 to the Financial Statements: Use of estimates and Judgements" and "Note 43 to the Financial Statements: Changes in Business Model and derecognition of financial assets"</i>	
Classification and measurement of Financial assets – Business model assessment Ind AS 109, Financial Instruments, contains three principal measurement categories for financial assets i.e.: - Amortised cost; - Fair Value through Other Comprehensive Income (FVOCI); and - Fair Value through Profit and Loss (FVTPL).	Our key audit procedures included: Design / controls Assessing the design, implementation and operating effectiveness of key internal controls over management's intent at the origination, to hold or to sell a financial asset, and the approval mechanism for such stated intent and classification of such financial assets (business model).

Independent Auditor's Report

ICICI Home Finance Company Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
A financial asset is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The term 'business model' refers to the way in which the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Amortised cost classification and measurement category is met if the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows. FVOCI classification and measurement category is met if the financial asset is held in a business model in which assets are managed both to collect contractual cash flows and for sale. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income. FVTPL classification and measurement category is met if the financial asset does not meet the criteria for classification and measurement at amortised cost or at FVOCI. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss. We identified business model assessment as a key audit matter because of the management judgement involved in determining the intent (to hold or to sell) at the time of origination for holding financial assets which could lead to different classification and measurement outcomes of the financial assets and its significance to the financial statements of the Company.	- For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested key internal controls over monitoring of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost. - For financial assets classified as FVOCI, tested management's controls over fair valuation of such assets. Test of details - Test of details over of classification and measurement of financial assets in accordance with management's intent (business model). - We selected a sample of financial assets entered during the year to test whether their classification as at the balance sheet date is in accordance with management's intent. - We have also checked that there have been no reclassifications of assets in the current year. - For a selection of loans held at FVOCI, tested management's calculation of fair valuation at balance sheet date.
Information technology ('IT')	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in IT systems, such that, if there exists gaps in the IT control environment, then it could result in the financial accounting and reporting records being materially misstated. The Company uses 'SAP system' as the general ledger for its overall financial reporting and this system is interfaced with other systems that process transactions related to loans, investments and borrowings.	Our audit procedures to assess the IT system access management included the following: <i>General IT controls / application controls and user access management</i> Tested a sample of key controls operating over the IT in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.

Independent Auditor's Report (Continued)

ICICI Home Finance Company Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
We have focused on user access management, change management, system reconciliation controls and system application controls over key financial accounting and reporting systems.	- Tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and other preventive controls designed to enforce segregation of duties. - For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. - We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. - Other areas that were independently assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditor's report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report (*Continued*)

ICICI Home Finance Company Limited

Management's and the Board of Directors' Responsibility for the Financial Statements

The Company's management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by management and the Board of Directors.

Independent Auditor's Report (*Continued*)

ICICI Home Finance Company Limited

Auditor's Responsibilities for the Audit of the Financial Statements (*Continued*)

- Conclude on the appropriateness of management and the Board of Directors 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 Company's ability 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements of the current period 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

Independent Auditor's Report (*Continued*)

ICICI Home Finance Company Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) 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:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 40 to the financial statements;
 - ii. The Company 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 51 to the financial statements; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (C) With respect to the matter to be included in the Auditor's Report under section 197(16):
- As more fully described in Note 50 to the financial statements for the year ended 31 March 2021, according to which the managerial remuneration paid to the Managing Director of the Company is in excess of the limits prescribed under section 197 read with Schedule V of the Act. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders, which the Company proposed to obtain at the forthcoming Annual General Meeting.

The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248 W/W-100022

Place: Mumbai
Date: 22 April 2021

Sd/-
Vaibhav Shah
Partner
Membership No. 117377
ICAI UDIN : 21117377AAAAAY7281

ICICI Home Finance Company Limited

Annexure A to the Independent Auditor's Report of even date on the financial statements of ICICI Home Finance Company Limited

- i.
 - (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets 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. As informed to us by management, on account of the outbreak of COVID-19 virus and the nation-wide lock-down imposed in India in early part of the year and localised lock-down measures taken in various parts of the country since then, the Company has not been able to complete the physical verification exercise for some assets during the year. For the assets where physical verification exercise was completed, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- ii. The Company is a service company primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus paragraph 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has granted an unsecured loan to other party (Managing Director) covered in the register maintained under section 189 of the Act, in respect of which:
 - (a) The terms and conditions of the grant of such unsecured loan is, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and interest have been regular as per stipulations.
 - (c) There were no overdue amounts as at 31 March 2021 in respect of such loans.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made any investments or provided guarantees and securities which attract the provisions of sections 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
- v. According to the information and explanation given to us, in the opinion of management of the Company, since the Company is a housing finance company, directives issued by Reserve Bank of India and the provision of sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder are not applicable to the Company. Further, in our opinion and according to the information and explanation given to us, the provisions of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 w.e.f. 17 February 2021 and erstwhile Housing Finance Companies (NHB) Directions, 2010, as amended from time to time have been generally complied with. We are informed by management of the Company that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other court. Thus, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

ICICI Home Finance Company Limited

Annexure A to the Independent Auditor's Report of even date on the financial statements of ICICI Home Finance Company Limited (Continued)

- vii. (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and on the basis of our examination of the records, there are no dues of provident fund, employees' state insurance and goods and services tax that have not been deposited on account of any dispute. However, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Tax demand raised (INR million)	Amount already provided for in books (INR million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demands raised against the Company	165.0	105.1	Financial Year ("FY") 2004-2005	Assessing Officer, Mumbai
Income Tax Act, 1961	Income Tax demands raised against the Company	434.3	406.9	FY 2007-2008	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax demands raised against the Company	523.7	510.0	FY 2008-2009	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax demands raised against the Company	1,014.8	900.0	FY 2010-2011	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax demands raised against the Company	1,240.4	1,040.0	FY 2011-2012	Commissioner of Income Tax (Appeals)

ICICI Home Finance Company Limited

Annexure A to the Independent Auditor's Report of even date on the financial statements of ICICI Home Finance Company Limited (Continued)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings from financial institutions or banks or debenture holders during the year except for the following :

Name of the lender	Amount (INR million)	Period
Federal Bank Limited	36.26	2 days
Federal Bank Limited	25.00	1 day

We understand from management that this was a one-off delay by oversight which was cleared immediately.

During the year, the Company did not have any loans or borrowings from the Government.

- ix. In our opinion and according to the information and explanations given to us, monies raised by the Company by way of debt instruments and term loans were generally applied for the purpose for which those were raised, except pending utilisation of the funds that were temporarily deployed in liquid assets. The Company has not raised money by way of initial public offer or further public offer during the year.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records, the Company has paid managerial remuneration to the Managing Director in excess of the limits prescribed under section 197 read with Schedule V of the Act. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders, which the Company proposed to obtain at the forthcoming Annual General Meeting
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Thus, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or allotted fully or partly convertible debentures during the year. Thus, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or person connected with them. Thus, paragraph 3(xv) of the Order is not applicable to the Company.

ICICI Home Finance Company Limited

Annexure A to the Independent Auditor's Report of even date on the financial statements of ICICI Home Finance Company Limited (Continued)

- xvi. According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Chartered Accountants

Firm Registration No: 101248W/W-100022

Mumbai
22 April 2021

Sd/-

Vaibhav Shah

Partner

Membership No: 117377

ICAI UDIN : 21117377AAAAAY7281

ICICI Home Finance Company Limited

Annexure B to the Independent Auditor's report of even date on the financial statements of ICICI Home Finance Company Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of ICICI Home Finance Company Limited (the "Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to 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 statements were established and maintained and whether 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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.

ICICI Home Finance Company Limited

Annexure B to the Independent Auditor's Report of even date on the financial statements of ICICI Home Finance Company Limited (Continued)

Auditor's Responsibility (Continued)

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

Meaning of Internal Financial controls with reference to Financial Statements

A company's internal financial controls with reference to 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 financial statements include 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 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 controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Chartered Accountants

Firm's Registration No. 101248 W/W-100022

Place: Mumbai
Date: 22 April 2021

**Sd/-
Vaibhav Shah**
Partner

Membership No. 117377
ICAI UDIN : 21117377AAAAAY7281

Balance sheet at March 31, 2021			
Particulars	Note No.	At March 31, 2021	At March 31, 2020
I ASSETS			
Financial assets			
Cash and cash equivalents	6	7,436.4	221.0
Bank balance other than above	7	460.5	708.5
Derivative financial instruments	8	681.4	1,663.8
Receivables	9		
(i) Trade receivables		25.8	49.9
(ii) Other receivables		-	-
Loans	10	137,578.2	140,923.5
Investments	11	4,381.9	5,943.6
Other financial assets	12	1,463.7	742.7
		152,027.9	150,253.0
Non-financial assets			
Current tax assets (net)		918.1	671.3
Deferred tax assets (net)	42	546.1	977.5
Property, plant and equipment	13	1,329.3	1,551.8
Intangible assets	14	59.1	44.4
Other non-financial assets	15	221.0	204.2
		3,073.6	3,449.2
		155,101.5	153,702.2
II LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	8	1,434.8	1,842.2
Payables	16		
(i) Micro, small and medium enterprises		13.8	7.1
(ii) Other payables		1,528.1	911.2
Debt securities	17	28,854.2	25,335.5
Borrowings (Other than debt securities)	18	58,547.4	78,195.7
Deposits	19	35,058.1	25,125.3
Subordinate liabilities	20	4,198.6	-
Other financial liabilities	21	7,271.2	5,474.8
		136,906.2	136,891.8
Non-financial liabilities			
Current tax liabilities (net)		-	10.6
Provisions	22	156.8	49.7
Other non-financial liabilities	23	167.1	72.3
		323.9	132.6
EQUITY			
Equity Share Capital	4	10,987.5	10,987.5
Other equity	5	6,883.9	5,690.3
		17,871.4	16,677.8
		155,101.5	153,702.2
The accompanying notes are an integral part of the financial statements			
As per our report of even date attached			
For B S R & Co. LLP		For and on behalf of the Board of Directors	
Chartered Accountants		ICICI Home Finance Company Limited	
Firm registration no.: 101248W/W-100022			
Sd/-	Sd/-	Sd/-	
Vaibhav Shah	Anup Bagchi	Anirudh Kamani	
Partner	Chairman	Managing Director & CEO	
Membership No.: 117377	DIN-00105962	DIN-07678378	
	Sd/-	Sd/-	
Place: Mumbai	Vikrant Gandhi	Priyanka Shetty	
Date : April 22, 2021	Chief Financial Officer	Company Secretary	

Statement of profit and loss for the year ended March 31, 2021			
Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations			
Interest income	24	14,635.4	15,452.1
Dividend income		0.3	75.8
Fees and commission income	25	303.4	307.9
Net gain on fair value changes	26	35.9	61.0
Net gain on derecognition of financial instruments under amortised cost category		780.9	627.2
Other revenue from operations	27	308.9	124.5
Total revenue from operations		16,064.8	16,648.5
Other income (Year ended March 31, 2021 includes ₹ 2.9 million pertaining to earlier periods)	28	70.6	50.4
Total income		16,135.4	16,698.9
Expenses			
Finance costs	29	10,551.9	11,691.2
Fees and commission expense	30	30.5	45.2
Impairment on financial instruments	31	2,694.6	1,934.2
Employee benefit expenses	32	1,597.8	1,432.5
Depreciation and amortisation expenses		251.3	258.3
Other expenses	33	682.9	1,078.6
Total expenses		15,809.0	16,440.0
Profit before exceptional items and tax		326.4	258.9
Exceptional items		-	-
Profit before tax		326.4	258.9
Tax expense	42		
Current tax		-	185.0
Deferred tax		109.7	71.1
Profit for the year		216.7	2.8
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of net defined benefit plan		3.1	(11.4)
Income tax impact		(0.8)	3.0
Items that will be reclassified to profit or loss			
Derivatives designated as cash flow hedge			
Fair value change on derivatives designated as cash flow hedge		132.5	(31.3)
Income tax impact		(33.3)	(100.0)
Financial instruments through other comprehensive income			
Fair value changes on loans classified under "Hold & Sell" business model		1,142.3	
Income tax impact		(287.5)	
Total other comprehensive income		956.3	(139.7)
Total comprehensive income		1,173.0	(136.9)
Earnings per equity share	37		
(1) Basic (₹)		0.20	0.00
(2) Diluted (₹)		0.20	0.00
The accompanying notes are an integral part of the financial statements			
As per our report of even date attached		For and on behalf of the Board of Directors	
For B S R & Co. LLP		ICICI Home Finance Company Limited	
Chartered Accountants			
Firm registration no.: 101248W/W-100022			
Sd/-	Sd/-	Sd/-	Sd/-
Vaibhav Shah	Anup Bagchi	Anirudh Kamani	
Partner	Chairman	Managing Director & CEO	
Membership No.:117377	DIN-00105962	DIN-07678378	
Place: Mumbai	Sd/-	Sd/-	
Date : April 22, 2021	Vikrant Gandhi	Priyanka Shetty	
	Chief Financial Officer	Company Secretary	

Statement of changes in equity for the year ended March 31, 2020 and March 31, 2021
A. Equity share capital

₹ in million

Balance at April 1, 2019	10,987.5
Changes in equity share capital during the period	-
Balance at March 31, 2020	10,987.5
Changes in equity share capital during the period	-
Balance at March 31, 2021	10,987.5

B. Other equity

₹ in million

Particulars	Reserves and surplus			Capital contribution	Other comprehensive income			Total
	Statutory reserve	General reserve	Retained earnings		Actuarial gain/ (losses)	Cash flow hedge reserve	Loans through OCI	
Balance at April 1, 2019	4,699.6	249.3	1,530.5	78.3	1.2	(718.2)	-	5,840.7
Profit for the year	-	-	2.8	-	-	-	-	2.8
Dividend (including dividend distribution tax)	-	-	(53.2)	-	-	-	-	(53.2)
Transfer to retained earnings	-	-	-	-	-	-	-	-
Share based payments to employees	-	-	-	39.7	-	-	-	39.7
Cash flow hedge reserve	-	-	-	-	-	(131.3)	-	(131.3)
Actuarial gains/ (losses)	-	-	-	-	(8.4)	-	-	(8.4)
Fair value changes on loans classified under "Hold & Sell" business model	-	-	-	-	-	-	-	-
Transfer to/from reserves	66.3	-	(66.3)	-	-	-	-	-
Balance at March 31, 2020	4,765.9	249.3	1,413.8	118.0	(7.2)	(849.5)	-	5,690.3

Particulars	Reserves and surplus			Capital contribution	Other comprehensive income			Total
	Statutory reserve	General reserve	Retained earnings		Actuarial gain/ (losses)	Cash flow hedge reserve	Loans through OCI	
Balance at March 31, 2020	4,765.9	249.3	1,413.8	118.0	(7.2)	(849.5)	-	5,690.3
Profit for the year	-	-	216.7	-	-	-	-	216.7
Dividend (including dividend distribution tax)	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-
Share based payments to employees	-	-	-	20.6	-	-	-	20.6
Cash flow hedge reserve	-	-	-	-	-	99.2	-	99.2
Actuarial gains/ (losses)	-	-	-	-	2.3	-	-	2.3
Fair value changes on loans classified under "Hold & Sell" business model	-	-	-	-	-	-	854.8	854.8
Transfer to/from reserves	43.5	-	(43.5)	-	-	-	-	-
Balance at March 31, 2021	4809.4	249.3	1,587.0	138.6	(4.9)	(750.3)	854.8	6,883.9
As per our report of even date attached								
For B S R & Co. LLP				For and on behalf of the Board of Directors				
Chartered Accountants				ICICI Home Finance Company Limited				
Firm registration no.: 101248W/W-100022								
Sd/-				Sd/-		Sd/-		
Vaibhav Shah				Anup Bagchi		Anirudh Kamani		
Partner				Chairman		Managing Director & CEO		
Membership No.:117377				DIN-00105962		DIN-07678378		
Place: Mumbai				Sd/-		Sd/-		
Date : April 22, 2021				Vikrant Gandhi		Priyanka Shetty		
				Chief Financial Officer		Company Secretary		

Cash flow statement for the year ended March 31, 2021

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A Cash flow from operating activities		
Profit before taxation and exceptional items	326.4	258.9
Adjustments for:		
Depreciation/amortisation	251.3	258.3
Loss on sale or write off of fixed assets	8.8	0.2
Fair value change in investment	(35.9)	(61.0)
Impairment on financial instruments	2,694.5	1,934.1
Share based payment to employees	32.7	39.7
Fair value changes in gratuity	3.1	(11.4)
Net (gain)/loss on derecognition of financial instruments	(780.9)	(627.2)
Dividend Income	(0.3)	(75.7)
Interest income on investments	(189.2)	(110.3)
Profit on sale of mutual fund units	(308.9)	(124.5)
Interest Income on loans	(14,410.2)	(15,335.9)
Interest expense on borrowings	10,551.9	11,691.2
Operating profit before working capital changes	(1,856.7)	(2,163.6)
<i>Adjustments for increase or decrease in :</i>		
(Increase) / Decrease in Trade receivables	(14.5)	78.2
(Increase) / Decrease in Other financial assets	52.4	1,615.7
(Increase) / Decrease in Other non-financial assets	(16.8)	(451.9)
(Decrease) / Increase in Trade payables	623.7	388.0
(Decrease) / Increase in Other financial liabilities	2,262.1	2,500.7
(Decrease) / Increase in Other non financial liabilities	94.9	35.3
(Decrease) / Increase in Provisions	107.1	(4.1)
(Increase)/Decrease in bank balances other than cash and cash equivalent	248.0	(706.0)
Loans given (net movement)	2,165.6	(8,689.2)
Interest income received	14,076.2	14,512.4
Interest expenses on borrowings paid	(10,629.4)	(11,040.1)
Cash generated from Operations	7,112.6	(3,924.6)
Income taxes paid (net)	(257.4)	(300.8)
Net cash used in / generated from operating activities - A	6,855.2	(4,225.4)
B Cash Flow from investing activities		
Net (Purchase)/sale of fixed assets	(62.2)	(192.9)
Net (Purchase)/sale of mutual funds	2,318.4	(3,300.0)
(Purchase) of investments (other than mutual funds)	(913.2)	(1,595.6)
Sale of investments (other than mutual funds)	200.0	2.5
Interest received on investments	189.2	110.3
Dividend income	0.3	75.7
Profit on sale of mutual funds	308.9	124.5
Net cash (used in) / generated from investing activities - B	2,041.4	(4,775.5)

Cash flow statement for the year ended March 31, 2021

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C Cash flow from financing activities		
Proceeds from borrowings	57,251.9	95,686.4
Repayment of borrowings	(58,817.7)	(86,387.8)
Repayment of lease liability (including interest payments)	(115.4)	(121.9)
Dividend and dividend distribution tax paid	-	(53.2)
Net cash generated from / (used in) financing activities - C	(1,681.2)	9,123.5
Net increase/(decrease) in cash and cash equivalents (A+B+C)	7,215.4	122.6
Cash and cash equivalents at beginning of the year	221.0	98.4
Cash and Cash equivalents at end of the year	7,436.4	221.0
Notes :		
1 Cash and cash equivalents consists of :		
(i) Balances in current accounts	7,436.4	221.0
Total	7,436.4	221.0
2 The above cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 on "Statement of Cash Flows".		
3 Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ 1,998.1 million (Previous year ₹ 10,221.9 million) includes fresh issuance, repayments, effect of changes in foreign exchange rates, interest accrual and unamortised borrowing cost.		
4 During the year ended March 31, 2020, the Company had sold its consumer finance business, on slump sale basis, for a cash consideration of ₹ 1,190.2 million. Break-up of assets sold are as below.		
Loans (net of unamortised income/expenses and loans written-off)		1,170.7
Property, Plant and Equipments (net-off accumulated depreciation)		27.3
Total		1,198.0
5 There was no financing activities which affect the capital and asset structure of the Company without the use of cash and cash equivalents.		
As per our report of even date attached	For and on behalf of the Board of Directors ICICI Home Finance Company Limited	
For B S R & Co. LLP Chartered Accountants Firm registration no.: 101248W/W-100022		
Sd/- Vaibhav Shah Partner Membership No.:117377	Sd/- Anup Bagchi Chairman DIN-00105962	Sd/- Anirudh Kamani Managing Director & CEO DIN-07678378
Place: Mumbai Date : April 22, 2021	Sd/- Vikrant Gandhi Chief Financial Officer	Sd/- Priyanka Shetty Company Secretary

NOTES FORMING PART OF THE ACCOUNTS

1. Corporate information

ICICI Home Finance Company Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013 (erstwhile Companies Act, 1956). The Company is a deposit taking Housing Finance Company registered with the National Housing Bank (NHB) and is governed by the provisions of the Master Direction - Non-Banking Financial Company - Housing Finance Companies (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India ('RBI') ('Master direction'). The Company is wholly-owned subsidiary of ICICI Bank Limited. The Company's registered office is at ICICI Bank Towers, Bandra-Kurla Complex, Bandra, Mumbai, India. The principal place of business of the Company is at ICICI HFC Tower, Andheri Kurla Road, Andheri, Mumbai. The Company is engaged in providing loans for the purpose of acquiring, constructing, erecting, improving, developing any house, flats or buildings or any form of real estate or any part or portion thereof. The Company also provides loans for specified purposes against the security of immovable property and loan against gold. The Company is also engaged in providing advisory, consultancy and broking for residential and commercial properties.

The financial statements were approved for issue by the Board of Directors on April 22, 2021.

2. Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the Act) and relevant amendment rules issued thereafter and guidance given by RBI through its Master direction; on the historical cost basis except for certain financial instruments and plan assets of defined benefit plans that are measured at fair values at the end of each reporting period as explained in the significant accounting policies below. The financial statements have been prepared on a going concern basis.

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹), which is the functional and the presentation currency of the Company. Except as otherwise indicated, financial information presented in Indian Rupees has been rounded to the nearest million with one decimal.

2.3 Presentation and disclosure of financial statements

The Company prepares its financial statements in the format prescribed in the Division III of Schedule III of the Act applicable for preparation and presentation of the financial statements and disclosures required as per annexure III and IV of the Master direction issued by RBI. Additional disclosures as required by the RBI are effective from March 31, 2021. The Company applied the disclosure requirements using the prospective approach. Accordingly, the comparative information is not restated. Schedule to the Balance Sheet of the Housing Finance Company as required under Annexure III of the Master direction issued by RBI is appended as Annexure – 1. 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. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note no. 34. Accounting

NOTES FORMING PART OF THE ACCOUNTS

policies have been consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

Offsetting financial instruments

Financial asset and financial liabilities are generally reported gross in the balance sheet. They are offset and reported net when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3. Significant Accounting policies

3.1 Use of estimates and judgement

The preparation of financial statements in conformity with Ind AS requires that management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the income and expense for the year. The actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Accounting policies of the Company require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and may have a material impact on the Company's financial condition, changes in financial condition or results of operations. Critical accounting estimates could also involve estimates where management could have reasonably used another estimate in the current accounting period. The critical policies that involves critical accounting estimates includes fair value measurement of financial instruments, business model assessment for classification and measurement of financial assets, recognition of gain on derecognition of financial assets, impairment of financial assets, recognition of interest income/expenses using Effective Interest Rate (EIR) method, measurement of assets and obligations of defined benefit employee plans, measurement of provisions and contingencies and deferred tax. Management believes that the estimates used in the preparation of the Company's financial statements are prudent and reasonable.

The Company has considered the possible effects that may result from the second wave of pandemic relating to COVID-19 on carrying amount of its assets. For details, please refer disclosures on Expected Credit Losses (ECL) and fair valuation. The impact of second wave of COVID-19 on the Company's financial statements may differ from that estimated at the date of approval of these financial statements.

3.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

NOTES FORMING PART OF THE ACCOUNTS

a. Recognition of interest income and interest expenditure

Interest income and expense for all interest bearing financial instruments subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI) are recognised as 'interest income' and 'interest expense', respectively in the Statement of profit and loss on an accrual basis using the EIR method.

The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The EIR calculation includes all fees paid or received, transaction costs and all other premiums or discounts. Where the estimates of cash flows have been revised, the carrying amount of the financial asset or liability is adjusted to reflect the actual and revised cash flows, discounted at the instruments original EIR. The adjustment is recognised as interest income or expense in the period in which the revision is made.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets. For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). Interest expense is calculated by applying the EIR to the gross carrying amount of financial liabilities.

Interest on Government Securities and bank deposits are recognised on a time proportionate basis.

Further, the Company based on the directions/instructions given by the Government of India and RBI, credits/refunds the interest on interest to the eligible borrowers.

b. Income from Direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of Excess Interest Spread (EIS). The future EIS basis the expected cash flows on the execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

c. Dividend income

Dividend is accounted on an accrual basis

- when the right to receive the dividend is established,
- it is probable that the economic benefits associated with the dividend will flow to the Company; and
- the amount of dividend can be reliably measured.

NOTES FORMING PART OF THE ACCOUNTS

d. Fee and commission income

Fee and commission income other than those that are integral part of EIR are recognised when the Company satisfies the performance obligation over time and as the related services are performed.

Property services fees are recognised to the extent of invoice raised on the customer, when right to receive payment is established.

e. Rental income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals unless another systematic basis is more representative of the time pattern in which benefits derived from the leased assets.

3.3 Financial assets

Recognition and Initial measurement

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Financial assets, other than loans, are initially recognised on the trade date, i.e. the date on which the Company becomes the party to the contractual provisions of the instrument. Loans are recognised when the fund transfer is initiated or disbursement cheque is issued.

At initial recognition, the Company measures a financial asset at its fair value plus or minus (other than those measured at FVTPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Classification of financial assets

Except where financial assets that are irrevocably designated at initial recognition as fair value through profit or loss (FVTPL), the Company classifies and measures all its financial assets based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets either at:

(A) Amortised cost:

The Company classifies the financial assets at amortised cost if the contractual cash flows represents solely payments of principal and interest on the principal amount outstanding and as per the Company's business model management is intending to hold these financial instruments in order to collect contractual cash flows.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the asset-liability maturity gap, liquidity plans and funding needs, it may enter into transactions to sell these portfolios to banks/other lending institutions.

NOTES FORMING PART OF THE ACCOUNTS

(B) Fair value through other comprehensive income (FVOCI):

The Company classifies the financial assets as FVOCI if the contractual cash flows represents solely payments of principal and interest on the principal amount outstanding and the Company's business model is achieved by both collecting contractual cash flow and selling the financial assets.

On derecognition of the financial assets measured at fair value through Other Comprehensive Income, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss.

(C) Fair value through profit or loss (FVTPL):

Financial assets are classified as FVTPL unless they are classified as FVOCI or at amortised cost.

Equity instruments

The Company measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments, Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. The Company follows trade date method of accounting for purchase and sale of investments. Profit or loss on sale of investments is determined on First in First out (FIFO) basis.

Subsequent measurement of financial assets

(A) Financial assets at amortised cost

These financial assets are subsequently measured at amortised cost on EIR method. The amortised cost is reduced by impairment losses. Interest income, impairment losses and gains and losses on derecognition are recognised in statement of profit and loss.

(B) Financial assets at FVOCI

Financial assets included within the FVOCI category are measured subsequently at each reporting date at fair value. Interest income and impairment loss are recognised in the statement of profit and loss. Fair value movements on subsequent measurement are recognised in the OCI and on derecognition the cumulative gain or loss recognised in OCI are recycled to the statement of profit and loss.

(C) Financial assets at FVTPL

Financial assets included within the FVTPL category are measured subsequently at each reporting date at fair value. Net gain or loss, including interest and other income are recognised in the Statement of Profit and Loss.

NOTES FORMING PART OF THE ACCOUNTS

Reclassification of financial assets

The Company changes classification of its financial assets only on account of changes in its business model for managing those financial assets. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the changes in the business model that results in reclassification. Also refer note no. 43, for changes in business model.

3.4 Financial liabilities and equity instruments

The Company classifies these instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the face value and proceeds received in excess of the face value are recognised as securities premium.

Financial liabilities

The Company's borrowings include bonds, commercial paper, fixed deposits, borrowings from banks, etc. Fixed deposits, debt securities issued, subordinated liabilities and other borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently measured at their amortised cost using the EIR method.

3.5 Determination of fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid/ask prices and using valuation techniques/methods for other instruments. Valuation techniques/methods include discounted cash flow method and other unobservable inputs.

3.6 Modification and derecognition of financial assets and liabilities

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Company renegotiates loans to customers in financial difficulty, including loans where relief measures on account of COVID-19 pandemic has been given, to maximise collection and minimise the risk of default. Relief is generally given in the form of extension of loan tenure, moratorium on payment of equated monthly instalments (EMIs) for a certain period with/without step-up EMI subsequently. On modification, the financial assets are assessed for de-recognition principals and financial assets are de-recognised when, and only when: (a) the contractual rights to the cash flows from the financial asset expires, or (b) it transfers the financial asset and the transfer qualifies for derecognition as per the principles laid down under Ind AS 109, Financial Instruments.

NOTES FORMING PART OF THE ACCOUNTS

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 recalculate the gross carrying amount of the financial asset and difference, if any, in the gross carrying amount of the financial asset is recognised as modification gain or loss in statement of profit and loss.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Company retains control, the assets continues to be recognised to the extent of the Company's continuing involvement.

Any loans transferred to asset reconstruction companies, against the consideration of security receipts issued by the asset reconstruction companies, do not meet the derecognition criteria and therefore are not de-recognised till such time as the asset reconstruction companies redeem the security receipts.

The Company transfers loans through direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contracts. In accordance with the Ind AS 109, on de-recognition of a financial asset for assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of profit and loss and present value of future cash flows accruing in the form of differential interest (excess interest spread) over the expected life of the assigned loans is recognised at the date of derecognition as receivable with a corresponding credit to profit and loss account.

The Company continues to perform servicing of the assigned loans and receives servicing fee from the assignee. If the fee to be received is not expected to compensate the Company adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in the Statement of profit and loss.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

3.7 Impairment of financial assets

The Company recognises loss allowances using the ECL model under Ind AS 109 for the financial assets and loan commitments which are not fair valued through profit or loss. ECL for loans and advances are measured at an amount equal to the 12-month ECL (ECL allowance on default events on the financial instruments that are possible within 12 months after the reporting date), unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL (ECL that results from all possible default events over the life of the financial instrument). Equity instruments are measured at fair value and not subject to impairment loss. ECL allowance (or reversal) recognised during the year is recognised as expenses/(income) in the Statement of profit and loss.

NOTES FORMING PART OF THE ACCOUNTS

Financial assets are normally written-off, either partially or in full, when there is no reasonable expectation of further recovery.

For detailed information on categories of loans into stages as defined under Ind AS 109, significant increase in credit risk, default and methodology of calculating ECL using Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), refer note no. 45.

3.8 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenditures that are directly attributable to the acquisition and installation of the asset, net of tax/duty credits availed, if any. PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain/loss on disposal of an item of PPE is determined by comparing the proceeds from disposal with carrying amount of the item of the PPE and is recognised in the Statement of profit and loss. The costs of the day-to-day servicing of PPE are recognised in statement of profit and loss as and when they are incurred.

3.9 Intangible assets

Purchased software are measured at cost less accumulated amortisation and accumulated impairment losses. The cost includes expenditures that are directly attributable to the acquisition and installation of the software, net of tax/duty credits availed, if any. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use of the asset.

The gain/loss on disposal of an item of intangible assets is determined by comparing the proceeds from disposal with carrying amount of the item of the intangible assets and is recognised in the Statement of profit and loss.

3.10 Depreciation and amortisation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is provided on straight-line basis over the estimated useful lives of the assets.

The following table sets forth, useful life of property, plant and equipment.

Particulars	Useful life (No. of years)
Office Buildings on freehold land	60
Right of use asset (ROU)	Period of lease
Improvements to leasehold property	Period of lease

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Useful life (No. of years)
Furniture and fixtures	5 to 10
Office Equipment	3 to 5
Electrical installations and equipment	10
Motor vehicles	5
Servers and network equipment	4 to 6
Computers	3
Software	4

Items individually costing upto ₹ 5,000 are depreciated fully over the period of 12 months from the date of purchase.

Depreciation and amortisation methods, useful lives and residual values are reassessed at each reporting date and effect of changes are recognised prospectively. Advances paid towards acquisition of property, plant and equipment are disclosed as capital advances.

3.11 Impairment of non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss. An impairment loss is reversed in the Statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.

3.12 Taxation

Tax expense comprises of current and deferred tax.

Current tax

Income tax expense is recognised in the Statement of profit and loss, except to the extent that it relates to items recognised directly in equity/OCI in which case it is recognised in equity/OCI. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised, for all deductible temporary differences, to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates that are expected to be applied to the temporary

NOTES FORMING PART OF THE ACCOUNTS

differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.13 Employee benefits plans

Gratuity

The Company pays gratuity, a defined benefit plan, to employees who retire or resign after a minimum prescribed period of continuous service. The Company makes contribution to a trust which administers the funds through insurance companies.

Actuarial valuation of the gratuity liability is determined by an actuary appointed by the Company. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method. The actuarial gains or losses arising during the year are recognised in OCI and are not reclassified in to profit and loss account in subsequent periods.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of plan assets.

Provident fund

The Company is statutorily required to maintain a provident fund, a defined benefit plan, as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Company contributes an equal amount for eligible employees. Out of the contribution made by the Company, amount as required by The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is contributed to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner. The balance contributions are made to a fund administered by trustees. The contributions are recognised as expense in the year in which they are incurred. The funds are invested according to the rules prescribed by the Government of India. Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Company. Any shortfall in amount is contributed by the Company to the trust and charged to its statement of profit and loss.

NOTES FORMING PART OF THE ACCOUNTS

Accumulated leave

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

The Company provides for leave encashment benefits, which is a defined benefit obligation, based on actuarial valuation conducted by an independent actuary.

Long-term incentive plan

The Company pays long term incentives to certain employees on fulfilment of criteria prescribed conditions. The Company's liability towards long term incentive is determined actuarially based on certain assumptions regarding rate of interest, staff attrition and mortality as per the projected unit credit method. Expenses towards long term incentive and actuarial gains or losses arising during the year are recognised in the Statement of profit and loss.

Superannuation Fund and National Pension Scheme

The Company contributes 15% of basic salary for certain employees to superannuation funds, defined contribution plan, managed and administered by insurance companies. Further, the Company contributes 10.0% of the basic salary for certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension management companies. The Company also gives an option to its employees allowing them to receive the amount in lieu of such contributions along with their monthly salary during their employment.

The amount so contributed/paid by the Company to the Superannuation fund and NPS or to employees during the period are recognised in the Statement of profit and loss.

3.14 Share-based payments

The Parent Bank (ICICI Bank Limited) issues stock options to certain employees of the Company. These transactions are recognised as equity-settled share based payment transactions. The stock compensation expense is determined based on grant date fair value of options and the Parent Bank's estimate of options that will eventually vest and is recognised on a straight line basis over the vesting period in the statement of profit and loss. For options granted till FY2020, corresponding impact is given to equity as contribution from the Parent Bank as the cost was not charged by the Parent Bank. For options granted from FY2021, the Company pays the cost charged by the Parent Bank.

3.15 Leases

The Company has various lease arrangement for many assets including properties. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time

NOTES FORMING PART OF THE ACCOUNTS

in exchange for consideration. At the commencement of the lease, the Company recognises a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements, except for leases with a term of twelve months or less (short-term leases) and low value leases. For low-value and short-term leases, lease rentals are recognised in the Statement of profit and loss on accrual basis. The ROU asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any prepaid lease plus any initial direct costs paid at or before the commencement date and subsequently at cost less accumulated amortisation and accumulated impairment losses, if any. The lease liability is measured at amortised cost at the present value of the future lease payment, discounted using the Company's incremental borrowing rate. The lease liability is subsequently increased by interest cost on the lease liability and decreased by the lease payment made.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of profit and loss.

3.16 Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined based on management estimate of cash outflow to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed. Contingent liabilities and contingent assets are reviewed at each reporting date.

3.17 Commitments

Commitments are future liabilities, classified and disclosed as follows:

- a) Undrawn loan commitments;
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for;
- c) Uncalled liability on investments partly paid;
- d) Other commitments, if any, to the extent they are considered material and relevant in the opinion of management.

NOTES FORMING PART OF THE ACCOUNTS

3.18 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Statement of cash flows

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is prepared 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.

3.20 Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

3.21 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with bank. Cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

3.22 Accounting for derivative financial instruments

The Company enters into derivative contracts such as interest rate swaps, foreign exchange contracts and currency swaps, to manage its exposure to interest rate risk and foreign exchange rate risk. The Company recognises and measures such derivative instruments at fair value. Except for those derivatives which are designated as effective cash flow hedge, the gains and losses are recognised in the statement of profit and loss.

The Company has designated certain derivatives as cash flow hedges of interest bearing liabilities. At the inception of a hedge transaction, the Company formally documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. This process includes identification of the hedging instrument, hedged item, risk being hedged and the methodology for assessing effectiveness and measuring ineffectiveness of the hedge. In addition, the Company assesses both at the inception of the hedge and on an ongoing basis, whether the derivative used in the hedging transaction is effective in offsetting changes in fair value of the hedged item, and whether the derivative is expected to continue to be highly effective. The Company assesses the effectiveness of the hedge instrument at inception and continually on a quarterly basis. The effective portion of change in fair value of the designated hedging instrument is recognised in the OCI. The ineffective portion of designated hedges are recognised immediately in the statement of

NOTES FORMING PART OF THE ACCOUNTS

profit and loss. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3.23 Dividend pay-out

The Company recognises a liability towards equity shareholders of the Company when the dividend is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, an interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

NOTES FORMING PART OF THE ACCOUNTS
4. Equity share capital

The following table sets forth, for the period indicated, details of share capital.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Authorised shares		
2,385,000,000 Equity shares of ₹ 10 each (March 2020: 2,385,000,000)	23,850.0	23,850.0
15,000,000 Preference shares of ₹ 10 each (March 2020: 15,000,000)	150.0	150.0
Total authorised shares	24,000.0	24,000.0
Issued, subscribed and paid-up Equity share capital		
1,098,750,000 Equity shares of ₹ 10 each fully paid-up (March 2020 - 1,098,750,000)	10,987.5	10,987.5
Total Issued, subscribed and paid-up Equity share capital	10,987.5	10,987.5

The following table sets forth, for the periods indicated, reconciliation of the equity shares.

Particulars	At March 31, 2021		At March 31, 2020	
	No.	₹ in million	No.	₹ in million
At the beginning of the year	1,098,750,000	10,987.5	1,098,750,000	10,987.5
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,098,750,000	10,987.5	1,098,750,000	10,987.5

- All equity shares are held by the holding company (ICICI Bank Limited) and its nominees at March 31, 2021 and at March 31, 2020.
- The Company has not reserved any shares for issues under options and contracts/commitments for the sale.
- The Company has not allotted any shares pursuant to contracts without payment being received in cash or as bonus shares nor it has bought back any shares during the preceding five financial years.
- The Company has not:
 - Issued any securities convertible into equity/preference shares.
 - Issued any shares where calls are unpaid.
 - Forfeited any shares.
- Terms/rights attached to equity shares
 The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The holders of equity shares are entitled to dividends, if any,

NOTES FORMING PART OF THE ACCOUNTS

proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2021, no dividend has been distributed to equity shareholder (year ended March 31, 2020 – per share ₹ 0.04).

5. Other Equity

The following table sets forth, for the periods indicated, details of other equity.

A. Summary of Other Equity balance

₹ in million

	Particulars	At March 31, 2021	At March 31, 2020
(i)	General reserve	249.3	249.3
(ii)	Statutory reserve (As per Section 29C of National Housing Bank Act, 1987) (refer note (b) below)	4,809.4	4,765.9
(iii)	Retained earnings	1,587.0	1,413.8
(iv)	Capital contribution (Share based compensation to employees)	138.6	118.0
(v)	Items of Other Comprehensive Income		
	- Re-measurements of net defined benefit plan	(4.9)	(7.2)
	- Fair value change on derivatives designated as cash flow hedges	(750.3)	(849.5)
	- Fair value changes on loans classified under "Hold & Sell" business model	854.8	-
	Total Other Equity	6,883.9	5,690.3

B. Nature and purpose of reserves

a. General Reserve

The Company created a General Reserve in earlier years pursuant to the provisions of the Companies Act, 1956, wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividends. As per Companies Act, 2013, the requirement to transfer profits to General Reserve is not mandatory. General reserve is a free reserve available to the Company for distribution.

NOTES FORMING PART OF THE ACCOUNTS

b. Statutory Reserve and Special Reserve

The Company has created a reserve fund as required by section 29C of National Housing Bank Act, 1987, wherein a sum not less than twenty percent of its profit every year, as disclosed in the statement of profit and loss and before any dividend is declared, is transferred. For this purpose, any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered an eligible transfer. Statutory Reserve can be utilised only for the purposes as may be specified by the NHB from time to time and every such utilisation is required to be reported to the NHB within twenty-one days from the date of such utilisation.

The following table sets forth, for the periods indicated, reconciliation of the statutory reserve.

₹ in million

Particulars		At March 31, 2021	At March 31, 2020
Balance at the beginning of the year			
a)	Statutory Reserve u/s 29C of National Housing Bank, Act 1987	1,684.4	1,683.8
b)	Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	3,081.5	3,015.8
c)	Total	4,765.9	4,699.6
Addition/Appropriation/Withdrawal during the year			
Add:	a) Amount transferred u/s 29C of the NHB Act, 1987	43.5	0.6
	b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987	-	65.7
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 taken into account 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	1,727.9	1,684.4
b)	Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	3,081.5	3,081.5
c)	Total	4,809.4	4,765.9

Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2021 (year ended March 31, 2020 - Nil).

NOTES FORMING PART OF THE ACCOUNTS

c. Capital contribution (Share based compensation to employees)

The Parent Bank (ICICI Bank Limited) has issued stock options to certain employees of the Company. These transactions are recognised as equity-settled share based payment transactions. The stock compensation expense is determined based on fair value of options and the Parent Bank's estimate of options that will eventually vest and is recognised over the vesting period in the statement of profit and loss with corresponding increase in equity as contribution from the Parent Bank.

d. Other Comprehensive Income (OCI)

Re-measurements of net defined benefit plan - It represents the cumulative actuarial gains/(losses) defined employee benefit plans.

Cash flow hedge - It represents the cumulative gains/(losses) arising on fair valuation of the derivative instruments designated as cash flow hedges through OCI.

Fair value changes on loans classified under "Hold & sell" business model - It represents cumulative gains/(losses) arising on fair valuation of mortgage loans set aside under the hold and sell business model at reporting date.

6. Cash and Cash Equivalents

The following table sets forth, for the periods indicated, details of cash and cash equivalents.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Cash on hand	-	-
Balances with banks ¹ (in current accounts)	7,436.4	221.0
Total	7,436.4	221.0

1. There was no earmarked balance at March 31, 2021 (March 31, 2020: Nil).

7. Bank balances other than cash and cash equivalents

The following table sets forth, for the periods indicated, bank balances other than cash and cash equivalents.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Balances with banks to the extent held as margin money or security against borrowings, guarantees, other commitments ¹ (In deposit accounts with original maturity more than 3 months)	460.5	708.5

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021	At March 31, 2020
Total	460.5	708.5

1. Floating charge has been created on fixed deposits with scheduled banks amounting to ₹ 458.0 million for statutory liquidity ratio (SLR) purpose as per RBI Directions (March 31, 2020: Includes fixed deposits of ₹ 706.0 million placed with scheduled banks to comply with investment/deposits requirements of companies (Share capital and Debentures) Amendment Rules, 2019).

8. Derivative financial instruments

The Company enters into derivatives transactions for risk management purposes. The primary risk managed using derivatives instruments are foreign currency risk and interest rate risk. The Company deals in derivatives for hedging floating rate borrowings denominated in foreign currency. Refer note no. 51 for detailed information on derivatives transaction undertaken by the Company.

The following tables set forth, for the periods indicated, notional amounts and fair values of the derivative deals entered into by the Company.

₹ in million

Particulars	At March 31, 2021			
	Notional amounts¹	Fair value - assets	Notional amounts¹	Fair value - liabilities
Part I				
(i) Currency derivatives				
- Forwards	-	-	2,196.5	100.3
- Currency swaps	20,120.4	681.4	-	-
Sub-total (i)	20,120.4	681.4	2,196.5	100.3
(ii) Interest rate derivatives				
- Forward rate agreements and interest rate swaps	-	-	20,120.4	1,334.5
Sub-total (ii)	-	-	20,120.4	1,334.5
Total derivative financial instruments (i) + (ii)	20,120.4	681.4	22,316.9	1,434.8
Part II				
Included in above (part I) are derivatives held for hedging and risk management purposes as follows:				
(i) Cash flow hedging				
- Currency derivatives	20,120.4	681.4	2,196.5	100.3
- Interest rate derivatives	-	-	20,120.4	1,334.5

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021			
	Notional amounts ¹	Fair value - assets	Notional amounts ¹	Fair value - liabilities
Sub-total (i)	20,120.4	681.4	22,316.9	1,434.8
Total derivative financial instruments	20,120.4	681.40	22,316.9	1,434.8

1. Notional amounts are converted using foreign exchange rates prevailing at reporting date.

₹ in million

Particulars	At March 31, 2020			
	Notional amounts ¹	Fair value - assets	Notional amounts ¹	Fair value - liabilities
Part I				
(i) Currency derivatives				
- Forwards	3,142.7	104.9	-	-
- Currency swaps	20,722.9	1,558.9	-	-
Sub-total (i)	23,865.6	1,663.8	-	-
(ii) Interest rate derivatives				
- Forward rate agreements and interest rate swaps	-	-	20,722.9	1,842.2
Sub-total (ii)	-	-	20,722.9	1,842.2
Total derivative financial instruments (i) + (ii)	23,865.6	1,663.8	20,722.9	1,842.2
Part II				
Included in above (part I) are derivatives held for hedging and risk management purposes as follows:				
(i) Cash flow hedging				
- Currency derivatives	23,865.6	1,663.8	-	-
- Interest rate derivatives	-	-	20,722.9	1,842.2
Sub-total (i)	23,865.6	1,663.8	20,722.9	1,842.2
Total derivative financial instruments	23,865.6	1,663.8	20,722.9	1,842.2

1. Notional amounts are converted using foreign exchange rates prevailing at reporting date.

NOTES FORMING PART OF THE ACCOUNTS

Interest Rate Swaps (IRS)

The following tables set forth, for the period indicated, the details of risk exposure in interest rate swaps.

₹ in million

Particulars	At March 31, 2021
(i) The notional principal of swap agreements	20,120.4
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-
(iii) Collateral required by the HFC upon entering into swaps	-
(iv) Concentration of credit risk arising from the swap	-
(v) The fair value (MTM) of the swap book	(1,334.5)

₹ in million

Particulars	At March 31, 2021
(i) Derivatives (notional principal amount)	20,120.4
(ii) Marked to market positions	(1,334.5)
(iii) Assets (+)	-
(iv) Liability (-)	(1,334.5)
(v) Credit exposure	-
(vi) Unhedged exposures	-

Forward Rate Agreement (FRA)

The Company does not have any forward rate agreement in the current year.

Exchange Traded Interest Rate (IR) Derivative

The Company does not have any exchange traded interest rate derivatives in the current year.

Currency and forward derivatives

The following table sets forth, for the period indicated, the details of currency and forward derivatives.

₹ in million

Particulars	At March 31, 2021
The notional principal of currency swap/forward	22,316.9
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	681.4
Collateral required by the Company upon entering into swaps	-
Concentration of credit risk arising from the swap ¹	100%

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021
The fair value of (MTM) the swap book	581.1

1. Entire exposure is towards banks.

₹ in million

Particulars	At March 31, 2021
Derivatives (notional principal amount)	22,316.9
Marked to market positions	581.1
Assets (+)	681.4
Liability (-)	(100.3)
Credit exposure	-
Unhedged exposures	-

9. Receivables

The following tables set forth, for the periods indicated, details of trade receivables.

₹ in million

Particulars	At March 31, 2021		
	Gross value	Expected credit loss	Net value
Trade receivables			
Receivables considered good – secured	-	-	-
Receivables considered good – unsecured ¹	25.8	-	25.8
Receivables which have significant increase in credit risk	27.9	27.9	-
Receivables - credit impaired	-	-	-
Total	53.7	27.9	25.8
Included in above:			
- Debts due by directors or other officers of the Company	-	-	-
- Debts due by firms/LLPs/private companies in which any director is partner or a director or a member	-	-	-
	-	-	-

1. Includes ₹ 6.7 million from related parties.

₹ in million

Particulars	At March 31, 2020		
	Gross value	Expected credit loss	Net value
Trade receivables			
Receivables considered good – secured	-	-	-
Receivables considered good – unsecured ¹	49.9	-	49.9

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2020		
	Gross value	Expected credit loss	Net value
Receivables which have significant increase in credit risk	24.8	24.8	-
Receivables - credit impaired	-	-	-
Total	74.7	24.8	49.9
Included in above:			
- Debts due by directors or other officers of the Company	-	-	-
- Debts due by firms/LLPs/private companies in which any director is partner or a director or a member	-	-	-
	-	-	-

1. Includes ₹ 5.9 million from related parties.

10. Loans

The following table sets forth, for the periods indicated, details of loans.

₹ in million

Particulars		At March 31, 2021			At March 31, 2020		
		Amortised cost	Fair value through OCI ¹	Total	Amortised cost	Fair value through OCI	Total
(A)							
(i)	Loans repayable on demand	49.6	-	49.6	114.5	-	114.5
(ii)	Term loans	126,738.0	14,442.0	141,180.0	145,350.4	-	145,350.4
(iii)	Others	-	-	-	-	-	-
	Total loans (A) – Gross	126,787.6	14,442.0	141,229.6	145,464.9	-	145,464.9
	Less: Impairment loss allowance	(3,651.4)	-	(3,651.4)	(4,541.4)	-	(4,541.4)
	Total loans (A) – Net	123,136.2	14,442.0	137,578.2	140,923.5	-	140,923.5
(B)	Secured/Unsecured						
(i)	Secured by tangible assets	126,787.6	14,442.0	141,229.6	145,150.1	-	145,150.1

NOTES FORMING PART OF THE ACCOUNTS

Particulars		At March 31, 2021			At March 31, 2020		
		Amortised cost	Fair value through OCI ¹	Total	Amortised cost	Fair value through OCI	Total
(ii)	Unsecured	-	-	-	314.8	-	314.8
	Total loans (B) – Gross	126,787.6	14,442.0	141,229.6	145,464.9	-	145,464.9
	Less: Impairment loss allowance	(3,651.4)	-	(3,651.4)	(4,541.4)	-	(4,541.4)
	Total loans (B) – Net	123,136.2	14,442.0	137,578.2	140,923.5	-	140,923.5
(C)	Loans in India					-	-
(i)	Public sector	-	-	-	-	-	-
	Other than Public sector	126,787.6	14,442.0	141,229.6	145,464.9	-	145,464.9
	Total loans (C) – Gross	126,787.6	14,442.0	141,229.6	145,464.9	-	145,464.9
	Less: Impairment loss allowance	(3,651.4)	-	(3,651.4)	(4,541.4)	-	(4,541.4)
	Total loans (C) – Net	123,136.2	14,442.0	137,578.2	140,923.5	-	140,923.5
(ii)	Loans outside India						
	Public sector	-	-	-	-	-	-
	Other than public sector	-	-	-	-	-	-
	Total loans – Gross (C) (ii)	-	-	-	-	-	-
	Impairment loss allowance	-	-	-	-	-	-
	Total loans – Net (C) (ii)	-	-	-	-	-	-
	Total loans – Net (C) (i) and (ii)	123,136.2	14,442.0	137,578.2	140,923.5	-	140,923.5

1. On loans measured at FVOCI, net of Impairment allowance amounting to ₹ 45.6 million at March 31, 2021.

NOTES FORMING PART OF THE ACCOUNTS

Loans against gold

Outstanding loans granted against collateral of gold jewellery was 0.03% of total assets at March 31, 2021. (March 31, 2020: 0.01%).

Unsecured advances against intangible assets

The Company has not made advances to any of the borrowers against intangible collaterals at March 31, 2021 (March 31, 2020: Nil).

Break up of loans & advances and provision thereon

The following table sets forth, for the period indicated, the break-up of loans in housing and non-housing.

₹ in million

Particulars	At March 31, 2021		
	Housing	Non-Housing	Total
Standard assets			
Total Outstanding	85,642.8	46,201.1	131,843.9
Provision	628.7	774.3	1,403.0
Non-performing assets (NPAs)			
Sub- Standard			
Total Outstanding	2,438.1	2,285.3	4,723.4
Provision	362.3	325.6	687.9
Doubtful- 1			
Total Outstanding	578.1	737.6	1,315.7
Provision	190.0	231.6	421.6
Doubtful- 2			
Total Outstanding	1,475.8	1,434.2	2,910.0
Provision	681.5	208.5	890.0
Doubtful- 3			
Total Outstanding	252.9	183.7	436.6
Provision	110.3	138.6	248.9
Loss			
Total Outstanding	-	-	-
Provision	-	-	-
Total			
Total Outstanding	90,387.7	50,841.9	141,229.6
Provision	1,972.8	1,678.6	3,651.4

1. Standard assets represent loans classified as Stage-1 and Stage-2, NPAs represent loans classified as Stage-3, Total outstanding represent Exposure at default and Provisions represent Expected credit loss in the above table.

NOTES FORMING PART OF THE ACCOUNTS
Movement of Non-performing assets (NPAs)

The following table sets forth, for the period indicated, movement in stage 3 loans (NPAs) & movement in ECL (provisions).

₹ in million

Particulars	At March 31, 2021
(I) Net NPAs to Net Advances(%)	5.19%
(II) Movement of NPAs (Gross)	
a) Opening balance	8,460.7
b) Additions during the year	4,636.6
c) Reductions during the year	3,711.5
d) Closing balance	9,385.8
(III) Movement of NPAs (Net)	
a) Opening balance	4,699.6
b) Additions during the year	2,893.1
c) Reductions during the year	455.3
d) Closing balance	7,137.4
(IV) Movement of provision for NPAs (excluding provisions on standard assets)	
a) Opening balance	3,761.1
b) Provisions made during the year	1,743.5
c) Write off/ write back of excess provisions	3,256.2
d) Closing balance	2,248.4

1. Standard assets represent loans classified as Stage-1 and Stage-2, NPAs represent loans classified as Stage-3 and Provision for NPAs represent Expected credit loss in the above table.

11. Investments

The following tables set forth, for the periods indicated, details of investments.

₹ in million

Particulars	At March 31, 2021						Total
	Amortised cost	At fair value				Oth ers	
		Through other comprehensive income	Through profit or loss	Designat ed at fair value through profit or loss	Sub Total		
Investments in India							
Mutual funds	-	-	997.6	-	997.6	-	997.6
Government securities ^{1,2}	2,921.9	-	-	-	-	-	2,921.9
Equity instruments	-	-	462.4	-	462.4	-	462.4
Total Gross	2,921.9	-	1,460.0	-	1,460.0	-	4,381.9

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021						
	Amortised cost	At fair value				Others	Total
		Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Sub Total		
Impairment loss allowance	-	-	-	-	-	-	-
Total Net	2,921.9	-	1,460.0	-	1,460.0	-	4,381.9

- Based on the assessment, there is no requirement for allowance for impairment losses on government securities.
- Floating charge has been created on government securities for statutory liquidity ratio (SLR) purpose as per RBI Directions.

₹ in million

Particulars	At March 31, 2020						
	Amortised cost	At fair value				Others	Total
		Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Sub Total		
Investments in India							
Mutual funds	-	-	3,314.7	-	3,314.7	-	3,314.7
Government securities ^{1,2}	2,216.3	-	-	-	-	-	2,216.3
Equity instruments	-	-	412.6	-	412.6	-	412.6
Total Gross	2,216.3	-	3,727.3	-	3,727.3	-	5,943.6
Impairment loss allowance	-	-	-	-	-	-	-
Total Net	2,216.3	-	3,727.3	-	3,727.3	-	5,943.6

- Based on the assessment, there is no requirement for allowance for impairment losses on government securities.
- Floating charge has been created on government securities for statutory liquidity ratio (SLR) purpose as per NHB Directions.

The following table sets forth, for the period indicated, the details of investments and the movement in fair value changes (provision towards depreciation) on investments of the Company.

₹ in million

Particulars	At March 31, 2021
Value of investments	
(i) Gross value of investments	4,469.9

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021
(a) In India (includes investment in mutual funds of ₹ 997.6 million)	4,469.9
(b) Outside India	-
(ii) Provision for Depreciation	(88.1)
(a) In India	(88.1)
(b) Outside India	-
(iii) Net value of Investments	4,381.8
(a) In India	4,381.8
(b) Outside India	-
Movement of provisions held towards depreciation on investments	
(i) Opening balance	127.7
(ii) Add: Provisions made during the year	-
(iii) Less: Write-off/Written-back of excess provisions during the year	(39.6)
(iv) Closing balance	88.1

1. Provision on investments represents fair value changes.

12. Other financial assets

The following table sets forth, for the periods indicated, details of other financial assets.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
At amortised cost		
Security deposits	54.2	48.1
Advances recoverable	42.1	54.2
Interest only strip receivable	1,245.3	631.8
Other financial assets ¹	122.1	8.6
Total	1,463.7	742.7

1. Includes receivable amounting to ₹ 118.6 million (At March 31, 2020: Nil) on account of ex-gratia (interest on interest) credits/refunds to the eligible borrowers. Further, March 31, 2020 includes share application money amounting to ₹ 7.5 million.

NOTES FORMING PART OF THE ACCOUNTS
13. Property, plant and equipment

The following table sets forth, for the periods indicated, details of property, plant and equipment.

₹ in million

Particulars	Gross block				Depreciations/amortization				Net block	
	At April 1, 2020	Additions	Disposals/adjustments	At March 31, 2021	At April 1, 2020	For the period	Adjustments/deuctions	At March 31, 2021	At April 1, 2020	At March 31, 2021
Free hold land	0.4	-	-	0.4	-	-	-	-	0.4	0.4
	(0.4)	-	-	(0.4)	-	-	-	-	(0.4)	(0.4)
Buildings ¹	1,325.1	52.1	62.1	1,315.1	152.4	126.0	-	278.4	1,172.7	1,036.7
	(1,210.1)	(123.9)	(8.9)	(1,325.1)	(29.6)	(122.8)	-	(152.4)	(1,180.5)	(1,172.7)
Improvements to leasehold property	182.8	6.1	7.7	181.2	40.8	39.4	3.0	77.2	142.0	104.1
	(157.4)	(27.3)	(1.9)	(182.8)	(6.9)	(36.0)	(2.1)	(40.8)	(150.5)	(142.0)
Computers	59.9	5.2	1.7	63.4	24.2	20.6	1.6	43.2	35.7	20.2
	(48.7)	(34.0)	(22.8)	(59.9)	(13.5)	(21.9)	(11.2)	(24.2)	(35.2)	(35.7)
Office equipment	120.3	4.4	1.0	123.7	36.6	24.3	3.5	57.4	83.7	66.3
	(84.3)	(38.7)	(2.7)	(120.3)	(12.8)	(26.1)	(2.3)	(36.6)	(71.5)	(83.7)
Furniture & fixtures	94.6	2.2	1.2	95.6	33.6	9.7	0.5	42.8	61.0	52.8
	(53.5)	(41.6)	(0.5)	(94.6)	(5.7)	(28.0)	(0.1)	(33.6)	(47.8)	(61.0)
Electric Installation & Equipment	39.1	4.2	-	43.3	4.5	2.7	(2.8)	10.0	34.6	33.3
	(30.5)	(8.6)	-	(39.1)	(0.8)	(3.7)	-	(4.5)	(29.7)	(34.6)
Server & Network	25.3	0.8	0.3	25.8	5.6	5.7	0.1	11.2	19.7	14.6
	(8.1)	(17.2)	-	(25.3)	(0.7)	(4.9)	-	(5.6)	(7.4)	(19.7)
Vehicles	3.8	-	-	3.8	1.8	1.0	-	2.8	2.0	1.0
	(3.8)	-	-	(3.8)	(0.8)	(1.0)	-	(1.8)	(3.0)	(2.0)
Total	1,851.3	75.0	74.0	1,852.3	299.5	229.4	5.9	523.0	1,551.8	1,329.3
Previous year	(1,596.8)	(291.3)	(36.8)	(1,851.3)	(70.8)	(244.4)	(15.7)	(299.5)	(1,526.0)	(1,551.8)

1. There is no charge on building (March 2020: Nil) and Free Hold land (March 31, 2020: Nil).

2. Amounts in brackets pertain to previous financial year.

NOTES FORMING PART OF THE ACCOUNTS
14. Other intangible assets

The following table sets forth, for the periods indicated, details of intangible assets.

₹ in million

Particulars	Gross block				Depreciations/amortization				Net block	
	At April 1, 2020	Additions	Disposals/adjustments	At March 31, 2021	At April 1, 2020	For the period	Adjustments/deductions	At March 31, 2021	At April 1, 2020	At March 31, 2021
Computer software	63.9	39.5	6.1	97.3	19.5	21.9	3.2	38.2	44.4	59.1
Total	63.9	39.5	6.1	97.3	19.5	21.9	3.2	38.2	44.4	59.1
Previous year	(44.7)	(39.1)	(19.9)	(63.9)	(9.9)	(13.9)	(4.3)	(19.5)	(34.8)	(44.4)

15. Other non-financial assets

The following table sets forth, for the periods indicated, details of other non-financial assets.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Input tax credit – Goods and Service Tax	113.3	106.4
Capital advances (Unsecured, considered good)	52.8	34.5
Pre-paid expenses	54.5	51.7
Other non-financial assets (Unsecured, considered good)	0.4	11.6
Total	221.0	204.2

16. Payables

The following table sets forth, for the periods indicated, details of payable.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Total outstanding dues of micro, small and medium enterprises (refer note below)	13.8	7.1
Total outstanding dues to creditors other than micro and small enterprises	1,528.1	911.2
Total	1,541.9	918.3

NOTES FORMING PART OF THE ACCOUNTS

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on information available with the Company. The following table sets forth, for the periods indicated, the amount of principal and interest outstanding.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
The principal amount and the interest due thereon (Interest - March 31, 2021: Nil, March 31, 2020: Nil) remaining unpaid to any supplier as at the end of each accounting year	13.8	7.1
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting 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 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

17. Debt securities

The following tables set forth, for the periods indicated, details of debt-securities issued.

₹ in million

Particulars	At March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Debt securities in India				
Non-convertible debentures				

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
- Secured ¹	28,903.4	-	-	28,903.4
- Unsecured	-	-	-	-
Zero coupon bonds	-	-	-	-
Commercial papers	-	-	-	-
Total – Gross	28,903.4	-	-	28,903.4
Less – Unamortised borrowing cost	(49.2)	-	-	(49.2)
Total – Net	28,854.2	-	-	28,854.2

1. The Non-convertible debentures (NCDs)/Bonds, other than Market linked debentures (MLDs) are issued with fixed coupon rate and redeemable at par. NCDs/Bonds in the nature of MLDs are issued with coupon rate linked to performance of underlying/reference index. Entire NCD book at March 31, 2021 is secured by way of first ranking pari passu floating charge over the eligible receivables to the extent of security cover of one time of the obligations. These NCDs at March 31, 2020 were unsecured and were converted to secured on August 13, 2020.

₹ in million

Particulars	At March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Debt securities in India				
Non-convertible debentures				
- Secured	-	-	-	-
- Unsecured	22,910.3	-	-	22,910.3
Zero coupon bonds	-	-	-	-
Commercial papers	2,452.2	-	-	2,452.2
Total – Gross	25,362.5	-	-	25,362.5
Less – Unamortised borrowing cost	(27.0)	-	-	(27.0)
Total – Net	25,335.5	-	-	25,335.5

The following table sets forth, for the periods indicated, details of NCDs /Bonds.

₹ in million

Description	Date of Allotment	Date of Redemption	Rate of Interest	At March 31, 2021	At March 31, 2020
NCDs, other than MLDs					

NOTES FORMING PART OF THE ACCOUNTS

Description	Date of Allotment	Date of Redemption	Rate of Interest	At March 31, 2021	At March 31, 2020
200 NCDs of ₹ 500,000 each	November 20, 2020	November 20, 2030	7.07%	100.0	-
100 NCDs of ₹ 500,000 each	May 26, 2020	May 24, 2030	8.00%	50.0	-
3,000 NCDs of ₹ 500,000 each	November 20, 2020	May 20, 2025	6.18%	1,500.0	-
2,400 NCDs of ₹ 500,000 each	April 28, 2020	April 28, 2025	7.60%	1,200.0	-
2,400 NCDs of ₹ 500,000 each	December 5, 2019	December 5, 2024	8.00%	1,200.0	1,200.0
7,000 NCDs of ₹ 500,000 each	January 30, 2020	December 5, 2024	8.00%	3,500.0	3,500.0
2,000 NCDs of ₹ 500,000 each	October 19, 2020	October 18, 2024	6.18%	1,000.0	-
4,000 NCDs of ₹ 500,000 each	May 26, 2020	July 5, 2024	7.45%	2,000.0	-
2,000 NCDs of ₹ 500,000 each	April 28, 2020	April 28, 2023	7.40%	1,000.0	-
5,500 NCDs of ₹ 500,000 each	December 5, 2019	December 5, 2022	7.70%	2,750.0	2,750.0
6,000 NCDs of ₹ 500,000 each	February 12, 2020	December 5, 2022	7.70%	3,000.0	3,000.0
5,500 NCDs of ₹ 500,000 each	May 19, 2020	September 19, 2022	7.20%	2,750.0	-
3,100 NCDs of ₹ 500,000 each	December 24, 2018	December 24, 2021	9.10%	1,550.0	1,550.0
4,200 NCDs of ₹ 500,000 each	March 20, 2018	May 27, 2021	8.22%	2,100.0	2,100.0
3,100 NCDs of ₹ 500,000 each	March 20, 2018	April 30, 2021	8.22%	1,550.0	1,550.0
2,100 NCDs of ₹ 500,000 each	April 12, 2019	March 22, 2021	8.25%	-	1,050.0
3,600 NCDs of ₹ 500,000 each	August 30, 2017	August 28, 2020	7.36%	-	1,800.0
1,000 NCDs of ₹ 500,000 each	July 21, 2016	July 21, 2020	8.36%	-	500.0
1,700 NCDs of ₹ 500,000 each	June 27, 2017	June 26, 2020	7.50%	-	850.0
1,000 NCDs of ₹ 500,000 each	June 20, 2016	June 19, 2020	8.53%	-	500.0
Total (A)				25,250.0	20,350.0
NCDs in the nature of MLDs					
2,200 MLDs of ₹ 500,000 each	August 26, 2020	August 26, 2022	5.15%	1,100.0	-
540 MLDs of ₹ 500,000 each	September 6, 2019	January 6, 2022	7.70%	270.0	270.0
230 MLDs of ₹ 500,000 each	October 23, 2019	January 6, 2022	7.60%	115.0	115.0
316 MLDs of ₹ 500,000 each	November 29, 2019	January 6, 2022	7.40%	158.0	158.0
2,390 MLDs of ₹ 500,000 each	August 6, 2019	August 6, 2021	8.00%	1,195.0	1,195.0
120 MLDs of ₹ 500,000 each	October 23, 2019	August 6, 2021	7.40%	60.0	60.0
500 MLDs of ₹ 500,000 each	June 26, 2019	June 25, 2021	8.10%	250.0	250.0
100 MLDs of ₹ 500,000 each	July 26, 2019	June 25, 2021	8.00%	50.0	50.0
916 MLDs of ₹ 500,000 each	August 20, 2019	June 25, 2021	7.70%	458.0	458.0
Total (B)				3,656.0	2,556.0
Total (A+B)				28,906.0	22,906.0
Add/(Less) – Unamortised Premium/(Discount)				(2.6)	4.3
Total				28,903.4	22,910.3

NOTES FORMING PART OF THE ACCOUNTS

The following tables set forth, for the periods indicated, details of commercial papers.

At March 31, 2021 (Interest rate – NA)

₹ in million

Maturities	0-1 month	1-2 months	2-3 months	3-6 months	6-12 months	Total
Face value	-	-	-	-	-	-
Carrying value	-	-	-	-	-	-

At March 31, 2020 (Interest rate – 6.55% to 6.85%)

₹ in million

Maturities	0-1 month	1-2 months	2-3 months	3-6 months	6-12 months	Total
Face value	-	1,500.0	-	-	1,000.0	2,500.0
Carrying value	-	1,489.0	-	-	963.0	2,452.0

The following table sets forth, ratings assigned by credit rating agencies at March 31, 2021.

Instrument	CRISIL	ICRA	CARE
Fixed deposits	FAAA/Stable	MAAA(Stable)	CARE AAA(FD); Stable
Senior bonds/non-convertible debentures	CRISIL AAA/Stable	[ICRA]AAA(Stable)	CARE AAA; Stable
Subordinate bonds	CRISIL AAA/Stable	[ICRA]AAA(Stable)	CARE AAA; Stable
Market linked debentures	CRISIL PP-MLD AAAr/Stable	-	CARE PP-MLD AAA; Stable
Commercial paper	-	[ICRA]A1+	CARE A1+
Long term bank facilities	-	[ICRA]AAA(Stable)	-

1. In addition to the debt instrument wise specific credit ratings, the Company has been assigned the Issuer Rating of 'ICRA AAA' by ICRA.
2. During previous financial year, the Company has been assigned "CRISIL AAA/Stable" by CRISIL for its Subordinated Bonds.
3. There has been no migration of rating during the year and previous financial year.

18. Borrowings (other than debt securities)

The following tables set forth, for the periods indicated, details of borrowings.

₹ in million

Particulars	At March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured borrowings				
(a) Term loans (Including re-finance)				

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(i) from banks ¹	14,038.4	-	-	14,038.4
(ii) External commercial borrowings ¹	20,120.2	-	-	20,120.2
(iii) from National Housing Bank ²	22,215.5	-	-	22,215.5
(b) Deferred payment liabilities	-	-	-	-
(c) Loans from related parties ¹	2,400.0	-	-	2,400.0
(d) Finance lease obligations	-	-	-	-
(e) Liability component of compound financial instruments	-	-	-	-
(b) Loans repayable on demand				
(i) from banks	-	-	-	-
(ii) from related parties	-	-	-	-
Total (A) – Gross	58,774.1	-	-	58,774.1
Less – Unamortised borrowing cost	(226.7)	-	-	(226.7)
Total (A) – Net	58,547.4	-	-	58,547.4
Borrowings in India	38,653.9	-	-	38,653.9
Borrowings outside India	20,120.3	-	-	20,120.3
Total (B) – Gross	58,774.1	-	-	58,774.1
Less – Unamortised borrowing cost	(226.7)	-	-	(226.7)
Total (B) – Net	58,547.4	-	-	58,547.4

- Secured by way of first ranking pari passu floating charge over the eligible receivables to the extent of security cover of one time of the obligations.
- Secured by way of first exclusive charge over the identified receivables on borrowings amounting to ₹ 15,366.8 million and by way of negative lien on identified receivables on borrowings amounting to ₹ 6,848.7 million.

₹ in million

Particulars	At March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured borrowings				
(a) Term loans (Including re-finance)				
(i) from banks	44,683.4	-	-	44,683.4
(ii) External commercial borrowings	20,722.7	-	-	20,722.7

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(iii) from National Housing Bank	8,181.8	-	-	8,181.8
(b) Term loans from related parties	5,000.0	-	-	5,000.0
(c) Loans repayable on demand				
(i) from banks	-	-	-	-
(ii) from related parties	-	-	-	-
Total (A) – Gross	78,587.9	-	-	78,587.9
Less – Unamortised borrowing cost	(392.2)	-	-	(392.2)
Total (A) – Net	78,195.7	-	-	78,195.7
Borrowings in India	57,865.2	-	-	57,865.2
Borrowings outside India	20,722.7	-	-	20,722.7
Total (B) – Gross	78,587.9	-	-	78,587.9
Less – Unamortised borrowing cost	(392.2)	-	-	(392.2)
Total (B) – Net	78,195.7	-	-	78,195.7

- a. There has not been any default in repayment of borrowings and interest during financial year ended March 31, 2021 and March 31, 2020, except for below one-off delay by oversight which was cleared immediately.

₹ in million

Name of the lender	Period	Amount
Federal Bank Limited	2 days	36.3
Federal Bank Limited	1 day	25.0

- b. At March 31, 2021, there are no borrowings guaranteed by directors and others (March 31, 2020: Nil).

The following tables set forth, the interest rates and maturity pattern of term loans at March 31, 2021.

a. Term loans from banks

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
< 6.50%	983.3	1,733.3	-	-	2,716.7
6.50% to 7.99%	2,487.4	6,638.7	2,195.6	-	11,321.7
Total	3,470.8	8,372.0	2,195.6	-	14,038.4

NOTES FORMING PART OF THE ACCOUNTS
b. External commercial borrowings

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
8.00% to 9.50%	-	20,120.2	-	-	20,120.2
Total	-	20,120.2	-	-	20,120.2

c. Term loans from National Housing Bank

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
< 6.50%	3,559.1	4,264.3	3,963.4	5,649.5	17,436.3
6.50% to 7.99%	428.8	1,111.3	1,111.3	2,127.8	4,779.2
Total	3,987.9	5,375.5	5,074.7	7,777.3	22,215.5

d. Term loans from related parties

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
6.50% to 7.99%	-	2,400.0	-	-	2,400.0
Total	-	2,400.0	-	-	2,400.0

The following tables set forth, the interest rates and contractual maturity pattern of term loans at March 31, 2020.

a. Term loans from banks

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
< 6.50%	833.3	2,120.8	250.0	-	3,204.2
6.50% to 7.99%	2,241.7	1,020.8	-	-	3,262.5
8.00% to 9.50%	7,890.3	23,658.8	6,667.7	-	38,216.7
Total	10,965.3	26,800.5	6,917.7	-	44,683.4

b. External commercial borrowings

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
8.00% to 9.50%	-	-	20,722.7	-	20,722.7
Total	-	-	20,722.7	-	20,722.7

NOTES FORMING PART OF THE ACCOUNTS
c. Term loans from National Housing Bank

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
< 6.50%	365.8	975.4	975.4	206.6	2,523.2
6.50% to 7.99%	232.9	621.0	615.5	2,347.5	3,816.9
8.00% to 9.50%	172.8	409.2	388.1	871.6	1,841.7
Total	771.5	2,005.7	1,978.9	3,425.7	8,181.8

d. Term loans from related parties

₹ in million

Maturities	0-1 year	1-3 years	3-5 years	5 years and above	Total
8.00% to 9.50%	600.0	4,000.0	400.0	-	5,000.0
Total	600.0	4,000.0	400.0	-	5,000.0

19. Deposits

The following tables set forth, for the periods indicated, details of deposits.

₹ in million

Particulars	At March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(i) Public deposits	21,527.0	-	-	21,527.0
(ii) From banks	1,085.6	-	-	1,085.6
(iii) From others	12,581.9	-	-	12,581.9
Total – Gross	35,194.5	-	-	35,194.5
Less – Unamortised borrowing cost	(136.4)	-	-	(136.4)
Total – Net	35,058.1	-	-	35,058.1

- Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge and lien in favour of the Trustees for Depositors on the Statutory Liquid Assets maintained in terms of sub-sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

₹ in million

Particulars	At March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(i) Public deposits	16,609.2	-	-	16,609.2
(ii) From banks	720.3	-	-	720.3

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
(iii) From others	7,911.4	-	-	7,911.4
	25,240.9	-	-	25,240.9
Less – Unamortised borrowing cost	(115.6)	-	-	(115.6)
Total	25,125.3	-	-	25,125.3

1. Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge and lien in favour of the Trustees for Depositors on the Statutory Liquid Assets maintained in terms of sub-sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

20. Subordinate liabilities

The following tables set forth, for the periods indicated, details of subordinate liabilities.

₹ in million

Particulars	At March 31, 2021			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinate liabilities in India				
Non-convertible debentures	4,198.6	-	-	4,198.6
	4,198.6	-	-	4,198.6
Less – Unamortised borrowing cost	-	-	-	-
Total – in India	4,198.6	-	-	4,198.6
Subordinate liabilities outside India	-	-	-	-
Total - Subordinate liabilities	4,198.6	-	-	4,198.6

₹ in million

Particulars	At March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Subordinate liabilities in India				
Non-convertible debentures	-	-	-	-
	-	-	-	-
Less – Unamortised borrowing cost	-	-	-	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Total	-	-	-	-

The following table sets forth, for the periods indicated, details of subordinate liabilities.

₹ in million

Description	Date of Allotment	Date of Redemption	Rate of Interest	At March 31, 2021	At March 31, 2020
800 NCDs of ₹ 500,000 each	February 23, 2021	December 10, 2035	7.65%	400.0	-
400 NCDs of ₹ 500,000 each	December 10, 2020	December 10, 2035	7.65%	200.0	-
500 NCDs of ₹ 500,000 each	January 11, 2021	December 10, 2035	7.65%	250.0	-
354 NCDs of ₹ 500,000 each	February 23, 2021	August 23, 2033	7.50%	177.0	-
500 NCDs of ₹ 500,000 each	February 23, 2021	February 21, 2031	7.40%	250.0	-
1,280 NCDs of ₹ 500,000 each	November 10, 2020	November 8, 2030	7.50%	640.0	-
2,140 NCDs of ₹ 500,000 each	December 10, 2020	November 8, 2030	7.50%	1,070.0	-
500 NCDs of ₹ 500,000 each	January 11, 2021	November 8, 2030	7.50%	250.0	-
1,000 NCDs of ₹ 500,000 each	June 10, 2020	June 10, 2030	8.02%	500.0	-
910 NCDs of ₹ 500,000 each	June 26, 2020	June 10, 2030	8.02%	455.0	-
				4,192.0	-
Add/(Less) – Unamortised premium/(Discount)				6.6	-
Total				4,198.6	-

21. Other financial liabilities (at amortised cost)

The following table sets forth, for the periods indicated, details of other financial liabilities (at amortised cost).

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Interest accrued	1,790.3	2,032.9
Unpaid matured deposits and interest accrued thereon	186.5	267.4
Lease liability	337.1	457.0
Others ¹	4,957.3	2,717.5
Total	7,271.2	5,474.8

1. Includes book overdraft, unappropriated credits pertaining to loans and fixed deposits, accruals for expenses etc.

NOTES FORMING PART OF THE ACCOUNTS

22. Provisions

The following table sets forth, for the periods indicated, details of provisions.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
(a) Provision for employee benefits		
Leave encashment	33.6	26.9
Gratuity	-	11.1
(b) Other provisions		
Provision for others ¹	123.2	11.7
Total	156.8	49.7

1. Includes provision made towards estimated interest relief (interest on interest) to eligible borrowers. For details refer note no. 24.

23. Other non-financial liabilities

The following table sets forth, for the periods indicated, details of other non-financial liabilities.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Undisputed statutory dues	167.1	72.3
Total	167.1	72.3

24. Interest income

The following table sets forth, for the periods indicated, details of interest income.

₹ in million

Particulars	Year ended March 31, 2021				Year ended March 31, 2020			
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total
Interest on loans	325.0	14,085.2	-	14,410.2	-	15,335.9	-	15,335.9

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Year ended March 31, 2021				Year ended March 31, 2020			
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	On financial assets classified at fair value through profit or loss	Total
Interest income from investments	-	189.2	-	189.2	-	110.3	-	110.3
Interest on deposits with banks	-	36.0	-	36.0	-	5.9	-	5.9
Total	325.0	14,310.4	-	14,635.4	-	15,452.1	-	15,452.1

In accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust 'interest on interest' to borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Bank is in the process of suitably implementing this methodology. The Company has however created a liability towards estimated interest relief and reduced the same from the interest income.

25. Fees and commission income

The following table sets forth, for the periods indicated, details of fees and commission income.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Property service fees	68.2	69.1
Processing fee ¹	89.3	75.0
Referral fees – General insurance	32.1	77.1
Referral fees – Life insurance	44.7	19.7
Other fee income	69.1	67.0
Total	303.4	307.9

1.Represents log-in/processing fee on expired/cancelled cases.

NOTES FORMING PART OF THE ACCOUNTS
26. Net gain/(loss) on fair value changes

The following table sets forth, for the periods indicated, details of net gain/(loss) on fair value changes.

₹ in million

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
(A)	Net gain/(loss) on financial instruments at fair value through profit or loss		
	- Investments	35.9	60.9
	- Derivatives	-	0.1
(ii)	On financial instruments designated at fair value through profit or loss	-	-
	Total	35.9	61.0
(B)	Others	-	-
	Total	-	-
(C)	Total net gain/(loss) on fair value changes	35.9	61.0
	Fair value changes		
	- realized	-	1.9
	- unrealized	35.9	59.1
(D)	Total net gain/(loss) on fair value changes	35.9	61.0

27. Other revenue from operations

The following table sets forth, for the periods indicated, details of other revenue from operation.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on sale of mutual fund units	308.9	124.5
Profit on sale of government securities	-	-
Total	308.9	124.5

28. Other income

The following table sets forth, for the periods indicated, details of other income.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent income	37.6	47.2
Others (including interest on income tax refund) ¹	33.0	3.2
Total	70.6	50.4

1. Year ended March 31, 2021 includes ₹ 32.9 million pertaining to earlier period. For details refer note no. 72.

NOTES FORMING PART OF THE ACCOUNTS
29. Finance Cost

The following table sets forth, for the periods indicated, details of finance cost.

₹ in million

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost
Interest on deposits	-	2,621.7	-	1,581.7
Interest on borrowings	-	5,484.3	-	8,098.6
Interest on debt securities	-	2,319.5	-	1,952.3
Interest on subordinate liabilities	-	121.5	-	12.7
Interest on lease liabilities	-	4.9	-	45.9
Total	-	10,551.9	-	11,691.2

30. Fees and commission expenses

The following table sets forth, for the periods indicated, details of fees and commission expenses.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Property services fee, brokerage and commission	11.0	21.3
Legal and technical fee	19.5	23.9
Total	30.5	45.2

31. Impairment on financial instruments

The following table sets forth, for the periods indicated, details of impairment and write-offs of financial instruments.

₹ in million

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	On financial instruments measured at fair value through OCI	On financial liabilities measured at amortised cost
Loans	-	2,655.9	-	1,919.9
Investments	-	-	-	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	On financial instruments measured at fair value through OCI	On financial liabilities measured at amortised cost
Others	-	38.7	-	14.3
Total	-	2,694.6	-	1,934.2

Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

₹ in million

Particulars	Year ended March 31, 2021
Provision for depreciation on Investment	-
Provision towards non-performing assets	(1,512.7)
Provision for standard assets	668.2
- HL to individuals	246.1
- HL to others	(1.5)
- Teaser Loans	-
- Commercial Real Estate-Residential Housing Loans	(3.0)
- Commercial Real Estate- Other Loans	(91.6)
- Other Loans	518.2
Other provisions and contingencies write offs	3,539.1
Total	2,694.6
Provision made towards Income Tax, including deferred tax credit	109.7

Note 1: Standard assets represent loans classified as Stage-1 and Stage-2, NPAs represent loans classified as Stage-3 and Provisions on loans represent Expected credit loss in the above table.

32. Employee benefits expenses

The following table sets forth, for the periods indicated, details of employee benefits expenses.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	1,417.5	1,248.3
Contribution to provident and other funds	80.2	84.7
Share based payment to employees	32.7	39.7
Staff welfare expenses	67.4	59.8
Total	1,597.8	1,432.5

NOTES FORMING PART OF THE ACCOUNTS

33. Other Expenses

The following table sets forth, for the periods indicated, details of other expenses.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent, rates and energy cost	39.0	59.9
Repairs and maintenance	68.5	60.6
Communication costs	29.7	42.8
Printing and stationery	17.3	22.4
Advertisement and publicity	44.9	75.3
Director's fees, allowances and expenses	4.8	4.6
Auditor's fees and expenses (refer note below)	10.5	11.4
Legal and professional charges	174.2	271.7
Collection expenses	97.4	232.0
Insurance	4.3	5.2
Travelling and conveyance	54.8	105.9
Office expenses	73.5	98.6
Corporate Social Responsibility expenditure ¹	13.5	30.8
Computer consumables	14.1	18.1
Miscellaneous expenses ²	36.4	39.3
Total	682.9	1,078.6

1. Refer note 53 for details.

2. For year ended March 31, 2020, Includes loss of ₹ 7.8 Million on transfer of consumer finance business to Parent Bank on a going concern basis by way of slump sale.

Remuneration to auditors

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Statutory audit fees	5.4	5.5
Tax audit fees	0.5	0.6
Certification and other fees ¹	4.6	5.3
Total	10.5	11.4

1. Including reimbursement of expenses and tax credit not available to the Company.

NOTES FORMING PART OF THE ACCOUNTS
34. Current and non-current assets and liabilities

The following tables set forth, for the periods indicated, the assets and liabilities to be recovered or settled within and after twelve months.

₹ in million

Particulars	At March 31, 2021		
	Amounts expected to be recovered or settled		Total
	Within twelve months	After twelve months	
ASSETS			
Financial assets			
Cash and cash equivalents	7,436.4	-	7,436.4
Bank balance other than above	458.0	2.5	460.5
Derivative financial instruments	-	681.4	681.4
Receivables			
(i) Trade receivables	25.8	-	25.8
(ii) Other receivables	-	-	-
Loans	7,065.3	130,512.9	137,578.2
Investments	1,484.5	2,897.4	4,381.9
Other financial assets	722.3	741.4	1,463.7
	17,192.3	134,835.6	152,027.9
Non-financial assets			
Current tax assets (net)	-	918.1	918.1
Deferred tax assets	-	546.1	546.1
Property, plant and equipment	-	1,329.3	1,329.3
Intangible assets	-	59.1	59.1
Other non-financial assets	136.6	84.4	221.0
	136.6	2,937.0	3,073.6
Total	17,328.9	137,772.6	155,101.5
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	34.4	1,400.4	1,434.8
Payables			
(i) Micro and Small Enterprises	13.8	-	13.8
(ii) Other payables	1,528.1	-	1,528.1
Debt securities	7,745.3	21,108.9	28,854.2
Borrowings (Other than debt securities)	7,369.7	51,177.7	58,547.4
Deposits	15,304.9	19,753.2	35,058.1
Subordinate liabilities	-	4,198.6	4,198.6

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021		
	Amounts expected to be recovered or settled		Total
	Within twelve months	After twelve months	
Other financial liabilities	7,009.3	261.9	7,271.2
	39,005.5	97,900.7	136,906.2
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	131.3	25.5	156.8
Other non-financial liabilities	167.1	-	167.1
	298.4	25.5	323.9
EQUITY			
Equity Share Capital	-	10,987.5	10,987.5
Other equity	-	6,883.9	6,883.9
	-	17,871.4	17,871.4
Total	39,303.9	115,797.6	155,101.5

₹ in million

Particulars	At March 31, 2020		
	Amounts expected to be recovered or settled		Total
	Within twelve months	After twelve months	
ASSETS			
Financial assets			
Cash and cash equivalents	221.0	-	221.0
Bank balance other than above	548.0	160.5	708.5
Derivative financial instruments	40.7	1,623.1	1,663.8
Receivables			
(i) Trade receivables	49.9	-	49.9
(ii) Other receivables	-	-	-
Loans	20,782.8	120,140.7	140,923.5
Investments	3,560.4	2,383.2	5,943.6
Other financial assets	389.6	353.1	742.7
	25,592.4	124,660.6	150,253.0
Non-financial assets			
Current tax assets (net)	-	671.3	671.3
Deferred tax assets	-	977.5	977.5
Property, plant and equipment	-	1,551.8	1,551.8
Intangible assets	-	44.4	44.4
Other non-financial assets	131.5	72.7	204.2

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2020		
	Amounts expected to be recovered or settled		Total
	Within twelve months	After twelve months	
	131.5	3,317.7	3,449.2
Total	25,723.9	127,978.3	153,702.2
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	1,842.2	1,842.2
Payables			
(i) Micro and Small Enterprises	7.1	-	7.1
(ii) Other payables	911.2	-	911.2
Debt securities	7,138.9	18,196.6	25,335.5
Borrowings (Other than debt securities)	12,220.7	65,975.0	78,195.7
Deposits	7,578.6	17,546.7	25,125.3
Subordinate liabilities	-	-	-
Other financial liabilities	4,134.9	1,339.9	5,474.8
	31,991.4	104,900.4	136,891.8
Non-financial liabilities			
Current tax liabilities (net)	10.6	-	10.6
Provisions	18.1	31.6	49.7
Other non-financial liabilities	72.3	-	72.3
	101.0	31.6	132.6
EQUITY			
Equity Share Capital	-	10,987.5	10,987.5
Other equity	-	5,690.3	5,690.3
	-	16,677.8	16,677.8
Total	32,092.4	121,609.8	153,702.2

35. Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. At March 31, 2021, there are no notification issued by the MCA with respect to applicability of any new standard or amendments to the existing standards, which are applicable from April 1, 2021.

NOTES FORMING PART OF THE ACCOUNTS

36. Capital Management

Objective

The Company actively manages its capital to meet regulatory norms as prescribed by RBI and current and future business needs considering the risks in its businesses, expectation of rating agencies, shareholders and investors and the available options of raising capital. No changes have been made to the objectives, policies and processes from the previous financial year.

The capital management framework of the Company is administered by the Finance Group under the supervision of the Board and the Assets Liability Management Committee.

The Company has complied in full, with externally imposed capital requirement over the reporting period.

Monitoring and reporting

The Board of Directors maintains an active oversight over the Company's capital adequacy levels. On a half yearly basis an analysis of the capital adequacy position and the risk weighted assets are reported to the Board.

Capital to Risk Assets Ratio (CRAR)

The following table sets forth, for the period indicated, computation of capital adequacy ratio.
 ₹ in million, except ratio (%)

Particulars	At March 31, 2021
(i) CRAR%	20.94%
(ii) CRAR – Tier I capital %	15.92%
(iii) CRAR – Tier II capital %	5.02%
(iv) Amount of subordinated debt raised as Tier II capital	4,192.0
(v) Amount raised by issue of Perpetual debt instruments	-

1. The Company has reckoned the property value at the time of loan origination for the purpose of computation of Loan to value ratio (LTV) and accordingly assigned applicable risk weights.

The following table sets forth, for the period indicated, computation of the debt to equity ratio.

Particulars	₹ in million, except ratio	
	At March 31, 2021	At March 31, 2020
Debt	126,658.3	128,656.5
Equity	17,871.4	16,677.8
Debt to equity ratio	7.09	7.71

NOTES FORMING PART OF THE ACCOUNTS

37. Earnings per share

The following table sets forth, for the period indicated, computation of the earnings per share.

₹ in million, except per share data

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Earnings		
Net Profit attributable shareholders (before dilution)	216.7	2.8
Dilution impact (if any)	-	-
Net Profit attributable shareholders (after dilution)	216.7	2.8
Common stock		
Weighted average number of equity shares (basic)	1,098,750,000	1,098,750,000
Dilutive impact	-	-
Weighted average number of equity shares (diluted)	1,098,750,000	1,098,750,000
Basic earnings per share (₹)	0.20	0.00
Diluted earnings per share (₹)	0.20	0.00

There are no instruments outstanding that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the period(s) presented.

There were no transactions that have occurred after the reporting date that would have changed significantly the number of ordinary shares outstanding or potential ordinary shares outstanding at the reporting date.

38. Operating segment

The Company is engaged in lending business. The Company provides mortgages loans (home loans and loans against properties) and real estate loans. The Company is also engaged in mortgage business related other services such as property search services. All other activities of the Company revolve around the main business. The Board reviews the Company's performance as a single business. The Company's operation is within India only. There being only one segment, disclosure for operating segment is not applicable.

Further, no clients individually accounted for more than 10% of the revenue in financial year ended March 31, 2021 and March 31, 2020.

39. Leases

Presentation/disclosure related to leases in financial statements is given below.

1. The Company has presented lease liability as a separate line item in schedule on 'Other Financial Liabilities'. The Company presents ROU assets (pertaining to its branch/office premises) as part of 'Properties, Plant and Equipment'.

NOTES FORMING PART OF THE ACCOUNTS

2. The Company has presented interest expenses on lease liability separately from depreciation charge for the ROU assets. Interest expenses on lease liability is a component of finance cost.
3. In cash flow statement, the Company has classified
 - a) Principal portion of lease payment as financing activities,
 - b) Interest on lease liability as financing activities,
 - c) Lease payment for short-term assets or low-value assets as operating activities.

The following table sets forth, for the period indicated, movement in carrying value of right of use assets (for branch premises).

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	429.1	419.8
Addition ¹	52.8	122.1
Deletion	(62.1)	(8.9)
Depreciation to date	(107.9)	(103.9)
Closing balance	311.9	429.1

1. Includes impact on account of lease-modifications.

The following tables set forth, for the periods indicated, details pertaining to lease liabilities.

a) movement in carrying value of lease liability

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	457.0	419.8
Addition ¹	39.8	122.1
Deletion	(63.0)	(8.9)
Finance cost accrued during the period	18.7	45.9
Payments made	(115.4)	(121.9)
Closing balance	337.1	457.0

1. Includes impact on account of lease-modifications.

b) break-up of lease liability in to current and non-current

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current lease liabilities	108.7	87.1
Non-current lease liabilities	228.4	369.9
Total	337.1	457.0

NOTES FORMING PART OF THE ACCOUNTS
c) Contractual maturities of lease liabilities on an undiscounted basis

₹ in million

Particulars	Up to one month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 year	Total
At March 31, 2021	8.9	17.8	81.9	256.5	30.2	395.3
At March 31, 2020	10.5	21.1	94.6	399.8	30.1	556.1

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Further for the year ended March 31, 2021, the Company

- Recorded expense of ₹ 14.7 million for short-term leases and for leases related to low-value leases (March 31, 2020: ₹ 17.6 million).
- Did not have any variable lease payments (March 31, 2020: Nil).
- Had not sub-leased right of use assets (March 31, 2020: Nil).
- Had total cash out flow for leases amounting to ₹ 115.4 million (March 31, 2020: ₹ 121.9 million).
- Does not have any significant restrictions or covenants imposed by leases (March 31, 2020: Nil).
- Has committed undiscounted value of the leases not yet commenced of ₹ 5.8 million (March 31, 2020: ₹ 3.9 million)

40. Provisions, commitments and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in statement of profit and loss.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Impairment on financial instruments	2,655.9	1,919.9
Others	38.7	14.3
Total	2,694.6	1,934.2

The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements.

NOTES FORMING PART OF THE ACCOUNTS

The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

Litigation

A number of litigations and claims against the Company and its directors are pending in various forums. The claims on the Company mainly arise in connection with civil cases involving allegations of service deficiencies, property or labor disputes, fraudulent transactions, economic offences and other cases filed in the normal course of business. The Company is also subject to counter-claims arising in connection with its enforcement of contracts and loans. A provision is created where an unfavorable outcome is deemed probable and in respect of which a reliable estimate can be made. In view of inherent unpredictability of litigation and cases where claims sought are substantially high, actual cost of resolving litigations may be substantially different than the provision held. The total amount of provision made was ₹ 5.2 million at March 31, 2021 (March 31, 2020: ₹ 7.3 million).

Based upon a review of open matters with its legal counsels including loss contingency on account of such litigation and claims, and classification of such contingency as 'probable', 'possible' or 'remote' and with due provisioning for the relevant litigation and claims, the management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

The following table sets forth, for the periods indicated, movement in provision for legal cases.

₹ in million		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening provision	7.3	6.4
Provision made during the year	3.7	1.0
Utilisation	(0.8)	(0.1)
Provision reversed during the year	(5.0)	-
Closing provision	5.2	7.3

Claims filed against the Company not acknowledged as debt amounted to ₹ 12.8 million at March 31, 2021 (March 2020: ₹ 9.3 million).

Loan commitments

The Company has outstanding undrawn commitments to provide loans to customers. These loan commitments aggregated ₹ 6,372.7 million at March 31, 2021 (March 31, 2020: ₹ 10,194.5 million). Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

NOTES FORMING PART OF THE ACCOUNTS

Capital commitments

The Company is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Estimated amounts of contracts remaining to be executed on property, plant and equipment aggregated to ₹ 19.1 million (net of advances - ₹ 8.8 million) at March 31, 2021 (March 31, 2020: Gross – ₹ 10.7 million, Net of advances – ₹ 9.9 million).

Estimated amounts of contracts remaining to be executed on intangible assets aggregated to ₹ 76.0 million (net of advances - ₹ 33.6 million) at March 31, 2021 (March 31, 2020: Gross – ₹ 68.7 million, Net of advances – ₹ 35.0 million).

Commitment towards investments

Uncalled amount towards investments at March 31, 2021 is Nil (March 31, 2020: ₹ 7.5 million).

Tax contingencies

Various tax-related legal proceedings are pending against the Company at various levels of appeal either with the tax authorities or in the courts. Where after considering all available information in the opinion of management a liability requires accrual, the Company accrues such liability.

Where such proceedings are sufficiently advanced to enable management to assess that a liability exists and are subject to reasonable estimation, management records its best estimate of such liability. Where a reasonable range of potential outcomes is estimated, management records its best estimate, or in the absence of a basis for selecting a specific estimate within a range, management records a liability no less than the lower end of the estimated range. The contested tax demands are adjusted by the tax authorities against refunds due to the Company on favorable resolution of earlier year's appeals/completion of assessments or paid. The payment/adjustment does not prejudice the outcome of the appeals filed by the Company. The advance tax payments are recorded as advance tax payments.

At March 31, 2021, the Company has assessed its contingent tax liability at an aggregate amount of ₹ 416.3 million pertaining to income tax demands by the Government of India's tax authorities for past years (March 31, 2020: ₹ 416.3 million). Based on consultation with counsel and favorable decisions in the Company's own or other cases, the management believes that the tax authorities are not likely to be able to substantiate their tax assessments and accordingly, has not provided for these tax demands at March 31, 2021. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by the Company. The key disputed liabilities are detailed below:

- a. Income tax deduction for special reserve available to financial institutions
- b. Disallowance of expenses incurred for earning tax exempt income

Based on judicial precedents in the Company's and other cases and upon consultation with tax counsels, the management believes that it is more likely than not that the Company's tax position will be sustained. Accordingly, no provision has been made in the accounts.

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41. Proposed dividend on equity shares

The Board of Directors at its meeting held on April 22, 2021, has not recommended any dividend for year ended March 31, 2021 (year ended March 31, 2020: Nil), as per the dividend pay-out policy of the Company. Further, the Company didn't paid any dividend during year ended March 31, 2021 (year ended March 31, 2020: dividend paid amounting to ₹ 44.1 million and dividend distribution tax amounting to ₹ 9.1 million).

42. Income taxes

The following table sets forth, for the periods indicated, major components of income tax expense/ (benefit).

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax expense/(benefit)		
Tax expense/(benefit) for current year	-	185.0
Adjustments for prior years	-	-
Total current tax expense/(benefit)	-	185.0
Deferred tax expense/(benefit)		
Origination and reversal of temporary difference	109.7	(142.2)
Change in tax rates	-	213.3
Total deferred tax expense/(benefit)	109.7	71.1
Total income tax expense/(benefit)	109.7	256.1

The tax expense and tax assets have been computed as per applicable tax laws and generally accepted tax computation policies and procedures. Further, there is no uncertain tax treatment.

The following table sets forth, for the periods indicated, income taxes charged or credited directly to statement of other comprehensive income.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Items that will not be reclassified to the profit or loss		
Defined benefit plan actuarial gains/(losses)	0.8	(2.8)
Change in tax rates	-	(0.2)
Items that will be reclassified to the profit or loss		
Impact due to cash flow hedge reserve	33.3	(7.9)
Change in tax rates	-	107.9
Impact due to fair value changes on loans classified under "Hold & Sell" business model	287.5	-
Change in tax rates	-	-
Income tax charged/(credited) to other comprehensive income	321.6	97.0

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Reconciliation of tax rates

The tax rate for domestic corporates as per Income Tax Act, 1961 (including surcharge and education cess) was 25.168% for the year ended March 31, 2021 (March 31, 2020: 25.168%).

The following table sets forth, for the periods indicated, reconciliation of the income taxes at statutory income tax rate to income tax expense/ (benefit) as reported.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit/(loss) before income taxes	326.4	258.9
Total		
Enacted statutory tax rate	25.168%	25.168%
Income tax expense/(benefit) at the statutory tax rate	82.1	65.2
Increases/(reductions) in taxes on account of:		
Income tax deduction for Special Reserve available to financial institutions	-	(16.7)
Exempt income (dividend)	-	(17.7)
Income charged at rates other than statutory tax rate	-	-
Changes in the statutory tax rate	-	213.3
Deferred tax not recognized	-	-
Expenses disallowed for tax purposes	27.6	12.1
Income tax expense/(benefit) reported	109.7	256.1

The effective income tax rate for year ended March 31, 2021 was 33.6% (March 31, 2020: 98.9%).

There is no re-measurement of deferred tax balances due to change in tax rates in FY2021. Effective tax rate for the year ended March 31, 2020, excluding one-time re-measurement of opening deferred tax balances was 16.5%.

Components of deferred tax balances

The tax effects of temporary differences are reflected through a deferred tax asset/liability, which is included in the balance sheet of the Company.

The following table sets forth, for the periods indicated, components of the deferred tax balances.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Deferred tax assets:		
Allowance for loan losses	943.8	1,136.6
Unused tax losses carried forward ¹	107.7	-
Cash flow hedge reserve	252.4	285.8
Others	93.1	97.7
Total	1,397.0	1,520.1

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Particulars	At March 31, 2021	At March 31, 2020
Total deferred tax asset		
Deferred tax liabilities:		
Depreciation on property, plant and equipment	108.8	102.0
Deferred loan origination expenses (net) and borrowing cost (EIR method of accounting) and interest on stage 3 loans	115.5	265.6
Fair value changes in investments and derivatives	25.7	17.3
Unrealised gains chargeable to tax on realisation basis	313.4	157.7
Fair value changes on financial assets (loans)	287.5	-
Total deferred tax liability	850.9	542.6
Net deferred tax asset/(liability)	546.1	977.5

1. Unutilised tax loss arising due to claim of bad debts written off under section 36(1)(vii) of the Income Tax Act, 1961. The same is eligible for set off against future taxable profits.

In assessing the realisability of deferred tax assets, management has considered whether it is probable that some portion or all of the deferred tax assets will not be realised. The ultimate realisation of the deferred tax asset is dependent on the generation of future taxable income during the periods in which the temporary differences become deductible. Management has considered the scheduled reversal of deferred tax liabilities, the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable incomes over the periods in which the deferred tax assets are deductible, management believes that it is probable that sufficient taxable profits will be available against which the Company will realise the benefits of those deductible differences.

The following tables set forth, for the periods indicated, movement in temporary differences during the year.

₹ in million

Particulars	Balance at April 1, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance at March 31, 2021
Allowance for loan losses	1,136.6	(192.8)	-	943.8
Deferred loan origination expenses (net) and borrowing cost (EIR method of accounting) and interest on stage 3 loans	(265.6)	150.1	-	(115.5)
Depreciation on Property, plant and equipment	(102.0)	(6.8)	-	(108.8)
Fair value changes in investments and derivatives	(17.3)	(8.4)	-	(25.7)
Cash flow hedge reserve	285.8	-	(33.4)	252.4
Unrealised gains chargeable to tax on realisation basis	(157.7)	(155.7)	-	(313.4)
Others	97.7	(3.8)	(0.8)	93.1

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Unused tax losses carried forward	-	107.7	-	107.7
Fair value changes on financial assets (loans)	-	-	(287.5)	(287.5)
Total	977.5	(109.7)	(321.6)	546.1

₹ in million

Particulars	Balance at April 1, 2019	Recognised in profit and loss account	Recognised in other comprehensive income	Balance at March 31, 2020
Allowance for loan losses	1,186.0	(49.4)	-	1,136.6
Deferred loan origination expenses (net) and borrowing cost (EIR method of accounting) and interest on stage 3 loans	(355.3)	89.7	-	(265.6)
Depreciation on Property, plant and equipment	(169.9)	67.9	-	(102.0)
Fair value changes in investments and derivatives	(3.5)	(13.8)	-	(17.3)
Cash flow hedge reserve	385.8	-	(100.0)	285.8
Unrealised gains chargeable to tax on realisation basis	-	(157.7)	-	(157.7)
Others	102.4	(7.8)	3.0	97.7
Unused tax losses carried forward	-	-	-	-
Fair value changes on financial assets (loans)	-	-	-	-
Total	1,145.5	(71.1)	(97.0)	977.5

43. Changes in Business Model and derecognition of financial assets

The National Housing Bank (NHB) in order to improve the financials, capital and liquidity structure of HFCs, had issued the following changes in its guidelines:

- increased the regulatory requirements capital adequacy ratio (CAR) from existing requirement of 12% to 15% in a phased manner by March 2022.
- mandated HFCs to cap their total borrowings (including public deposits) in a phased manner to not more than 12 times of their Net Owned Funds (NOF) at March 31, 2022 (March 31, 2020: 14 times of NOF) from the earlier 16 times.
- capped the borrowings by way of public deposit to 3 times NOF from the earlier 5 times.

The Company in order to meet its objective of maintaining leverage at desired level and well within the regulatory requirements and also to ensure that its capacity of originating new loans is not impacted due to these requirements, considered selling of certain portion of its retail mortgage through direct assignment route during year ended March 31, 2020. Further, post pandemic impact in first quarter of current financial year, the business achieved normalcy from second quarter and to achieve Company's objective over a period of time, the Company, w.e.f. October 1, 2020, as per its Board approved policy, classifies part of its newly originated loans in to 'Hold' and 'Hold and sell' categories. Further, considering the Asset Liability Maturity, liquidity

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plans and funding needs, the Company sells a part of a portfolio which has been originally classified as amortised cost.

Accordingly, during the year ended March 31, 2021, the Company has sold 90% of a portion of its retail mortgage loans through direct assignments, measured at amortised cost, to maintain reasonable leverage. As per regulatory requirement, the Company continues to hold balance 10% of those loans as Minimum Retention Requirement (MRR). The Company transferred substantially all the risks and rewards relating to assets to the buyer and accordingly, sold portion of loans was derecognised.

The following table below sets forth, for the periods indicated, the summary of carrying amounts of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Carrying amount of derecognised financial assets	15,744.0	24,108.8
Gain on derecognition of financial assets ^{1,2}	780.9	627.2

1. Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition as interest-only strip receivable with a corresponding credit to the statement of profit and loss.
2. Net-off of upfront amortisation of loan origination cost (net) of ₹ 16.8 million (March 31, 2020: ₹ 21.2 million).

44. Offsetting financial assets and financial liabilities

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set-off recognised amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability, simultaneously. Certain derivative financial instruments are subject to master netting agreements, whereby in the case of insolvency, derivative financial assets and derivative financial liabilities will be settled on a net basis.

The following tables set forth, for the periods indicated, the information on the impact of off-setting on the balance sheet and other related information.

At March 31, 2021

₹ in million

Particulars	Effect of offsetting on balance sheet			Amounts not set-off on the balance sheet			Net amount (A-B-C-D)
	Gross amounts	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet (A)	Impact of Master Netting Agreements (B)	Cash collateral (C)	collateral (D)	
Financial assets							

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Particulars	Effect of offsetting on balance sheet			Amounts not set-off on the balance sheet			Net amount (A-B-C-D)
	Gross amounts	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet (A)	Impact of Master Netting Agreements (B)	Cash collateral (C)	collateral (D)	
Other financial assets	-	-	-	-	-	-	-
Financial liabilities							
Other financial liabilities	-	-	-	-	-	-	-

At March 31, 2020

₹ in million

Particulars	Effect of offsetting on balance sheet			Amounts not set-off on the balance sheet			Net amount (A-B-C-D)
	Gross amounts	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet (A)	Impact of Master Netting Agreements (B)	Cash collateral (C)	collateral (D)	
Financial assets							
Other financial assets	-	-	-	-	-	-	-
Financial liabilities							
Other financial liabilities	-	-	-	-	-	-	-

45. Financial risk management
Introduction and overview

The Company, is exposed primarily to credit, market and liquidity risk from financial instruments. The Company is also subject to operational risks.

This section presents information about the Company's exposure to the above risks, its objectives, policies and processes for managing the risk and methods used to measure the risk.

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Risk management framework

The key principles underlying the risk management framework are as follows:

1. The Board of Directors has oversight on all the risks assumed by the Company. Specific Committees of the Board have been constituted to facilitate focused oversight of various risks. The Board reviews the risk management policies, Risk Management Committee reviews the compliance with risk management guidelines stipulated by the RBI. It reviews key risk indicators covering areas such as credit risk, interest rate risk, liquidity risk and operational risks. Audit Committee provides direction to and also monitors the quality of the internal audit function.
2. Policies approved from time to time by the Board of Directors/committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.
3. Independent groups have been constituted across the Company to facilitate independent evaluation, monitoring and reporting of various risks. These control groups function independently of the business groups/sub-groups.

The risk management framework forms the basis of developing consistent risk principles.

Material risks are identified, measured, monitored and reported to the Board of Directors and Board level committees.

Credit risk

The Company is exposed to credit risk in its lending operations. Credit risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Company, principally the failure to make required payments as per the terms and conditions of the contracts.

Objectives

The Company manages its risk with the broad objectives of mitigating the risk arising from losses on account of the default, maintaining a healthy credit portfolio, complying with regulatory norms as specified by RBI and maximising return to the stakeholders.

Policies and processes

All credit risk related aspects are governed by the Board approved Credit and Recovery Policy (CRP). CRP outlines the type of products that can be offered, customer categories, target customer profile, credit approval process and limits. The delegation structure for approval of credit limits is approved by the Board of Directors. All credit proposals relating to construction realty finance and other funding to corporates are rated by risk management team prior to approval by the appropriate forum.

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Credit approval authorisation structure

Every new credit facility and every extension or material change of an existing credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level. The Company assigns credit approval authorities to individuals according to their qualifications, experience and training, and these are reviewed periodically. The authorisation is based on the level of risk and the quantum of exposure, to ensure that the transactions with higher exposure and level of risk are put up to correspondingly higher forum/committee for approval.

In respect of retail loans, all exposures are approved under operating notes or programs approved by the Committee of Directors (COD). This involves a cluster-based approach for a particular product or for homogeneous group of individuals/business entities that comply with certain laid down parameter-based norms. The norms vary across product segments/customer profile, but typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. The individual credit proposals are evaluated and approved by executives on the basis of the product policies.

Collateral management

The Company defines collateral as the assets or rights provided to the Company by the borrower or a third party in order to secure a credit facility. The Company would have the rights of secured creditor in respect of the assets offered as security for the obligations of the borrower/obligor. The Company ensures that the underlying documentation for the collateral provides the Company appropriate rights over the collateral or other forms of credit enhancement including the right to liquidate retain or take legal possession of it in a timely manner in the event of default by the counterparty. The collateral is valued at the time of sanctioning the credit facility and loan-to-value (LTV) norms are applied as specified in the credit policies. For loan accounts classified as Stage 3, collaterals are valued on annual basis.

Impairment assessment

The Company determines credit loss allowances in accordance with Ind AS 109 as follows:

Stage 1 – Borrowers having delinquency less than or equal to 30 days past dues and not classified as Stage 2 or 3, are classified as Stage 1.

Stage 2 – Borrowers having delinquency greater than 30 days past dues or where the contractual terms of the loans are renegotiated/modified as per the RBI circular on resolution framework for Covid-19 related stress dated August 6, 2020.

Stage 3 – Borrowers identified as Credit Impaired.

However, where moratorium is granted to borrower in accordance with extant guidance of regulator, assets classification/staging is also in accordance with the guidance.

The assignment of a financial instrument to Stage 3 is based on the status of the obligor being in default (i.e. having delinquency more than 90 days) or where the contractual terms of the loans are renegotiated/modified, other than those where contractual terms of the loans are renegotiated/modified as per the RBI circular on resolution framework for Covid-19 related stress

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dated August 6, 2020 or identified as credit impaired. The expected credit loss calculation for Stage 3 distinguishes between transactions in homogeneous and non-homogenous portfolios.

Default

The Company considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for Expected Credit Loss (ECL) in all cases when the borrower becomes 90 days past due on its contractual payments. The Company also considers following for classification as stage 3:

- a. If terms of repayment are modified, other than those as per RBI circular on resolution framework for COVID-19 related stress.
- b. Overdue accounts based on future cash flows being negative.
- c. Cases where fraud has been identified.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether a borrower accounts is subject to 12-month ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure in retail loans to have significantly increase in credit risk if a borrower becomes 30 (DPD) on its contractual payments or where the contractual terms of loans with respect to EMI payments and/or tenure of the loans are renegotiated/modified, as per RBI circular on resolution framework for COVID-19 related stress. In addition to days past due criteria, the Company also considers an exposure in Real estate loans to have significant increase in credit risk on moving a customer to watch list.

Basis of inputs, assumptions and the estimation techniques

The Company calculates ECL for each financial asset individually. Similarly, the determination of the need to transfer between stages is made on an individual asset basis. The Company uses three main components to measure ECL. These are Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). Risk Management Committee approves the underlying estimates, assumptions and methodology for computing allowances.

The estimation techniques for the input factors for retail portfolio of the Company are described in more detail below.

Probability of default (PD)

One year PD - For the purpose of PD estimation, the portfolio is segmented based on months-on-books and days past due (DPD) status. For estimating the PD, historical data at quarterly time points have been used. The one-year PD is generated by taking a simple average of the defaults rates of the most recent 20 quarters of the corresponding pool.

Life time PD – 13-year default rate is considered for lifetime PD estimation since it has been observed that the cumulative PD curve tends to flatten out by 12th year. For cohorts where observation window is less than 13 years, a chain ladder approach has been used to project defaults rates over 13 years. The lifetime PD curves have been generated by taking a simple average of the cumulative PD curves of the most recent 20 quarters of the corresponding pool.

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Since a Stage 3 transaction is defaulted, the probability of default is equal to 100%.

With the outbreak of COVID-19 in March 2020, country wide lockdown was imposed which impacted the Indian economy. The slowdown caused due to lockdown impacted the new loan originations and collection efficiencies during first half of current financial year. The economic activity which started improving post November 2021, improved considerably in the last quarter of current financial year leading to loan originations as well as collection efficiencies reaching at pre COVID levels.

The starting of second wave of COVID-19 pandemic and subsequent lockdown by various state governments with major impacted states being Maharashtra, MP and Chhattisgarh. The future development will currently depend on the success of governments vaccination drive and the number of days & geographical stretch of current lockdown. Based on the impact of lockdown due to second wave globally and stance by the Government of India this lockdown will be more of regional lockdowns only as opposed to lockdown in first wave.

As seen during the first wave of COVID-19 pandemic the impact on certain type of borrowers like self-employed borrower segment would be more than the salaried segment due to impact on working capital cycle caused by closure of business during the lockdown. In case of retail loans, the Company calculates ECL on a collective basis. The portfolio is segmented based on nature of products, months-on-books and DPD status. Further, the Company has segmented the portfolio, in to salaried and self-employed borrowers for arriving at the potential impact on probability of default. The Company for lack of any other comparable event of this nature has assumed the financial crisis of 2008 as a benchmark in deciding on the future PD.

The Company has carried out scenario analysis based on PD observed during the financial crisis during the year ended March 31, 2009 compared to pre-financial crisis PD to arrive at the scalar to be multiplied with the currently observed PD to consider the expected impact due to COVID-19. The resultant scalars arrived at post the analysis were higher for self-employed segment in comparison to salaried segment.

Loss Given Default (LGD)

LGD is defined as the likely loss intensity in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. For estimation of LGD, portfolio is segmented based on the default status. The LGD for the non-default segment has been considered for all Stage 1 assets. The time horizon ensures that the projected recoveries used for LGD estimation are based on the defaults that have seen at least three years of recovery. The LGD estimation for the non-default segment at each of the financial year end has been based on the observed recoveries for the accounts moving in to default over the next one year. For cohorts where less than 6 years of observed recoveries are available, the recoveries are projected using chain ladder projection method. The recoveries are discounted to the default period using the cost of funds for the respective periods.

The Company expects that there would be no impact on the LGDs of non-default segment. In case of LGDs of default segments, the Company applied overlays ranging from 0.24% to 46.86% across various default segments. The Company, in order to factor prolonged impact of COVID-19 on the economy, increase in GNPA across HFC's post release of Performa NPA leading to lag

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in SARFESI proceedings and companies resorting to one time settlements with deeper discounts, applied these overlays over and above the LGDs as per the existing model.

Exposure at Default (EAD)

The EAD is defined as the expected amount of the credit exposure to a counterparty at the time of its default. For cases involving undrawn amount, a percentage share of undrawn amount is added to the outstanding amount in order to appropriately reflect the expected outstanding amount in case of a counterparty default. The calibrations of such parameters are based on regulatory guidelines and product type specifics.

Real Estate Loans

For real estate loans the Company carried out the individual borrower wise assessment to quantify the COVID-19 impact. The Stage 1 and 2 assets were analysed based on scenario analysis to arrive at the potential COVID-19 impact. Scenarios analysis was done basis impact on sales/future demand and asset valuation.

Further, impact analysis has been done considering the developer pedigree, project completion stage, promoter's vested interest, affordability factor, sales velocity, location advantage and repayment track record parameters. With this impact analysis, the cases which are having low and medium impact are classified under Stage 1 whereas the cases having high impact are classified under Stage 2 accounts.

Cash flow analysis was done to arrive at final allowance for each account in construction realty finance, which are classified as Stage 3.

The underlying forecasts and assumptions applied in the determination of ECL provision are subject to uncertainties which are often outside of the Company's control and accordingly, actual results may differ from these estimates.

Potential impact of second wave of COVID-19 pandemic on credit risk management practices and actions of mitigation

The Company is taking following additional measures to ensure the ongoing effectiveness of risk management, maintaining a strong, diversified and resilient portfolio and ensuring that areas of growth are controlled and sustainable.

- Engagement of customer through dedicated relationship manager and collection team for regularisation of standard accounts
- Policy intervention by way of identifying positive and negative sectors and geographies for future funding need of the customers
- Realigning the product suite by way of differentiated product mix offering to different segments of borrowers
- Diversification of geographical concentration risk by way of varied maximum ticket size based on target geography
- Enhanced field monitoring for partly disbursed retail home loans in under construction projects

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- For developer loans, stringent escrow management, field monitoring and engagement with promoters

Quantitative disclosures on credit risk

The following sections pertain to quantitative disclosures on maximum exposure for the Company.

Maximum credit risk exposure

The following table sets forth, for the periods indicated, the carrying amount of financial assets.

₹ in million

Category	At March 31, 2021	At March 31, 2020
Balances with banks	7,436.4	221.0
Deposits with banks	460.5	708.5
Derivative financial instruments	681.4	1,663.8
Trade receivables (net of allowances)	25.8	49.9
Advances (net of allowances) ¹	137,578.2	1,40,923.5
Other assets	1,463.7	742.7
Total	147,646.0	144,309.4

1. Advances generally have a significant level of collateralisation depending on the nature of the product. Mortgage loans are secured against residential/commercial property as collateral and loan against securities are secured against securities. Lending to construction finance customers is also secured. Collateral provides a secondary source of repayment for funds advanced in the event that a customer cannot meet their contractual repayment obligations.

Reconciliation of gross carrying amount of loans and advances

The following tables set forth, for the periods indicated, movement in gross carrying amount of loans and advances.

₹ in million

Particulars	Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at April 1, 2020	132,855.5	4,148.7	8,460.7	145,464.9
Loans and advances originated ¹	37,902.9	192.2	-	38,095.1
Loans and advances purchased	-	-	-	-
Assets derecognised (on repayment and assignments, excluding write-offs) ²	(39,679.2)	(195.8)	(320.4)	(40,195.4)
Changes due to fair value changes on loans classified under "Hold & sell" business model	1,096.7	-	-	1,096.7
Transfer to Stage 1	5,070.6	(4,940.8)	(129.8)	-
Transfer to Stage 2	(15,834.2)	15,863.9	(29.7)	-
Transfer to Stage 3	(195.4)	(4,441.2)	4,636.6	-
Amount written off	-	-	(3,231.7)	(3,231.7)

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Particulars	Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Balance at March 31, 2021	121,216.9	10,627.0	9,385.7	141,229.6

1. Includes interest capitalised on loans under moratorium.

2. Includes asset derecognized amounting to ₹ 15,744.0 million, including direct assignment of retail mortgage loans.

In accordance with the regulatory packages announced by the Reserve Bank of India on March 27, 2020, April 17, 2020 and May 23, 2020, the Company, as per its Board approved policy, has extended the option of payment moratorium for all amounts falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. In line with the regulatory packages, the asset classification remained standstill during the moratorium period in respect of such accounts. The aggregate outstanding (at March 31, 2020) to borrowers to whom moratorium was extended and which were overdue but standard (stage 1 and 2) at February 29, 2020 amounted to ₹ 7,299.0 million. The Company holds loan loss allowances against these borrowers amounting to ₹ 584.8 million at March 31, 2021 (at March 31, 2020: ₹ 478.1 million).

₹ in million

Particulars	Year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Balance at April 1, 2019	126,698.6	2,641.1	7,438.6	136,778.3
Loans and advances originated	64,349.8	-	-	64,349.8
Loans and advances purchased	63.3	-	-	63.3
Assets derecognised (on repayment and assignments, excluding write-offs) ^{1,2}	(54,537.3)	(565.4)	(173.4)	(55,276.1)
Changes due to fair value changes on loans classified under "Hold & sell" business model	-	-	-	-
Transfer to Stage 1	2,155.0	(1,840.7)	(314.3)	-
Transfer to Stage 2	(5,471.1)	5,952.9	(481.8)	-
Transfer to Stage 3	(402.8)	(2,039.2)	2,442.0	-
Amounts written-off	-	-	(450.4)	(450.4)
Balance at March 31, 2020	132,855.5	4,148.7	8,460.7	145,464.9

1. Includes direct assignment of retail mortgage loans amounting of ₹ 24,108.8 million.

2. Includes ₹ 1,205.9 million as part of sale of consumer finance business on slump sale basis.

NOTES FORMING PART OF THE ACCOUNTS
Reconciliation of allowances for loans and advances

The following tables set forth, for the periods indicated, movement in impairment allowance for loans and advances.

₹ in million

Particulars	Measured at an amount equal to 12-month credit losses	Measured at an amount equal to life time expected credit losses on non-credit impaired financial instruments	Measured at an amount equal to life time expected credit losses on credit impaired financial instruments	On financial assets that are purchased or originated credit impaired	Total
Impairment allowance at April 1, 2020	411.9	368.4	3,761.1	-	4,541.4
New assets originated ¹	81.0	18.1	-	-	99.1
Transfer to 12-month credit losses	524.0	(486.1)	(37.9)	-	-
Transfer to life-time credit losses –not credit impaired	(525.5)	529.9	(4.4)	-	-
Transfer to life-time credit losses impaired – credit impaired	(5.0)	(565.5)	570.5	-	-
Reversal on write-off	-	-	(2,671.3)	-	(2,671.3)
Reversal on recovery	(67.0)	(46.7)	(542.6)	-	(656.3)
Changes in provision on account of migration between stages and in same stage due to change in buckets	(64.1)	1,229.6	1,173.0	-	2,338.5
Impairment allowance at March 31, 2021	355.3	1,047.7	2,248.4	-	3,651.4

1. Includes ECL on interest capitalised on loans under moratorium.

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk and change in probability of default and loss given default due to estimated impact of COVID-19 pandemic. The extent to which second wave of COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Company has conducted a qualitative assessment and has considered a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances.

NOTES FORMING PART OF THE ACCOUNTS

₹ in million

Particulars	Measured at an amount equal to 12-month credit losses	Measured at an amount equal to life time expected credit losses on non-credit impaired financial instruments	Measured at an amount equal to life time expected credit losses on credit impaired financial instruments	On financial assets that are purchased or originated credit impaired	Total
Impairment allowance at April 1, 2019	273.7	190.5	2,983.4	-	3,447.6
New assets originated	128.9	-	-	-	128.9
Transfer to 12-month credit losses	195.6	(120.1)	(75.5)	-	-
Transfer to life-time credit losses –not credit impaired	(44.3)	117.0	(72.7)	-	-
Transfer to life-time credit losses impaired – credit impaired	(5.2)	(148.7)	153.9	-	-
Reversal on write-off	-	-	(451.5)	-	(451.5)
Reversal on recovery	(26.1)	(27.3)	(50.9)	-	(104.3)
Changes in provision on account of migration between stages and in same stage due to change in buckets	(110.7)	357.0	1,274.4	-	1,520.7
Impairment allowance at March 31, 2020	411.9	368.4	3,761.1	-	4,541.4

The following table sets forth, for the periods indicated, the closing balance of impairment allowance on loans and advances.

₹ in million

Particulars	March 31, 2021	March 31, 2020
Impairment allowances measured at an amount equal to 12-month credit losses	355.3	411.9
Impairment allowances measured at an amount equal to life time expected credit losses on non-credit impaired financial instruments	1,047.7	368.4
Impairment allowances measured at an amount equal to life time expected credit losses on credit impaired financial instruments	2,248.4	3,761.1
Total	3,651.4	4,541.4

NOTES FORMING PART OF THE ACCOUNTS

The following tables set forth, for the periods indicated, comparison between provisions required as per Income Recognition, Asset Classification and Provisioning norms as per RBI and impairment allowances made under Ind AS 109.

₹ in million

At March 31, 2021	Stage	Gross Carrying amount as per Ind As	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per RBI	Difference between Ind As 109 Provisions and IRACP Norms
A. Performing Assets						
Standard	Stage 1 ¹	1,21,262.5	400.9	120,861.6	408.2	(7.3)
	Stage 2	10,627.0	1,047.7	9,579.3	516.3	531.4
Sub-Total		131,889.5	1,448.6	130,440.9	924.5	524.1
B. Non Performing Assets (NPA)						
a) Sub-standard	Stage 3	4,723.5	687.8	4,035.7	674.5	13.3
b) Doubtful						
Doubtful - upto 1 year	Stage 3	1,315.7	421.7	894.0	298.3	123.4
Doubtful - 1-3 years	Stage 3	2,909.9	890.0	2,019.9	657.5	232.5
Doubtful - More than 3 years	Stage 3	436.6	248.9	187.7	431.4	(182.5)
Sub-total for Doubtful		4,662.2	1,560.6	3,101.6	1,387.2	173.4
c) Loss	Stage 3	-	-	-	-	-
Sub-total for NPAs(B)		9,385.7	2,248.4	7,137.3	2,061.7	186.7
C. Other items such as guarantees, loan commitments etc. which are in the scope of Ind AS 109 but not covered under current NHB Norms	Stage 1 ²	6,372.7	20.0	6,352.7	-	20.0
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Sub-total (C)		6,372.7	20.0	6,352.7	-	20.0
Total	Stage 1	127,635.2	420.9	127,214.3	408.2	12.7
	Stage 2	10,627.0	1,047.7	9,579.3	516.3	531.4
	Stage 3	9,385.7	2,248.4	7,137.3	2,061.7	186.7

NOTES FORMING PART OF THE ACCOUNTS

At March 31, 2021	Stage	Gross Carrying amount as per Ind As	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per RBI	Difference between Ind As 109 Provisions and IRACP Norms
	Total	147,647.9	3,717.0	143,930.9	2,986.2	730.8

1. EAD includes fair value gain on FVOCI pool and unamortised EIR income/expense. ECL includes ECL on FVOCI pool.

2. Represents loan commitment

Impairment on financial instruments by category

The following tables sets forth, for the periods indicated, closing balances of impairment allowances by category of financial instruments.

₹ in million

Particulars	At March 31, 2021		
	On financial instruments measured at amortised cost	On financial instruments measured as fair value through other comprehensive income	Total
Loan and advances ¹	3,651.4	-	3,651.4
Trade receivables	27.9	-	27.9
Total	3,679.3	-	3,679.3

1. Excluding allowance for loan commitment of ₹ 20.0 million.

₹ in million

Particulars	At March 31, 2020		
	On financial instruments measured at amortised cost	On financial instruments measured as fair value through other comprehensive income	Total
Loan and advances ¹	4,541.4	-	4,541.4
Trade receivables	24.8	-	24.8
Total	4,566.2	-	4,566.2

1. Excluding allowance for loan commitment of ₹ 12.0 million.

NOTES FORMING PART OF THE ACCOUNTS

Ageing analysis of loans and advances

The following tables set forth, for the periods indicated, the ageing analysis of gross carrying amount of loans and advances.

₹ in million

Particulars	At March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Not due	121,161.5	10,388.8	1,023.7	132,574.0
Overdue up to 30 days	55.4	3.6	-	59.0
Overdue 31 – 60 days	-	70.4	-	70.4
Overdue 61 – 90 days	-	95.6	-	95.6
Overdue More than 90 days ¹	-	68.6	8,362.0	8,430.6
Total	121,216.9	10,627.0	9,385.7	141,229.6

1. Includes installments which are not due.

₹ in million

Particulars	At March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Not due	1,32,801.4	4,002.0	31.6	1,36,835.0
Overdue up to 30 days	54.1	6.0	-	60.1
Overdue 31 – 60 days	-	51.7	2.5	54.2
Overdue 61 – 90 days	-	89.0	-	89.0
Overdue More than 90 days ¹	-	-	8,426.6	8,426.6
Total	1,32,855.5	4,148.7	8,460.7	1,45,464.9

1. Includes installments which are not due.

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity was ₹ 2,800.8 million at March 31, 2021 (March 31, 2020: ₹ 5.8 million).

Concentration of credit risk

Credit risk is monitored in accordance with the guidelines stipulated by the RBI. None of the borrower has exceeded the Single Borrower Limit and Group Borrower Limit as set by the regulator during the year ended March 31, 2021.

The following table sets forth, for the periods indicated, the product wise concentration of loans and advances.

₹ in million

Particulars	At March 31, 2021	At March 31, 2020
Mortgage loans	137,757.1	1,38,736.0
Real estate loans	3,406.6	6,558.9
Loan against securities/deposits	17.6	151.6
Gold loan	48.3	18.4
Grand Total	141,229.6	1,45,464.9

NOTES FORMING PART OF THE ACCOUNTS

Loans under RBI resolution framework

The following table set forth, for the periods indicated, details with respect to loans where resolution plan has been implemented as per RBI circular on "Resolution Framework for COVID-19 – related stress" dated August 6, 2020.

₹ in million, except number of accounts

Type of borrower	(A) Number of accounts where resolution plan has been implemented	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provision on account of the implementation of the resolution plan
Personal loans	1,246	3,299.2	-	-	300.8
Corporate persons	-	-	-	-	-
<i>Of which, MSMEs</i>	-	-	-	-	-
Others	1	10.5	-	-	1.0
Total	1,247	3,309.7	-	-	301.8

Further, the Company has also invoked restructuring on 266 loans amounting to ₹ 2,490.2 million, where implementation is in process. The implementation on these loans will be done till June 30, 2021, as permitted by RBI guidelines.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company has Asset Liability Management Committee (ALCO) which reviews the Asset Liability profile and interest rates on regular basis. The Company has Board approved ALM Policy, which prescribes broad overview on liquidity risk. The tools used by the Company in liquidity risk management include gap analysis (ALM statements) and liquidity ratios such as high value customer deposits to total funding resources. For measuring and managing net funding requirements, the Company has adopted use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates.

The Statement of Structural Liquidity is prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. The Company monitors absolute and/or cumulative mismatches across all time buckets by establishing internal prudential limits consistent with regulatory requirements.

NOTES FORMING PART OF THE ACCOUNTS

Liquidity Contingency Plan

The statement of structural liquidity is used as a standard tool for measuring and managing net funding requirements and the assessment of a surplus or shortfall of funds in various maturity buckets in the future. The Company has certain resources (enumerated as below) at its disposal for meeting the shortfall in liquidity if the outflows of cash occur significantly earlier than indicated in the ALM statements, or are for significantly different amounts from those indicated in the ALM statements.

- Balances in schemes of mutual funds
- Line of credit (overdraft limit) from banks
- Other liquid investments (in excess of statutory requirements, if any)

In addition to above, the Company has other avenues such as issuance of commercial paper, bonds/Non-Convertible Debentures (NCD), term loans or borrowings from banks and institutions including undrawn term loans and fixed deposits through which additional liquidity can be generated.

Potential impact of second wave of COVID-19 pandemic and actions of mitigation

The company had taken the following steps in managing the liquidity risk during year ended March 31, 2021 considering COVID situation:

- Increased the liquidity threshold under the Liquidity Contingency Plan (LCP)
- Prepared a plan for dues upto next 180 days and accordingly calibrated the funds requirement with assumption that new collections and borrowings will be disrupted severely
- Assessment of structural liquidity after factoring the moratorium effect and expected change in prepayment behavior of the borrower to address liquidity issues arises, if any

The company has observed no negative impact on liquidity during last year. The Company continues to keep ample liquidity and monitoring liquidity positions as part of Liquidity Contingency Plan.

Maturity analysis for financial liabilities

The tables below set forth, for the periods indicated, the cash flows under financial liabilities as per their residual contractual maturities at the balance sheet date.

₹ in million

March 31, 2021	Up to one month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 year	Total
Trade payables	1,541.9	-	-	-	-	1,541.9
Debt securities (including estimated interest)	2,147.6	3,219.9	4,834.0	24,561.2	205.3	34,968.0
Borrowings (including	107.0	2,825.0	6,371.5	47,508.6	8,847.0	65,659.1

NOTES FORMING PART OF THE ACCOUNTS

March 31, 2021	Up to one month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 year	Total
estimated interest)						
Deposits (including estimated interest)	529.1	2,883.4	19,003.8	11,965.6	812.6	35,194.5
Subordinate liabilities (including estimated interest)	-	76.6	224.7	1,205.1	6,151.3	7,657.7
Loan commitments	296.8	880.6	1,116.8	1,428.6	-	3,722.8
Derivative financial liabilities	-	8.7	25.7	1,400.4	-	1,434.8
Other financial liabilities ¹	5,152.8	17.8	81.9	228.5	-	5,481.0

1. Excluding interest accrued.

₹ in million

March 31, 2020	Up to one month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 year	Total
Trade payables	918.3	-	-	-	-	918.3
Debt securities (including estimated interest)	86.6	2,956.1	5,226.6	20,058.6	-	28,327.9
Borrowings (including estimated interest)	377.2	3,462.9	14,358.1	73,094.5	4,387.0	95,679.7
Deposits (including estimated interest)	406.5	1,746.9	12,153.9	29,587.1	1,023.7	44,918.1
Subordinate liabilities (including estimated interest)	-	-	-	-	-	-
Loan commitments	536.2	977.2	1,097.0	1,236.6	-	3,847.0

NOTES FORMING PART OF THE ACCOUNTS

March 31, 2020	Up to one month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 year	Total
Derivative financial liabilities	-	-	-	1,842.2	-	1,842.2
Other financial liabilities ¹	2,991.9	14.1	66.1	336.6	33.2	3,441.9

1. Excluding interest accrued.

For non-derivative financial liabilities, amounts represent undiscounted cash flows.

Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity price risk.

- a. Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured. The Company has exposure to foreign exchange risk by virtue of External Commercial Borrowings (ECBs). The Company entered into derivative transactions to hedge the risk towards adverse movement in foreign exchange and interest rate. The Company had taken derivative positions which is a principal only swap, interest rate swap and forwards of upto maturity for all cash flows arising out of the interest rate swaps to mitigate these risks on the ECBs. There have been no changes in the contractual terms of the hedged item and hedging instrument pursuant to the COVID-19 outbreak. Refer note no. 50 for details for hedges.

The Company does not have any foreign currency exposure except external commercial borrowings denominated in USD.

- b. Interest rate risk is the risk that changes in market interest rates might adversely affect the Company's financial condition. It is the risk of potential variability in earnings and capital value resulting from changes in market interest rates. A company generally faces interest rate risk when one side of the balance sheet largely has rate sensitive items and the other side has rate insensitive items. Interest rate risk arises on interest-bearing financial instruments recognised in the balance sheet (e.g. debt instruments acquired or issued) and on some financial instruments not recognised in the balance sheet (e.g. loan commitments). The Company uses various tools including gap analysis, Earnings at Risk (EaR) and duration of equity (DoE) for interest risk management.

The following table sets forth, for the periods indicated, the break-up of borrowings into variable rate and fixed rate.

Particulars	At March 31, 2021	At March 31, 2020
Variable rate borrowings	25.65%	44.80%

NOTES FORMING PART OF THE ACCOUNTS

Fixed rate borrowings	74.35%	55.20%
Total borrowings	100.00%	100.00%

At March 31, 2021, the Company has Earnings (Profit) at Risk (EaR) impact of ₹ 74.1 million (March 31, 2020: ₹ 24.2 million) due to interest rate sensitivity of 100 basis point adverse change in borrowing rates and 50 basis point adverse change in lending rates as per approved Asset Liability Management Policy of the Company.

- c. Equity price risk is the risk that the fair value of equities decreases as the result of changes in their prices. The Company does not trade into equities. The unquoted investments are valued in accordance with Ind AS 113 'Fair Value Measurements'. The Company does not have any significant amount of investments in equities.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk management in the Company follows three lines of defense approach:

1. First line of defense is business line management –They are responsible for identifying and managing operational risks inherent in the products and processes. They are also responsible for assessing and enhancing controls thereby promoting strong risk culture.
2. Second line of defense is risk management group –They are responsible for independent review of processes and functions and implementation of the operational risk management function in the Company. Key responsibilities include risk identification, risk assessment, risk measurement, risk monitoring, and risk reporting.
3. Third line of defense is internal audit department –They provide independent assurance that the first and second lines are operating in line with policies, regulations and internal standards defined for management of operational risk in the Company.

Operational risk and related areas are governed by the Board approved policies.

Potential impact of second wave of COVID-19 pandemic and actions of mitigation

COVID-19 has impacting businesses globally by disrupting supply chains, travel, operations and financial markets. To ensure continuity of critical activities, the Company has adopted work from home policy during the lockdown period.

The Company adapted to the changed environment in a very short period of time. It also addressed the potential risks which posed themselves due to offsite working typically on internal processes and system vulnerabilities. The Company also ensured seamless accessibility of critical systems through Virtual Private Network thereby minimizing the risk of security/data breaches and cyberattacks. This enabled the Company to provide work experience very close to the way employees work from office with adequate controls in place.

NOTES FORMING PART OF THE ACCOUNTS

To safeguard its infrastructure and employees' health and safety, the Company continued tracking of all closed branch/offices premises and also ensured employee engagements.

The Company, as described above, has adequately managed its operations during first phase of Covid-19 and is poised to adequately manage its operations during the second wave of COVID-19.

46. Fair value measurements

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised are disclosed in note 3.

a) Valuation framework

Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The Company uses valuation models for computing the valuation of instruments wherever a traded price is not readily available for such instruments.

Fair value hierarchy

The Company measures fair values using the following value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1

Valuation is based upon unadjusted quoted prices of identical instruments traded in active markets. The instruments that have been valued based upon such quoted prices include mutual funds.

Level 2

Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, prices quoted by market participants and prices derived from valuation models which use significant inputs that are observable in active markets. The instruments that have been valued based upon such valuation include derivatives.

Level 3

Valuation is based on valuation techniques or models which use data based on unobservable market input or assumptions. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques

NOTES FORMING PART OF THE ACCOUNTS

and at least one significant model assumption or input is unobservable or when determination of the fair value requires significant management judgment or estimation.

Valuation models

Level 1

Prices quoted in active markets – The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent prices at which regularly and recently occurring transactions take place.

Level 2

Valuation techniques with observable inputs - The Company uses valuation techniques to establish the fair value of instruments where prices, quoted in active markets, are not available. Valuation techniques used for financial instruments include modeling techniques, the use of indicative quotes for proxy instruments, quotes from recent and less regular transactions and broker quotes.

Derivatives are valued using mark-to-market receivable/payable indicated by the counterparties. The valuation derived based on counterparties quote are also independently validated.

Level 3

Valuation techniques with significant unobservable inputs - This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table sets forth, carrying value and fair value of financial instruments by categories at March 31, 2021.

₹ in million

Particulars	Fair value through P&L	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Assets							
Cash and cash equivalents	-	-	-	-	7,436.4	7,436.4	7,436.4
Bank deposits	-	-	-	-	460.5	460.5	460.5
Derivative financial instruments	-	681.4	-	-	-	681.4	681.4
Trade receivables	-	-	-	-	25.8	25.8	25.8

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Fair value through P&L	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Loans	-	-	-	14,442.0	123,136.2	137,578.2	137,578.2
Investments	1,460.0	-	-	-	2,921.9	4,381.9	4,408.4
Other financial assets	-	-	-	-	1,463.7	1,463.7	1,463.7
Total	1,460.0	681.4	-	14,442.0	135,444.5	152,027.9	152,054.4
Liabilities							
Derivative financial instruments	-	1,434.8	-	-	-	1,434.8	1,434.8
Trade and other payables	-	-	-	-	1,541.9	1,541.9	1,541.9
Borrowings (including Debt securities and Deposits)	-	-	-	-	126,658.3	126,658.3	128,919.2
Other financial liabilities	-	-	-	-	7,271.2	7,271.2	7,271.2
Total	-	1,434.8	-	-	135,471.4	136,906.2	139,167.1

At March 31, 2021, financial assets carried at fair value through P&L was ₹ 1,460.0 million, financial assets carried at fair value through OCI was ₹ 14,442.0 million and financial assets carried at amortised cost was ₹ 135,444.5 million. The significant portion of financial assets carried at fair value through P&L are mainly investments in liquid debt securities (classified as Level 1) and accordingly, any material volatility is not expected.

Loans and advances carried at amortised cost or at fair value through OCI, which are valued considering allowances for losses using Expected Credit Loss (ECL) method. In addition to the historical pattern of credit loss, the Company considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. Based the assessment as given in note 45 on ECL, the allowance for loans of ₹ 3,651.4 million at March 31, 2021 is considered adequate.

Significant amount of financial assets, other than loans and advances which are carried at amortised cost are in the form of cash and cash equivalents, bank deposits, government securities where in the Company does not expect any increase in credit risk.

NOTES FORMING PART OF THE ACCOUNTS

The following table sets forth, carrying value and fair value of financial instruments by categories at March 31, 2020.

₹ in million

Particulars	Fair value through P&L	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value	Total fair value
Assets						
Cash and cash equivalents	-	-	-	221.0	221.0	221.0
Bank deposits	-	-	-	708.5	708.5	708.5
Derivative financial instruments	-	1,663.8	-	-	1,663.8	1,663.8
Trade receivables	-	-	-	49.9	49.9	49.9
Loans	-	-	-	140,923.5	140,923.5	140,923.5
Investments	3,727.3	-	-	2,216.3	5,943.6	5,982.3
Other financial assets	-	-	-	742.7	742.7	742.7
Total	3,727.3	1,663.8	-	144,861.9	150,253.0	150,291.7
Liabilities						
Derivative financial instruments	-	1,842.2	-	-	1,842.2	1,842.2
Trade and other payables	-	-	-	918.3	918.3	918.3
Borrowings (including Debt securities and Deposits)	-	-	-	128,656.5	128,656.5	131,263.3
Other financial liabilities	-	-	-	5,474.8	5,474.8	5,474.8
Total	-	1,842.2	-	135,049.6	136,891.8	139,498.6

NOTES FORMING PART OF THE ACCOUNTS

The following tables set forth, for the periods indicated, an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1, 2 and 3.

₹ in million

At March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Investments				
Mutual funds	997.6	-	-	997.6
Equity Shares	-	-	446.3	446.3
Units of venture capital funds	-	-	16.1	16.1
Loans classified under "Hold & sell" business model	-	-	14,442.0	14,442.0
Derivative financial assets	-	681.4	-	681.4
Total	997.6	681.4	14,904.4	16,583.4
Financial liabilities				
Derivative financial liabilities	-	1,434.8	-	1,434.8
Total	-	1,434.8	-	1,434.8

₹ in million

At March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Investments				
Mutual funds	3,314.7	-	-	3,314.7
Equity Shares	-	-	386.0	386.0
Units of venture capital funds	-	-	26.6	26.6
Loans classified under "Hold & sell" business model	-	-	-	-
Derivative financial assets	-	1,663.8	-	1,663.8
Total	3,314.7	1,663.8	412.6	5,391.1
Financial liabilities				
Derivative financial liabilities	-	1,842.2	-	1,842.2
Total	-	1,842.2	-	1,842.2

NOTES FORMING PART OF THE ACCOUNTS**b) Financial instruments not measured at fair value measurement****Estimated fair value of financial instruments**

Fair value estimates are generally subjective in nature and are made at a specific point in time based on the characteristics of the financial instruments and relevant market information. Quoted market prices are used, wherever available. In other cases, fair values are based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and may not be realised in an immediate sale of the instruments.

The short-term financial assets (cash and cash equivalents, other bank balances, receivables and other assets) and liabilities (Trade payables and other liabilities) are stated at amortised cost, which is approximately equal to their fair value.

The details of methods and assumptions used by the Company in estimating the fair values of financial instruments is given below.

i. Loans and advances

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, hence carrying value of loan approximates fair value. The advances are classified as level 3 instruments in view of absence of any significant market observable data for valuation of these instruments.

ii. Investments

The Company has investments in government securities which are carried at amortised cost. The fair value of these investments are computed based on prices published by Fixed Income Money Market and Derivatives Association (FIMMDA)/Financial Benchmark India Private Limited (FIBIL).

iii. Debt securities and other borrowings (including fixed deposits)

The fair value of the Company's debt is estimated by discounting future contractual cash flows using appropriate interest rates and credit spreads. The carrying value short-term borrowings approximates fair value. The borrowings in the form of bonds and debentures (including MLDs and sub-debts) are classified as level 2 instruments. All other borrowings are classified as level 3 instruments.

NOTES FORMING PART OF THE ACCOUNTS

The following tables set forth, for the period indicated provides an analysis of fair value of financial instruments that are not measured at fair value on recurring basis, grouped into Level 1, 2 and 3 categories.

₹ in million

At March 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Loans	-	-	123,136.2	123,136.2
Investments	2,948.4	-	-	2,948.4
Total	2,948.4	-	123,136.2	126,084.6
Financial liabilities				
Borrowings	-	34,266.1	94,653.1	128,919.2
Total	-	34,266.1	94,653.1	128,919.2

₹ in million

At March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Loans	-	-	140,923.5	140,923.5
Investments	2,255.0	-	-	2,255.0
Total	2,255.0	-	140,923.5	143,178.5
Financial liabilities				
Borrowings	-	23,245.8	108,017.5	131,263.3
Total	-	23,245.8	108,017.5	131,263.3

c) Reclassification of financial assets

During financial year ended March 31, 2021 and March 31, 2020, the Company has not reclassified any of financial assets from one category to another category.

d) Movement in level 3 financial instruments measured at fair value

The following tables set forth, for the periods indicated, the reconciliation of the opening and closing amounts of level 3 financial assets measured at fair value.

₹ in million

Description	Equity instruments	Units of Venture capital fund	Loans Measured at fair value	Total
Opening balance at April 1, 2020	386.0	26.6	-	412.6
Total gains or losses included in statement of profit and loss	45.2	(10.5)	-	34.7
Total gains or losses included in other comprehensive income (OCI)	-	-	1,096.7	1,096.7

NOTES FORMING PART OF THE ACCOUNTS

Description	Equity instruments	Units of Venture capital fund	Loans Measured at fair value	Total
Purchases	15.0	-	-	15.0
Sales (including realised gains/(losses))	-	-	-	-
Closing balance at March 31, 2021	446.2	16.1	1,096.7	1,559.0
Total amount of gains or (losses) included in statement of profit and loss on account attributable to change in unrealised gains or (losses) relating to assets still held at reporting date	45.2	(10.5)	-	34.7

₹ in million

Description	Equity instruments	Units of Venture capital fund	Loans Measured at fair value	Total
Opening balance at April 1, 2019	352.3	16.7	-	369.0
Total gains or losses included in statement of profit and loss	33.7	12.4	-	46.1
Total gains or losses included in other comprehensive income (OCI)	-	-	-	-
Purchases	-	-	-	-
Sales (including realised gains/(losses))	-	(2.5)	-	(2.5)
Closing balance at March 31, 2020	386.0	26.6	-	412.6
Total amount of gains or (losses) included in statement of profit and loss on account attributable to change in unrealised gains or (losses) relating to assets still held at reporting date	33.7	17.0	-	50.7

NOTES FORMING PART OF THE ACCOUNTS
e) Unobservable inputs used in measuring fair value of financial instruments categorised as level 3

The following tables set forth, for the periods indicated, information about significant unobservable inputs used in measuring financial instruments categorised as level 3 in the fair value hierarchy.

₹ in million

Type of financial instruments	Fair value at March 31, 2021	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
Unlisted equity	446.3	Fair value as determined by the Independent valuer	A significant increase/decrease in the price would result in a higher/lower fair value
Venture funds	16.1	Net Assets Value (NAV) provided by the Venture Capital Fund (VCF)	A significant increase/decrease in the NAV would result in a higher/lower fair value
Loans classified under "Hold & sell" business model	14,442.0	Pre-payment rate Discount rate	A significant increase/decrease in the pre-payment and/or discount rate would result in a lower/higher fair value
Total	14,904.4		

Investment in equity shares are valued by Independent valuer using investee company's net worth. Based on the assessment of current financial conditions and business prospects of investee company, valuation was appropriately discounted to reflect the risks and uncertain market conditions. Any changes in the scenario could be a key risk to valuation.

₹ in million

Type of financial instruments	Fair value at March 31, 2020	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
Unlisted equity	386.0	Independent valuation	A significant increase/decrease in the price would result in a higher/lower fair value
Venture funds	26.6	Net Assets Value (NAV) provided by the Venture Capital Fund (VCF)	A significant increase/decrease in the NAV would result in a higher/lower fair value
Total	412.6		

NOTES FORMING PART OF THE ACCOUNTS

The effect of unobservable inputs on fair value measurement

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The total outstanding carrying amount of unlisted equity and units in venture capital funds at March 31, 2021 was ₹ 462.4 million (at March 31, 2020: 412.6 million). The most significant input impacting the fair value of the unlisted equity shares and units in venture capital fund are prices or values provided by external valuer/fund and recent market transactions. A 10% change in price would result in an impact of ₹ 46.2 million (at March 31, 2020: ₹ 41.3 million).

The total outstanding carrying amount of loans under FVOCI category at March 31, 2021 was ₹ 14,442.0 million (at March 31, 2020: Nil). The most significant input impacting the fair value of the loans under FVOCI category is pre-payment rate and discount rate used by the Company. A 10% change in pre-payment rate and discount rate would result in an impact of ₹ 91.5 million and ₹ 247.2 million respectively.

47. Employee benefits

Defined benefit plans

Gratuity

The Company has a defined benefit gratuity plan (funded). The Company's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets.

The gratuity benefit is provided through annual contributions to a fund administered and managed by ICICI Prudential Life Insurance Company Limited (ICICI Prudential). Under this scheme, the settlement obligation remains with the Company.

Gratuity is a defined benefit plan and the Company is exposed to the following risks:

- a) Interest rate risk: A fall in the discount rate which is linked to the Government Securities rate, will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
- b) Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
- c) Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at reporting date on government bonds. If the return on plan asset is below this rate, it will create a plan deficit.
- d) 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.

NOTES FORMING PART OF THE ACCOUNTS

The following table sets forth, for the periods indicated, the funded status of the plans and the amounts recognised in the financial statements.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Change in benefit obligations		
Opening obligations	90.0	70.6
Service cost	15.8	11.1
Interest cost	4.8	4.8
Remeasurements gains/(losses)		
-Actuarial gain/(loss) from changes in demographic assumptions	-	-
-Actuarial gain/(loss) from changes in financial assumptions	(0.3)	9.0
-Actuarial gain/(loss) from changes in experience adjustments	(3.2)	1.9
Past service cost	-	-
Transfer in/(out) of liability	2.9	(1.9)
Benefits paid	(5.7)	(5.5)
Benefit obligations at the end of the year	104.3	90.0
Change in plan assets		
Fair value of plan assets at beginning of the year	78.9	68.9
Interest on plan assets	4.4	4.6
Actual return on plan assets less interest on plan assets	(0.4)	(0.5)
Actuarial gain/(loss) from changes in demographic assumptions	-	-
Actuarial gain/(loss) from changes in financial assumptions	-	-
Employer contributions	24.5	13.3
Transfer in/(out) of assets	2.9	(1.9)
Benefits paid	(5.7)	(5.5)
Plan assets at the end of the year	104.6	78.9
Expected employer's contribution next year	10.0	10.0
Fair value of plan assets at the end of the year	104.6	78.9
Present value of the defined benefit obligations at the year	104.3	90.0
Unrecognised prior service cost	-	-
Amount not recognised as an Asset	-	-
Asset/(liability)	0.3	(11.1)

NOTES FORMING PART OF THE ACCOUNTS

The following table sets forth, for the periods indicated, the components of the income and expenses recognised in other comprehensive income.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance of actuarial (gains)/losses recognised in other comprehensive income	9.6	(1.8)
Remeasurements loss/(gains)	-	-
Actuarial loss or gain arising from:		
Demographic assumptions	-	-
Financial assumptions	(0.3)	9.0
Experience adjustment	(3.2)	1.9
Return on plan assets excluding interest income	0.4	0.5
Effects of movements in exchange rates	-	-
Closing balance of actuarial (gains)/losses recognised in other comprehensive income	6.5	9.6

The following table sets forth, for the periods indicated, the components of the net gratuity cost recognised in statement of profit and loss.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Service cost	15.8	11.1
Interest cost/(income)	0.4	0.1
Amortisation of prior service cost	-	-
Net gratuity cost	16.2	11.2

Gratuity cost is included in the line item 'Employee benefits expenses' in the statement of profit and loss.

The discount rate used to discount gratuity obligations has been determined with reference to the prevailing market yields on government of India bonds, for the estimated term of obligations, at the end of the reporting period.

The following tables set forth, for the periods indicated, assumptions used to determine benefit obligations.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	5.70%	5.65%
Rate of increase in compensation levels	7.00%	7.00%

Assumptions regarding future mortality has been based on published statistics and mortality tables. The current longevities underlying the value of the defined benefit obligation at the reporting date were as follows:

NOTES FORMING PART OF THE ACCOUNTS

Age (years)	Year ended March 31, 2021	Year ended March 31, 2020
21-24	41%	41%
25-29	36%	36%
30-34	30%	30%
35-44	20%	20%
45 and above	9%	9%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

₹ in million

Age (years)	At March 31, 2021	At March 31, 2020
Discount rate (0.5% movement)		
On increase	(3.1)	(2.7)
On decrease	3.3	2.9
Future salary growth (0.5% movement)		
On increase	3.3	2.8
On decrease	(3.1)	(2.7)

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the methods and assumptions used in preparing the sensitivity analysis.

Plan assets

The following table sets forth, for the periods indicated, the asset allocation for gratuity by asset category based on fair values.

₹ in million

Asset category	At March 31, 2021		At March 31, 2020	
	Amount	As percentage of total	Amount	As percentage of total
Insurer managed funds	104.2	99.6%	78.6	99.6%
Others	0.4	0.4%	0.3	0.4%

NOTES FORMING PART OF THE ACCOUNTS

Maturity analysis of the benefit payments from the fund

The following table sets forth, for the periods indicated, maturity analysis of the benefit payments from the fund.

₹ in million

Future year from the date of reporting	March 31, 2021	March 31, 2020
1 st year	14.2	11.3
2 nd year	10.6	12.0
3 rd year	11.0	9.0
4 th year	10.0	8.7
5 th year	15.0	7.6
6 th year	18.3	12.4
7 th year	5.9	15.7
8 th year	6.8	4.5
9 th year	7.0	4.1
10 th year and above	56.8	47.9

Weighted average duration of defined benefit obligation is 6.2 years (March 31, 2020: 6.2 years).

Provident fund

Employees of the Company are entitled to receive benefits under the provident fund. These contributions are made to a fund set up by the Company and administered by a Board of Trustees. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company has contributed ₹ 55.6 million (March 31, 2020: ₹ 52.0 million) to the employees' provident fund for the year ended March 31, 2021, which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952. This cost is included in the line item 'Employee benefits expenses' in the statement of profit and loss.

The following table sets forth, for the periods indicated, the funded status of the plans and the amounts recognised in the financial statements.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Change in benefit obligations		
Opening obligations	407.6	275.6
Service cost	33.1	29.4
Interest cost	27.5	21.3
Remeasurements gains/(losses)	13.8	6.1
Employee's contribution	64.3	62.4
Transfer in/(out) of liability	63.4	46.3
Benefits paid	(39.3)	(33.5)

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Benefit obligations at the end of the year	570.4	407.6
Change in plan assets		
Fair value of plan assets at beginning of the year	393.5	275.6
Expected return on plan assets	26.6	26.1
Actuarial gain/(loss)	28.9	(12.8)
Employer contributions	33.1	29.4
Employee contributions	64.2	62.4
Transfer in/(out) of assets	63.4	46.3
Benefits paid	(39.3)	(33.5)
Plan assets at the end of the year	570.4	393.5
Expected employer's contribution next year	35.4	31.5

The following table sets forth, for the periods indicated, the asset allocation for provident fund by asset category based on fair values.

₹ in million

Asset category	At March 31, 2021		At March 31, 2020	
	Amount	As percentage of total	Amount	As percentage of total
Government of India securities	292.6	51.3%	221.1	56.2%
Corporate bonds	174.4	30.6%	115.3	29.3%
Exchange traded funds	77.8	13.6%	32.2	8.2%
Others	25.6	4.5%	24.9	6.3%
Total	570.4	100%	393.5	100%

The following table sets forth, for the periods indicated, assumptions used to determine benefit obligations.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	5.70%	5.65%
Expected rate of return on assets	7.58%	6.31%
Discount rate for the remaining term to maturity of investment	6.55%	6.50%
Average historic yield on investment	8.43%	7.16%
Guaranteed rate of return	8.50%	8.50%
Average expected future period (in years)	4.34	4.08

NOTES FORMING PART OF THE ACCOUNTS

Compensated absence

The following table sets forth, for the periods indicated, details for compensated absence.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cost	21.1	14.5
Assumptions		
Discount rate	5.70%	5.65%
Salary escalation rate	7.00%	7.00%

Cost for the year is included in the line item 'Employee benefits expenses' in the statement of profit and loss.

Defined contribution plans

The following table sets forth, for the periods indicated, contribution made by the Company towards defined contribution plans.

₹ in million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employer's Contribution to Employee state insurance scheme ^{1,2}	2.6	2.5
Employer's Contribution to National Pension Scheme ³	3.0	2.7
Employer's Contribution to Superannuation Scheme ³	0.3	-
Total	5.9	5.2

1. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

2. For employees eligible as per Employee Employees' State Insurance Act, 1948.

3. For employees who have opted for the scheme.

Cost for the year is included in the line item 'Employee benefits expenses' in the statement of profit and loss.

48. Share based payments

In terms of an Employee Stock Option Scheme (ESOS), of the Parent Bank, share options are granted to eligible employees and Directors of the Bank and its subsidiaries. As per the ESOS, as amended from time to time, the maximum number of options granted to any eligible employees/Directors in a financial year shall not exceed 0.05% of the Parent Bank's issued equity shares at the time of the grant of the options and the aggregate of all such options granted to any eligible employees/Directors shall not exceed 10% of the aggregate number of the Parent Bank's issued equity shares on the date(s) of the grant of the options in line with SEBI Regulations.

NOTES FORMING PART OF THE ACCOUNTS

Options granted prior to March 2014 vested in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted after March 2014, vest in a graded manner over a three-year period with 30%, 30%, and 40% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. In April 2016, the Parent Bank modified the exercise period from 10 years from the date of grant or five years from the date of vesting, whichever is later, to 10 years from the date of vesting of options. In June 2017, the exercise period was further modified by the Parent Bank to not exceed 10 years from the date of vesting of options as may be determined by the Board Governance, Remuneration & Nomination Committee of the Parent Bank to be applicable for future grants. In May 2018, exercise period was further modified by the Parent Bank to not exceed 5 years from the date of vesting of options as may be determined by the Board Governance, Remuneration & Nomination Committee of the Parent Bank to be applicable for future grants.

During the year ended March 31, 2021, ₹ 32.7 million was charged to the profit and loss account in respect of equity-settled share-based payment transactions (year ended March 31, 2020: ₹ 39.7 million).

The following table sets forth, for the period indicated, movement in share options during the year.

Particulars	At March 31, 2021		At March 31, 2020	
Outstanding at the beginning of the year	2,844,951	255.59	2,926,210	242.91
Add: Granted during the year ¹	197,570	335.40	142,015	438.80
Less: Exercised during the year	389,417	203.50	218,094	205.97
Less: Expired/lapsed during the year	2,360	282.85	5,180	282.85
Outstanding at the end of the year	2,650,744	269.17	2,844,951	255.59

1. Including changes in outstanding stock options on account of group company transfers.

The following table sets forth, for the period indicated, the key assumptions used to estimate the fair value of options granted.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Risk-free interest rate	4.96% to 5.74%	7.15% to 7.62%
Expected life	3.45 to 5.45 years	3.46 to 5.46 years
Expected volatility	35.19% to 35.90%	30.78% to 31.17%
Expected dividend yield	0.30%	0.37%

The weighted average fair value of options granted by the Parent Bank during the year ended March 31, 2021 was ₹ 125.43 (year ended March 31, 2020: ₹ 149.51).

Risk free interest rates over the expected term of the option are based on the government securities yield in effect at the time of the grant. The expected term of an option is estimated based on the vesting term as well as expected exercise behavior of the employees who receive the option of the Parent Bank. Expected exercise behavior is estimated based on the historical stock option exercise pattern of the Parent Bank. Expected volatility during the estimated expected term of the option is based on historical volatility determined based on observed market

NOTES FORMING PART OF THE ACCOUNTS

prices of the Parent Bank's publicly traded equity shares. Expected dividends during the estimated expected term of the option are based on recent dividend activity of the Parent Bank.

49. Related party disclosure

The Company has transactions with its related parties comprising Holding Company, fellow subsidiaries, post-employment benefit plans and key management personnel (KMP) and close members of their family. The transactions between the Company and its related parties were in the ordinary course of business and based on the principles of arm's length.

The following table sets forth, names of related parties and their relationship as per Ind AS 24 'Related party disclosures'.

S No.	Name of the related party	Nature of relationship
1	ICICI Bank Limited	Holding Company
2	ICICI Securities Limited	Fellow Subsidiary
3	ICICI Securities Primary Dealership Limited	Fellow Subsidiary
4	ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary
5	ICICI Lombard General Insurance Company Limited	Fellow Subsidiary
6	ICICI Securities Inc.	Fellow Subsidiary
7	ICICI Securities Holdings Inc.	Fellow Subsidiary
8	ICICI Venture Funds Management Company Limited	Fellow Subsidiary
9	ICICI Trusteeship Services Limited	Fellow Subsidiary
10	ICICI Investment Management Company Limited	Fellow Subsidiary
11	ICICI International Limited	Fellow Subsidiary
12	ICICI Bank UK PLC	Fellow Subsidiary
13	ICICI Bank Canada	Fellow Subsidiary
14	ICICI Prudential Asset Management Company Limited	Fellow Subsidiary
15	ICICI Prudential Trust Limited	Fellow Subsidiary
16	ICICI Prudential Pension Funds Management Company Limited	Fellow Subsidiary
17	I-Process Services (India) Private Limited	Associate of Holding Company
18	India Infradebt Limited	Associate of Holding Company
19	NIIT Institute of Finance, Banking and Insurance Training Limited	Associate of Holding Company
20	ICICI Merchant Services Private Limited	Associate of Holding Company
21	India Advantage Fund-III	Associate of Holding Company
22	India Advantage Fund-IV	Associate of Holding Company
23	Arteria Technologies Private Limited	Associate of Holding Company
24	ICICI Foundation for Inclusive Growth	Other related entity of Holding Company
25	Sandeep Bakhshi (Relatives - Shivam Bakshi, Esha Bakshi and Minal Bakshi)	Key Managerial Personnel of Holding Company
26	Anup Bagchi	Key Managerial Personnel

NOTES FORMING PART OF THE ACCOUNTS

S No.	Name of the related party	Nature of relationship
27	Anirudh Kamani, Managing Director and CEO (Relative – Nilima Goel)	Key Managerial Personnel
28	Sankaran Santhanakrishnan	Key Managerial Personnel
29	Vinod Kumar Dhall	Key Managerial Personnel
30	G. Gopalakrishna	Key Managerial Personnel
31	N. R. Narayanan	Key Managerial Personnel
32	Anita Pai ¹	Key Managerial Personnel
33	Supritha Shetty ²	Key Managerial Personnel
34	Dileep Choksi ³	Key Managerial Personnel
35	S. Santhanakrishnan ³	Key Managerial Personnel
36	ICICI HFC Employees Provident Fund	Post-Employment benefit plan
37	ICICI HFC Employees Group Gratuity Assurance Scheme	Post-Employment benefit plan
38	ICICI HFC Employees Superannuation Schemes	Post-Employment benefit plan

1. Ceased to be related party effective from August 22, 2019.

2. Included as related party effective August 22, 2019.

3. Ceased to be related party effective from March 31, 2019.

The following table sets forth, for the periods indicated, details of outstanding balance with related parties.

₹ in million

Particulars	Name of the related party	Nature of relationship	At March 31, 2021	At March 31, 2020
Assets				
Bank balances (including fixed deposits and interest accrued thereon)	ICICI Bank Limited	Holding company	6,417.2	128.9
Fee receivable	ICICI Lombard General Insurance Company Limited	Fellow subsidiary	2.5	31.0
	ICICI Prudential Life Insurance Company Limited	Fellow subsidiary	14.6	4.8
Loan receivable from KMP (staff loan and home loan) and their relatives	Anirudh Kamani	Key Managerial Personnel	27.7	29.8
Other receivables	ICICI Bank Limited	Holding company	66.6	52.8
	I Process service (I) Private Limited	Associate of holding company	0.1	-
Liabilities				
Equity share capital	ICICI Bank Limited	Holding company	10,987.5	10,987.5

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Name of the related party	Nature of relationship	At March 31, 2021	At March 31, 2020
Loans	ICICI Bank Limited	Holding company	2,400.0	5,000.0
Bank/Book overdraft in current accounts	ICICI Bank Limited	Holding company	2,093.3	1,095.7
Amount collected from borrowers pending to be transferred (for portfolio sold)	ICICI Bank Limited	Holding company	812.6	448.9
Mark to Market payable on derivative	ICICI Bank Limited	Holding company	434.5	90.1
Fee payable	ICICI Bank Limited	Holding company	8.1	9.5
	ICICI Securities Limited	Fellow subsidiary	0.6	-
Bonds	ICICI Lombard General Insurance Company Limited	Fellow subsidiary	2,100.0	2,100.0
	Anup Bagchi	Key Managerial Personnel	10.2	10.2
Interest payable on bonds	ICICI Lombard General Insurance Company Limited	Fellow subsidiary	51.5	52.4
	Anup Bagchi	Key Managerial Personnel	0.8	0.5
Fixed deposits accepted (FDs)	Anirudh Kamani	Key Managerial Personnel	4.6	1.1
	Nilima Goel	Relative of Key Managerial Personnel	1.1	1.0
	Shivam Bakhshi	Relatives of Key Managerial Personnel of holding Company	3.2	3.2
	Esha Bakhshi		2.6	1.6
	Minal Bakhshi		2.2	0.7
Interest payable on FDs	Anirudh Kamani	Key Managerial Personnel	0.3	*
	Nilima Goel	Relative of Key Managerial Personnel	0.1	*
Other payables (Including on account of expenses)	ICICI Bank Limited	Holding company	27.0	96.9
	ICICI Securities Limited	Fellow subsidiary	1.2	2.5

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Name of the related party	Nature of relationship	At March 31, 2021	At March 31, 2020
	ICICI Prudential Life Insurance Company Limited	Fellow subsidiary	-	3.0
	I Process service (I) Private Limited	Associate of holding company	-	0.4
	ICICI Investment Management Company Limited	Fellow subsidiary	0.4	-
Others				
Swap (notional principal)	ICICI Bank Limited	Holding company	23,154.8	24,329.5
Letter of comfort (utilised)	ICICI Bank Limited	Holding company	22,215.5	-
Guarantee	ICICI Bank Limited	Holding company	2.5	2.5

*Insignificant amount.

- The receivables/payables above are expected to be realised/settled in cash/cash equivalents during the regular course of business.
- No impairment losses or allowances have been recorded during the period against balance outstanding with related party.

The following table sets forth, for the periods indicated, details of transactions with related parties.

₹ in million

Particulars	Name of the related Party	Nature of relationship	For the year ended March 31, 2021	For the year ended March 31, 2020
Income				
Rent Income	ICICI Bank Limited	Holding company	37.4	47.2
	Anup Bagchi	Key Managerial Personnel	0.2	-
Expense recovery	ICICI Bank Limited	Holding company	12.0	14.7
	I Process service (I) Pvt. Ltd.	Associate of holding company	*	-
Servicing fee	ICICI Bank Limited	Holding company	14.4	1.3
Interest income on fixed deposits	ICICI Bank Limited	Holding company	0.2	0.2
Interest income on loans	Anirudh Kamani	Key Managerial Personnel	1.0	1.1
Referral fees	ICICI Lombard General Insurance Company Limited	Fellow subsidiary	32.1	77.1

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Name of the related Party	Nature of relationship	For the year ended March 31, 2021	For the year ended March 31, 2020
	ICICI Prudential Life Insurance Company Limited	Fellow subsidiary	44.7	19.6
Transfer for leave balance	ICICI Prudential Assets Management Company Limited	Fellow subsidiary	-	*
Mark to Market gain on derivative	ICICI Bank Limited	Holding company	-	*
Expenses				
Servicing fee	ICICI Bank Limited	Holding company	2.3	3.1
Collection cost (shared expenses)	ICICI Bank Limited	Holding company	30.4	231.1
IT infrastructure cost (shared expenses)	ICICI Bank Limited	Holding company	32.8	24.5
Interest and other finance expenses (including hedging cost)	ICICI Bank Limited	Holding company	1,143.3	1,079.0
Interest expenses on bonds	ICICI Lombard General Insurance Company Limited	Fellow Subsidiary	163.1	52.4
	Anup Bagchi	Key Managerial Personnel	0.8	0.5
Royalty fees	ICICI Bank Limited	Holding company	*	-
Share based payments to employees	ICICI Bank Limited	Holding company	12.1	-
Sourcing Cost (Loans and Fixed Deposits)	ICICI Bank Limited	Holding company	24.5	55.4
	ICICI Securities Limited	Fellow subsidiary	8.8	21.1
	ICICI Investment Management Company Limited	Fellow subsidiary	10.5	-
Fee expenses –Property Service	ICICI Bank Limited	Holding company	15.7	16.3
	ICICI Securities Limited	Fellow subsidiary	0.6	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Name of the related Party	Nature of relationship	For the year ended March 31, 2021	For the year ended March 31, 2020
Donation given towards corporate social responsibility	ICICI Foundation for Inclusive Growth	Associate of holding company	2.5	29.5
Arranger fee paid	ICICI Bank Limited	Holding company	15.0	5.5
	ICICI Securities Primary Dealership Limited	Fellow subsidiary	1.1	0.3
	ICICI Securities Limited	Fellow subsidiary	0.9	0.4
Rent expenses	ICICI Bank Limited	Holding company	-	4.3
	ICICI Lombard General Insurance Company Limited	Fellow subsidiary	-	2.0
	ICICI Prudential Life Insurance Company Limited	Fellow subsidiary	0.4	0.4
Insurance premium	ICICI Lombard General Insurance Company Limited	Fellow subsidiary	43.3	41.2
	ICICI Prudential Life Insurance Company Limited	Fellow subsidiary	3.6	3.2
Remuneration ¹	Anirudh Kamani	Key Managerial Personnel	97.3	74.6
Interest expenses on deposits	Anirudh Kamani	Key Managerial Personnel	0.3	*
	Nilima Goel	Relative of Key Managerial Personnel	0.1	-
	Shivam Bakhshi	Relatives of Key Managerial Personnel of holding company	0.3	0.2
	Esha Bakhshi		0.2	0.1
	Minal Bakhshi		0.1	0.1
Sitting fees/Commission	Dileep C Choksi	Key Managerial Personnel	-	0.8
	S Santhanakrishnan		-	0.8
	Sankaran Santhanakrishnan		1.6	1.6
	G Gopala Krishna		1.7	0.8

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Name of the related Party	Nature of relationship	For the year ended March 31, 2021	For the year ended March 31, 2020
	Vinod Kumar Dhall		1.5	0.6
Contribution to Provident Fund (including employee contribution)	ICICI HFC Employees Provident Fund	Post-Employment benefit plan	101.9	92.0
Contribution to Gratuity fund	ICICI HFC Employees Group Gratuity Assurance Scheme	Post-Employment benefit plan	24.5	13.3
Contribution to Superannuation Fund	ICICI HFC Employees Superannuation Schemes	Post-Employment benefit plan	0.3	-
Miscellaneous (IPA charges, LAS sourcing cost, operation cost, common corporate expenses and man power services.)	ICICI Bank Limited	Holding company	37.5	74.9
	I Process service (I) Private Limited	Associate of holding company	-	42.9
	ICICI Securities Limited	Fellow subsidiary	-	0.5
Others				
Dividend on equity shares	ICICI Bank Limited	Holding company	-	44.1
Recovery of principal amounts of loans from Key Managerial Personnel	Anirudh Kamani	Key Managerial Personnel	2.0	1.0
Investment in bonds	ICICI Securities Primary Dealership Limited	Fellow subsidiary	973.4	3,200.0
	ICICI Securities Limited	Fellow subsidiary	49.0	-
	Anup Bagchi	Key Managerial Personnel	-	10.3
Fixed deposits accepted (FDs)	Anirudh Kamani	Key Managerial Personnel	3.5	1.1
	Nilima Goel	Relative of Key Managerial Personnel	0.1	1.0
Purchase of fixed assets	ICICI Bank Limited	Holding company	0.5	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Name of the related Party	Nature of relationship	For the year ended March 31, 2021	For the year ended March 31, 2020
	ICICI Securities Limited	Fellow subsidiary	0.4	-
Bank loan repaid during the period	ICICI Bank Limited	Holding company	2,600.0	-
Sale of retail mortgage loans (Direct assignment)	ICICI Bank Limited	Holding company	8,071.2	21,455.9
Sale of consumer durable loans	ICICI Bank Limited	Holding company	-	1,190.2
Derivative deals undertaken	ICICI Bank Limited	Holding company	-	1,809.4

*Insignificant amount.

- Excludes ₹ 11.8 million payable to the Parent Bank for the cost of options granted for purchase of the Parent Bank's equity shares

The Company received ₹ 145.6 million during the year ended March 31, 2021 (year ended March 31, 2020: ₹ 15.0 million) from ICICI Bank towards excess interest spread received from borrowers, which have been assigned by the Company to Bank on direct assignment basis.

Compensation to Key Managerial Personnel

The following table sets forth, for the periods indicated, the details of compensation paid by the Company to the Key Managerial Personnel.

₹ in million

Particulars	March 31, 2021	March 31, 2020
Short-term employee benefits (including salaries)	95.3	72.6
Post-employment benefits	2.0	2.0
Other long-term benefits	-	-
Total¹	97.3¹	74.6

- Excludes ₹ 11.8 million payable to the Parent Bank for the cost of options granted for purchase of the Parent Bank's equity shares.

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall basis at the Company level at the end of each year and accordingly, have not been considered in the above information.

- Managerial Remuneration for the year ended March 31, 2021 was higher by ₹ 78.9 million (including incentive and perquisite value of stock option granted by Parent Bank) as compared to limits prescribed under section 197 read with Schedule V to the Companies Act, 2013. The Company is in the process of obtaining shareholder's approval by passing a special resolution in the ensuing general meetings.

NOTES FORMING PART OF THE ACCOUNTS

51. Derivative instruments and hedging activities

The Company enters into derivatives transactions for risk management purposes. The primary risk managed using derivatives instruments are foreign currency risk and interest rate risk. The risk management policy lays down the broad guidelines and approach to ensure that various risks are understood, measured and monitored and relevant policies and procedures are established to address these risks. Moreover, the investment policy lays down a broad framework for management of investment function, instrument and entity wise investment limits and their stop loss limits. The investment policy also lays down the types of derivative transactions to hedge different types of risks embedded in a single asset/liability. The policy also lays down the total exposure limit, counterparty credit exposure limit, and trigger limits along with the reporting authority.

For hedge transactions, the Company identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter. Derivatives held for risk management purposes meet the hedge accounting requirements. Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting.

Derivative qualifying for hedge accounting

The Company has borrowed aggregate to USD 275.0 million in form of ECBs and in order to fully hedge the same, the Company has taken derivative positions in the form of a 5 year Principal-Only Swap (POS), 5 year USD Interest Rate Swap (IRS) and Currency Forwards for all its coupon cash flows. These swaps hedge any adverse movement in the USD-INR rates on its principal and interest obligations and also against any adverse movement in the LIBOR on its interest rate obligations.

There is an economic relation between the hedged item and hedging instruments as the terms of derivatives match with that of External Commercial Borrowings (notional amount, interest payment dates, principal repayment dates etc.). There have been no changes in the contractual terms of the hedged item and hedging instrument from the COVID-19 outbreak.

As per the Investment Policy, the Company monitors the derivative exposure limits based on calculations as per Original Exposure Method (OEM) and Current Exposure Method (CEM). The Credit Conversion Factors (CCF) are applied as per the regulatory guidelines.

The following table sets forth, for the periods indicated, the carrying values of derivatives financial instruments recorded as assets or liabilities together with their notional amounts.

₹ in million

Particulars	Assets		Liabilities	
	Notional Amounts	Fair value	Notional Amounts	Fair value
At March 31, 2021				
Forward contracts	-	-	2,196.5 (USD 30.0 million)	100.3
Currency swaps	20,120.4 (USD 275.0 million)	681.4	-	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	Assets		Liabilities	
	Notional Amounts	Fair value	Notional Amounts	Fair value
Interest rate swaps	-	-	20,120.4 (USD 275.0 million)	1,334.5
Total derivatives	20,124.4 (USD 275.0 million)	681.4	22,316.9 (USD 305.0 million)	1,434.8
At March 31, 2020				
Forward contracts	3,142.7 (USD 41.7 million)	104.9	-	-
Currency swaps	20,722.9 (USD 275.0 million)	1,558.9	-	-
Interest rate swaps	-	-	20,722.9 (USD 275.0 million)	1,842.2
Total derivatives	23,865.6 (USD 316.7 million)	1,663.8	20,722.9 (USD 275.0 million)	1,842.2

The following table sets forth, for the periods indicated, the details of the hedged items.

₹ in million

Particulars	Carrying amount	Accumulated amount of fair value adjustment	Balance in cash flow hedge reserve (gross of deferred tax)
Cash flow hedging			
At March 31, 2021			
External Commercial Borrowings	20,120.2 (USD 275.0 Million)	459.9	1,002.9
At March 31, 2020			
External Commercial Borrowings	20,722.7 (USD 275.0 Million)	1,062.3	1,135.3

Hedging instruments are disclosed in line item derivative financial instruments (under financial assets/liabilities).

52. Events after reporting date

There have been no significant events after the reporting date that require disclosure in these financial statements.

53. Details of CSR Expenditure

The gross amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2021 was ₹ 13.5 million (March 31, 2020 : ₹ 30.8 million).

NOTES FORMING PART OF THE ACCOUNTS

The following table sets forth, for the periods indicated, the details of amount spent on CSR by the Company.

₹ in million

		Year ended March 31, 2021			Year ended March 31, 2020		
		In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
a)	Amount spent during the year	-	-	-	-	-	-
	Construction/acquisition of any asset	-	-	-	-	-	-
	Other than above	13.5	-	13.5	30.8	-	30.8

The Company has partnered with ICICI Foundation for Inclusive Growth to support the cause of elementary education, primary health, sustainable livelihood and skill development and Contributed ₹ 2.5 million for the year ended March 31, 2021 (year ended March 31, 2020: ₹ 29.5 million)

The Company contributed ₹ 10.0 millions for the year ended March 31, 2021 (year ended March 31, 2020: Nil) towards PM CARES fund and contributed ₹ 1.0 Million for the year ended March 31, 2021 (year ended March 31, 2020: ₹ 1.3 million) to Pangea Econetassets Pvt Ltd. for tree plantation activity during current financial year.

54. Principal Business Criteria

The following table sets forth, for the periods indicated, fulfilment of the principal business criteria as applicable for housing finance companies (HFCs).

Position as at	Percentage of total assets ¹ towards housing finance	Percentage of total assets ¹ towards housing finance for Individuals
At March 31, 2021	56.57%	55.62%
At March 31, 2020	55.57%	54.23%

1 – Total Assets netted off by Intangible Assets

The Company, being an existing registered HFC is required to fulfil the principal business criteria by March 31, 2024, and has submitted its board approved plan including the roadmap to fulfil the principal business criteria to the Reserve Bank of India.

55. Securitisation of financial assets

The Company has not sponsored any SPVs during the current year, and there is no outstanding amount of securitised assets as a result of any such sponsorships.

NOTES FORMING PART OF THE ACCOUNTS

Details of financial assets sold to Securitisation/ Reconstruction Company for Asset Reconstruction

The Company has not sold any financial assets to securitisation/reconstruction company for asset reconstruction during the current financial year.

Off balance sheet SPVs sponsored

The Company has not sponsored any SPVs – Domestic or Overseas as at the end of current financial year.

56. Details of assignment transactions undertaken

- a. During the year, the Company had not purchased performing mortgage loans from other housing finance company(ies).
- b. During the year, the Company assigned/sold performing mortgage loans to banks and a HFC amounting to ₹ 15,744.0 million. The following table sets forth, for the period indicated, the details of loans assigned to banks and a HFC.

₹ in million

Particulars	Year ended March 31, 2021
(i) No. of accounts	7,245
(ii) Aggregate value of accounts assigned/sold	15,744.0
(iii) Aggregate consideration	15,744.0
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-
(v) Aggregate gain/(loss) over net book value	-

1. The Company recognised gain of ₹ 780.9 million on derecognition of financial assets.
2. Includes loans assigned to Parent Bank amounting to ₹ 8,071.2 million (No. of accounts – 3,617) where the Company has recognised gain of ₹ 412.8 million on derecognition.

57. Details of Non-performing financial assets purchased

The Company has not purchased non-performing financial assets from other Housing Finance Companies in the current financial year.

58. Details of Non-performing financial assets sold

The Company has not sold non-performing financial assets to asset reconstruction companies/banks in the current financial year.

NOTES FORMING PART OF THE ACCOUNTS
59. Exposure to real estate sector

The following table sets forth, for the periods indicated, the position of exposure to real estate sector.

₹ in million	
Particulars	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 up to ₹ 15.0 million – March 2021 - ₹ 26,261.1 million, March 2020 - ₹ 17,602.8 million)	133,361.3
(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 & construction etc). Exposure shall also include non-fund based (NFB) limits.	7,801.1
(iii) Investments in mortgage backed securities (MBS) & other securitised exposures	-
(a) Residential	-
(b) Commercial real estate	-
(b) Indirect exposure	
Fund based & non-fund based exposures on National Housing Bank (NHB) & Housing Finance Companies (HFCs)	-
Total Exposure to Real Estate Sector	141,162.4

60. Exposure to Capital Market

The following table sets forth, for the periods indicated, the position of exposure to capital market.

₹ in million	
Particulars	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;	528.9
(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	-

NOTES FORMING PART OF THE ACCOUNTS

Particulars	At March 31, 2021
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/Alternate Investment Funds (both registered and unregistered)	16.1
Total Exposure to Capital Market	545.0

61. Exposure to group companies engaged in real estate business

The Company does not have any group company engaged in real estate business as at the end of the current financial year and at the end of the preceding financial year and hence no exposure.

62. Concentration of Public Deposits, Advances, Exposures and NPAs
(a) Concentration of loans and advances

₹ in million

Particulars	At March 31, 2021
Total loans and advances to twenty largest borrowers	4,465.7
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	3.2%

(b) Concentration of all exposure (including off-balance sheet exposure)

₹ in million

Particulars	At March 31, 2021
Total exposure to twenty largest borrowers/customers	5,552.9
Percentage of exposures to twenty largest borrowers/ customers to total exposure of the HFC on borrowers/customers	3.78%

(c) Concentration of NPAs

₹ in million

Particulars	At March 31, 2021
Total exposure to top ten NPA accounts	2,525.1

NOTES FORMING PART OF THE ACCOUNTS
(d) Concentration of public deposits

Particulars	₹ in million At March 31, 2021
Total deposits of twenty largest depositors	5,621.0
Percentage of deposits of twenty largest depositors to total deposits of the deposit taking HFC	26.5%

63. Sector-wise NPAs

Sector (percentage of NPAs to total Advances in that sector)	₹ in million At March 31, 2021
A. Housing Loans:	
1. Individuals	3.8%
2. Builders/Project Loans	67.4%
3. Corporates	-
4. Others (specify)	-
B. Non-Housing Loans:	
1. Individuals	7.8%
2. Builders/Project Loans	57.0%
3. Corporates	5.9%
4. Others (specify)	-

64. Overseas Assets

The Company does not hold any overseas assets as at the end of current financial year.

65. There is no financing of the parent bank's products during the current financial year.

66. The Company has not exceeded the prudential exposure limits (Single Borrower Limit and/or Group Borrower Limit) as defined in the Master Directions issued by RBI for HFCs.

67. Fraud

As required by NHB through its guideline dated February 5, 2019, and RBI through its Master Directions dated September 29, 2016 on reporting and monitoring of frauds, the Company has reported frauds amounting to ₹ 60.3 million during year ended March 31, 2021 (March 31, 2020: ₹ 87.0 million).

NOTES FORMING PART OF THE ACCOUNTS

68. The Company is registered with the following other financial sector regulators:

- (a) Insurance Regulatory & Development Authority of India

69. Customers Complaints

The following table sets forth, for the periods indicated, movement in customer complaints.

Particulars	At March 31, 2021	At March 31, 2020
(a) No. of complaints pending at the beginning of the year	-	1
(b) No. of complaints received during the year	940	589
(c) No. of complaints redressed during the year	940	590
(d) No. of complaints pending at the end of the year	-	-

The Company has Customer Grievance Redressal Mechanism (CGRM) for convenience of customers to register their complaints and for it to monitor and redress them.

70. During current and previous financial years, there were no penalties imposed by NHB/RBI and any other regulators.

71. Consolidated Financial Statements (CFS)

The Company does not have any subsidiary - domestic as well as overseas, and accordingly is not required to prepare consolidated financial statements as per Ind AS 110- "Consolidated Financial Statements".

72. Net Profit or Loss for the period, prior period items and changes in accounting policies

During the year ended March 31, 2021, the Company has carried out reconciliation of TDS receivable accounted in books of accounts vis-à-vis Form 26AS from FY2013 till FY2020. Accordingly, the Company has recognised net gain of ₹ 32.9 million under the head "Other income" pertaining to earlier periods.

NOTES FORMING PART OF THE ACCOUNTS

73. Asset Liability Management

The following table sets forth, maturity pattern of certain types of items of Assets and Liabilities at March 31, 2021.

₹ in million

Maturity Bucket	Liabilities				Assets		
	Borrowings from banks ¹	Market borrowing	Fixed deposits	Foreign currency liabilities ²	Advances	Investments	Foreign currency assets
1 Day to 7 Days	-	-	59.3	-	1,363.9	1,252.2	-
8 Days to 14 Days	14.7	-	85.6	-	87.7	5.7	-
15 Days upto 30/31 days	2,379.5	1,550.0	384.2	-	48.5	22.0	-
Over 1 month upto 2 months	301.0	2,100.0	1,886.2	-	456.9	441.4	-
Over 2 months upto 3 months	359.3	759.2	997.2	-	527.3	7.0	-
Over 3 months upto 6 months	1,370.7	1,255.3	5,713.9	-	1,691.0	7.5	-
Over 6 months upto 1 Year	3,438.2	2,094.9	6,251.7	-	3,022.0	-	-
Over 1 year upto 3 years	36,052.1	10,601.1	12,087.2	20,120.2	16,271.4	271.0	-
Over 3 years upto 5 years	7,259.3	10,343.7	5,480.0	-	14,626.6	-	-
Over 5 years	7,372.6	4,348.6	2,112.8	-	99,482.9	2,375.1	-
Total	58,547.4	33,052.8	35,058.1	20,120.2	137,578.2	4,381.9	-

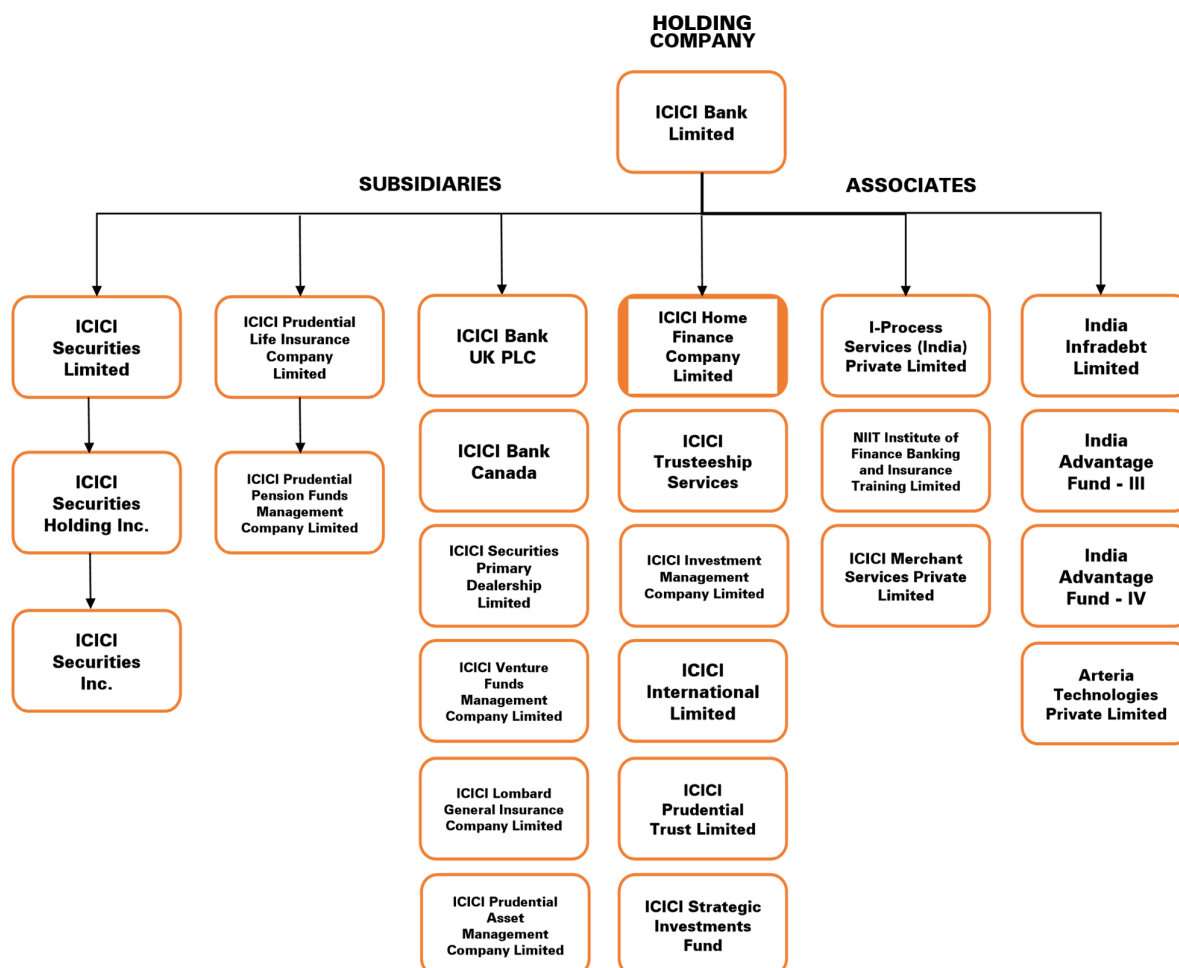
1. Including foreign currency liabilities.

2. These are fully hedged through derivative instruments.

3. Includes government securities amounting to ₹ 251.2 million which forms part of excess statutory liquidity securities.

NOTES FORMING PART OF THE ACCOUNTS

74. Diagrammatic representation of group



Note : The above Group Structure does not exhibit the investments in associate companies which are not consolidated in the financial statements of Holding Company and are held as temporary investments with a view to dispose in near future.

NOTES FORMING PART OF THE ACCOUNTS

- 75.** The previous year figures have been reclassified/regrouped/restated to conform to current year's classification.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248W/W-100022

For and on behalf of the Board of Directors
ICICI Home Finance Company Limited

Sd/-
Vaibhav Shah
Partner
Membership No.:117377

Sd/-
Anup Bagchi
Chairman
DIN-00105962

Sd/-
Anirudh Kamani
Managing Director & CEO
DIN-07678378

Place: Mumbai
Dated: April 22, 2021

Sd/-
Vikrant Gandhi
Chief Financial Officer

Sd/-
Priyanka Shetty
Company Secretary

Schedule to the Balance Sheet of the Housing Finance Company as required under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

₹ in million

Particulars				
Liabilities side			Amount outstanding	Amount overdue
1	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		128,860.8	186.5
	(a)	Debentures : Secured	30,124.4	
		: Unsecured	4,732.9	-
		(other than falling within the meaning of public deposits*)		
	(b)	Deferred credits	-	-
	(c)	Term loans	56,405.4	-
	(d)	Inter-corporate loans and borrowing	15,393.8	4.6
	(e)	Commercial paper	-	-
	(f)	Public deposits*	22,204.3	181.9
	(g)	Other loans (specify nature)	-	-
	*Please see Note 1 below			
2	Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):		22,204.3	-
	(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	22,204.3	-
	* Please see Note 1 below			
Assets side			Amount outstanding	
3	Break-up of loans and advances including bills receivables [other than those included in (4) below]:		137,578.2	
	(a)	Secured	137,578.2	
	(b)	Unsecured	-	
4	Break up of leased assets and stock on hire and other assets counting towards asset financing activities		-	
	(i)	Lease assets including lease rentals under sundry debtors		
	(a)	Financial lease	-	
	(b)	Operating lease	-	

	(ii)	Stock on hire including hire charges under sundry debtors	
	(a)	Assets on hire	-
	(b)	Reposessed assets	-
	(iii)	Other loans counting towards asset financing activities	
	(a)	Loans where assets have been reposessed	-
	(b)	Loans other than (a) above	-
5	Break-up of investments		
	<u>Current investments</u>		1,484.5
	1.	<u>Quoted</u>	1.058.8
	(i)	Shares	
	(a)	Equity	-
	(b)	Preference	-
	(ii)	Debentures and bonds	-
	(iii)	Units of mutual funds	997.6
	(iv)	Government securities	61.2
	(v)	Others (please specify)	-
	2.	<u>Unquoted</u>	425.7
	(i)	Shares	
	(a)	Equity	425.7
	(b)	Preference	-
	(ii)	Debentures and bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government securities	-
	(v)	Others (please specify)	-
	<u>Long term investments</u>		2,897.4
	1.	<u>Quoted</u>	2,860.7
	(i)	Shares	
	(a)	Equity	-
	(b)	Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	2,860.7
	(v)	Others (please specify)	-
	2.	<u>Unquoted</u>	36.7
	(i)	Shares	
	(a)	Equity	20.6
	(b)	Preference	-
	(ii)	Debentures and Bonds	-

		(iii)	Units of mutual funds		-
		(iv)	Government Securities		-
		(v)	Others (Units in venture capital fund)		16.1
6	Borrower group-wise classification of assets financed as in (3) and (4) above: (Please see Note 2 below)				
	Category			Amount net of provisions	
				Secured	Unsecured
	1.	Related parties **			
		(a)	Subsidiaries	-	-
		(b)	Companies in the same group	-	-
		(c)	Other related parties	-	-
	2.	Other than related parties		137,578.2	137,578.2
	Total			137,578.2	137,578.2
7	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)				
	Category			Market value / break up or fair value or NAV	Book value (net of provisions)
	1.	Related parties **			
		(a)	Subsidiaries	-	-
		(b)	Companies in the same group	-	-
		(c)	Other related parties	-	-
	2.	Other than related parties		4,408.4	4,381.9
	Total			4,408.4	4,381.9
	** As per notified Accounting Standard (Please see Note 3)				
8	Other information				
	Particulars			Amount	
	(i)	Gross non-performing assets			
		(a)	Related parties		-
		(b)	Other than related parties		9,385.8
	(ii)	Net non-performing assets			
		(a)	Related parties		-
		(b)	Other than related parties		7,137.4
	(iii)	Assets acquired in satisfaction of debt			-
Notes :					
1	As defined in Paragraph 4.1.30 of these Directions.				
2	Provisioning norms shall be applicable as prescribed in these Directions.				
3	All notified Accounting Standards are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.				



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