HOME FINANCE
ANNUAL REPORT
2021-22

OUR FOCUS ON CUSTOMERS ENABLES US TO GROW EXPONENTIALLY.

Aditya Birla Housing Finance Ltd.

(A subsidiary of Aditya Birla Capital Ltd.)

ADITYA BIRLA CAPITAL

Contents

Financing the home you desire is now just a click away

Since its inception, Aditya Birla Housing Finance Limited (ABHFL) has been fulfilling customers' dreams of owning a home through our extensive home loan portfolio. Over the years, ABHFL has built a strong housing finance franchise by consistently expanding into new markets and catering to the unique needs of customers. It is our continued efforts in terms of risk management, product mix and geographical diversification that have helped us maintain a healthy asset quality and demonstrate resilient liquidity and balance sheet.

The Company has focused on ensuring easy access and a seamless customer experience through digital transformation and a data-driven approach. We also leverage technology to empower our employees with the requisite tools to streamline processes, speed up turnaround and maintain data security. To become customers' preferred home financing partner, we simplified the process of getting a home loan approved by a few simple clicks from anywhere and at any time.

FY 2021-22 at a Glance

₹3,745 Crore
Disbursement

₹1,216 Crore
Total revenue

₹197 Crore
Profit after Tax Increased by 44%

₹3.94
Earnings per Share Increased by 44%

13.0%
Return on Equity

1.7%
Return on Assets

Enabling people build their dream homes

Aditya Birla Housing Finance Limited (ABHFL) is one of India's fastest growing housing finance companies (HFCs). As a subsidiary of Aditya Birla Capital Limited, the Company has established a position in the housing finance segment by leveraging a decade-long success as an investment company.

ABHFL has a strong presence in cities and towns and is now expanding to the lesser penetrated semi-urban areas by leveraging our Group's ecosystem and external collaborations, including tie-ups with developers and builders. The Company is concentrating on increasing the market dispersion by focusing on technology-driven cross selling and up-selling. The diversified offerings in the home loan segment facilitate a right balance and product mix.

₹1,721 Crore
Net Worth

120
Number of Branches

₹12,005 Crore
Lending Book Value

3,972
Channel Partners

AAA (Stable)
Long-term Credit Rating by ICRA and India Rating

45,517
Number of Customers

A1+
Short Term Credit Rating by ICRA and India Rating

₹26 Lakh
Average Loan Ticket Size

OUR WIDESPREAD HOME PORTFOLIO

Home Loan
- Home Purchase
- Plot & Construction Loan
- Home Construction Loan
- Home Extension Loan
- Home Loan Improvement

Affordable Housing (Pradhan Mantri Awas Yojana (PMAY))

Loan Against Property

Construction Finance

Lease Rental Discounting

Commercial Property Purchase Loan

Property Advisory Services

OUR ROBUST EXPANSION

State/UT	Number of branches
Maharashtra	17
Gujarat	17
Uttar Pradesh	12
Rajasthan	11
Madhya Pradesh	10
Andhra Pradesh	10
Haryana	7
Chhattisgarh	4
Tamilnadu	7
Uttarakhand	4
Karnataka	4
West Bengal	4
New Delhi	2
Telangana	2
Punjab	4
Assam	2
Jharkhand	1
Odisha	1
Puducherry	1

Number of branches

Note: Map not to scale

Director's message

Focus on restoring growth

Dear Stakeholders,

I would like to start this letter by expressing my deepest gratitude for your continued faith in the Company. It gives me great pleasure to present you with our 13th Annual Report at a time when India has shown remarkable resilience in the face of a pandemic, emerging as the world's fastest-growing economy. As India has the world's largest young population and strong economic fundamentals, the country is poised for rapid growth in the coming years.

After a period of stagnation, the housing finance sector in India real estate market is expected to witness healthy growth in the next five years and HFCs will be able to capitalise on this opportunity. The growth will be driven by factors such as the significant under penetration of mortgage in India, increasing disposable income of a growing young population, rapid urbanisation and a good traction in primary residential housing sales with stable housing prices.

Further, the lowest interest rates in decades, combined with stable property prices, a low impact of the pandemic on job losses and wage growth in the salaried segment, have resulted in improved borrower affordability. This, coupled with the need for more housing during the pandemic, bodes well for HFCs to drive overall assets under management (AUM) growth in the face of stiff competition from banks. With increasing geographical penetration and a possible increase in ticket size, affordable housing finance segment could see strong growth in the coming years.

The affordable housing finance market stood at ₹9 Trillion in FY 2020-21 and is expected to grow at a healthy CAGR of 9-10% to ₹13 Trillion by FY 2024-25. The Company wants to strengthen the Government's vision of 'Housing for All' and to contribute in building the nation by leveraging our decade-long experience in the housing finance sector.

During the fiscal year under review, the Company's total income contracted by 5.7% at ₹1,216 Crore from ₹1,285 Crore in the previous year. ABHFL's total disbursal grew by 24% to ₹3,745 Crore from ₹3,018 Crore over FY 2020-21, reaching a loan book of ₹12,005 Crore. Of this, the affordable segment disbursement mix was at 47%. This has taken the affordable mix to 38% from 27% in the last year. The shift in the segment mix, supported by lower cost of borrowing, has powered the Company to achieve the highest ever margin of 4.52% in Q4. ABHFL will continue to grow the affordable book that would improve the margin further. The Net Interest Income witnessed a robust growth of 20% to ₹527 Crore compared to ₹440 Crore in the previous year. The Pre-Provisioning Operating Profit increased by approximately 24% to ₹328 Crore from ₹264 Crore and Profit After Tax grew at 43.8% over FY 2020-21 to reach ₹197.3 Crore.

On the technological front, the Company has made significant progress with approximately 85% of the files having been sourced digitally and 98% of the collections have come through digital means. The progress that the Company has made in digital capabilities gives us confidence of scaling up ecosystem partnerships and co-lending as an alternate sourcing channel.

The structural shift in ABHFL's business mix, wider geographical footprint, increased distribution capacity and digital adoption and the Company expects to see a strong growth in portfolio and steady margins along with the changing the product mix. ABHFL is already at a margin and ROA level that the Company had targeted for FY 2023-24 and the focus will be on growth as the operating leverage will only improve these metrics further.

Finally, I would like to take this opportunity to extend my gratitude to all our stakeholders for their continued support, trust and encouragement over the years. My sincere thanks and appreciation to all the government authorities and its member for their continued support to our business and I look forward to the same support in our aspiration to fulfil the dream of millions of Indians starting from the grassroots.

Rakesh Singh
Director

Emerging stronger for a confident future

Dear Stakeholders,

I hope this letter finds you and your family safe and well. As I reflect on the past year, **Adaptability and Flexibility** have played a significant role in our personal and professional lives. These two attributes have helped us rethink our approach, strengthen our foundation, learn and implement new methods and technologies to navigate through the fast-changing landscape.

Like any other industry, the real estate market was impacted due to the unprecedented pandemic leading to a standstill in construction and sales. As the situation improved globally with time, India was at the forefront in terms of opening its markets and industries. There has been a steady pick up in the real estate market since the last quarter of 2020 owing to an increase in demand for residential spaces.

Government initiatives such as vaccination drives to lower the risk of infection, housing and infrastructure boosts through schemes and funding in the Union Budgets, lowering of interest rates, attractive offers by developers stable housing prices and shifts in customer sentiments, have played an important role in the positive trajectory of this industry.

We have grown stronger and ended the year with 120 branches, 68% of which are in Tier III/IV markets. Our customer base stood at 45,000+, portfolio at ₹12,005 Crore, and net worth at ₹1,721 Crore. The Affordable Book grew to a high of **38%** of the total Loan Book, of which more than 80% being Affordable HL, highlighting our Y-o-Y focus in the Affordable space.

In FY 2021-22, our PAT stood at ₹197 Crore, up by 44% Y-o-Y, ROA was at 1.72%, up by 58 basis points from previous year and NIM was at 4.52%, grew by 89 basis points Y-o-Y. The growth was driven by our focused market segmentation, balanced product mix and optimised borrowing costs of 6.09%. All the above-mentioned factors helped us achieve positive credit ratings of AAA for long-term borrowings and A1+ for short-term borrowings from ICRA and India Ratings, demonstrating our resilient liquidity and balance sheet.

On distribution, the Company's strategy has been to identify opportunities for more granular retail business. ABHFL is leveraging on industry data backed by bureau data and primary research to identify niche markets and segments where the Company would like to have a footprint. ABHFL is growing the partnership with UltraTech dealerships and leveraging the ABG ecosystem to expand the distribution. ABHFL is also building co-lending partnerships with niche and large players to reach out to newer customer segments and markets.

The Company has leveraged technology as a game changer across various stages in the onboarding, customer service and recovery processes. The customer on-boarding platform enables end-to-end tracking of leads to improve business predictability and facial recognition makes KYC seamless. ABHFL has started personal discussion with customers on video for making faster underwriting decisions and has created a central onboarding hub for standardising the onboarding process. The Company's digital servicing channels include WhatsApp, E-bots, chatbots, and voice bots, which help us deliver a quick and seamless customer experience. ABHFL is the **1st HFC** in the country to enable customers access loan documents in DigiLocker. Around **98%** of our total **Collections** take place digitally through the Collections App. The Company has also deployed two-way switch calling platform to enable in-house follow-ups for customer overdue.

On the employee front, the Company's focus stays strong on providing the people a work environment that welcomes diversity, nurtures positive relationships, provides challenging work assignments and creates a culture of meritocracy. People at all levels and functions in this organisation have continued to provide strong performance and have built their careers in line with their aspirations.

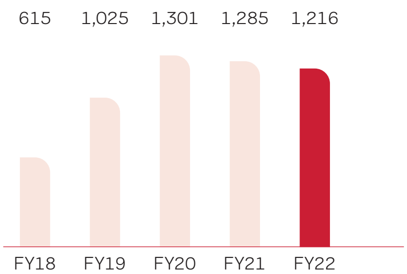
This is just the start, and the Company is eagerly looking forward to adding to the momentum in profitable growth, create value for our stakeholders and in the process scale new heights. I would like to thank all our stakeholders for reposing their trust in ABHFL and for their continued support.

Netrapal Singh
Chief Executive Officer

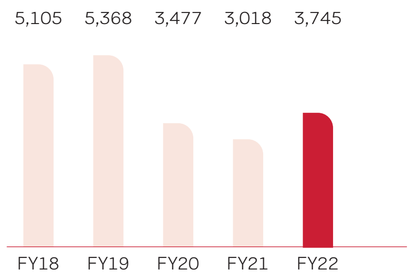
Performance indicators

Delivering resilient performance

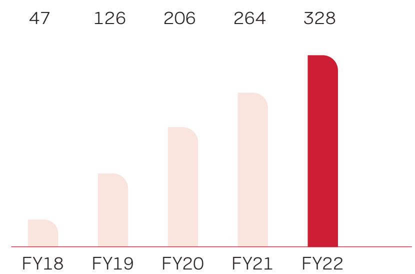
Total Income
(₹ in Crore)



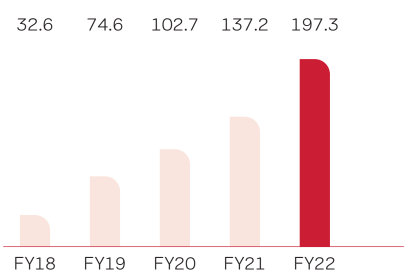
Loan Disbursement
(₹ in Crore)



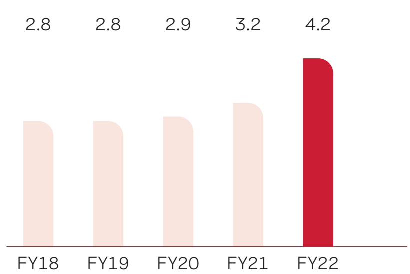
Pre-provision operating profit
(₹ in Crore)



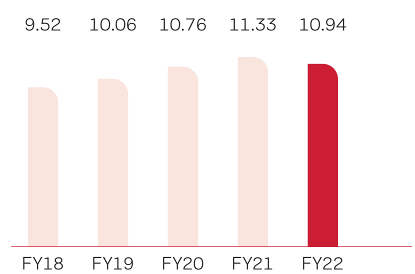
Profit After Tax (PAT)
(₹ in Crore)



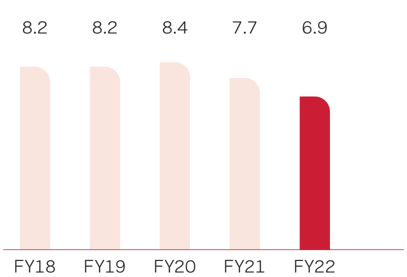
Net Interest Margin (NIM)
(%)



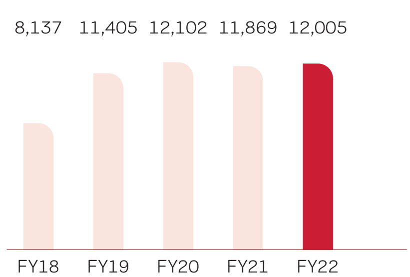
Sourcing Yield
(%)



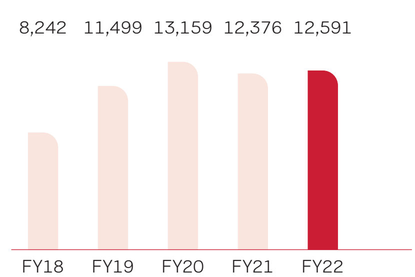
Cost of Borrowing (CoB)
(%)



Loan Assets
(₹ in Crore)

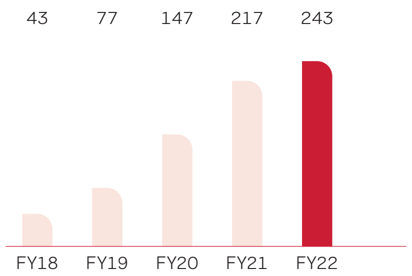


Balance Sheet Size
(₹ in Crore)

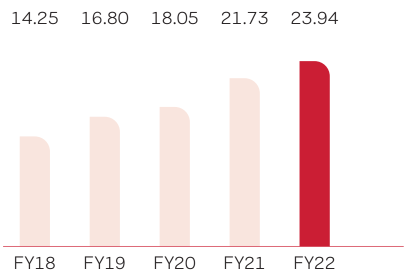


All values in ₹ Crore unless mentioned otherwise

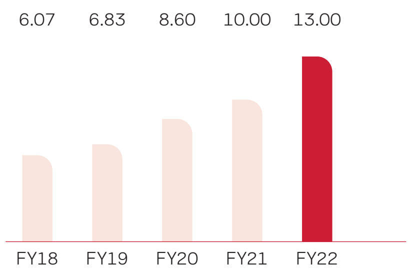
Non-Performing Assets (NPA)
(₹ in Crore)



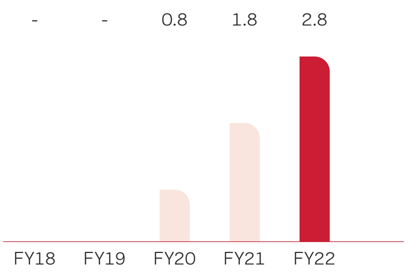
Capital Adequacy Ratio (CRAR)
(%)



Return on Equity
(%)



CSR Spend
(₹ in Crore)



Niche customer segment

Growing a diversified customer base

The credit appraisal models of ABHFL have evolved over the years and that has been empowering the Company to find the right set of customers in the segments that this organisation prefers.

The Indian housing finance market has undergone a paradigm shift from high ticket sized loans to affordable small ticket loans. This shift coupled with government sops and relatively stable housing prices, have had an impact on the market and awakened the latent desire of people to fulfil their dream of owning their homes.

The Company is trying to tap into these markets and ABHFL will be using its strength to use various income assessment models to understand the potential customers better, based on limited documents. This gives the Company an edge as compared to other players, who prefer customers who fulfil their stringent underwriting norms.

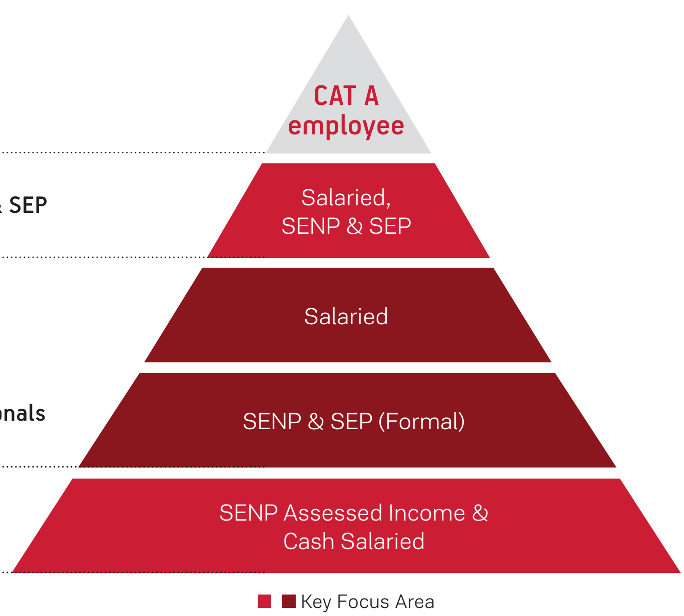
ABHFL has also tapped into the mass retail and affordable retail segments, catering to customers like blue-collared and contract employees, SME and MSME professionals, traders, shop owners and local manufacturers, to name a few. The geographical expansion of the Company to Tier 3 and 4 locations and peripherals of Tier 1 and 2 markets, has helped in laying the foundation to acquire and serve these customer segments.

TYPICAL CUSTOMER PROFILE

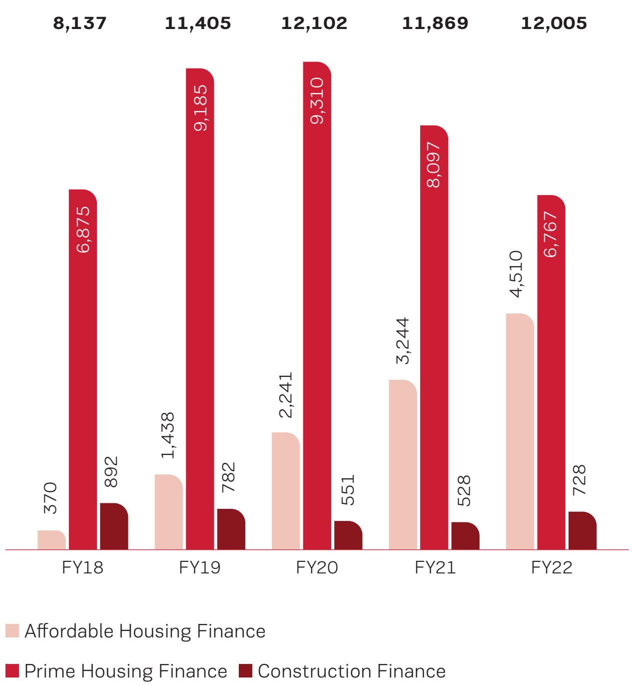
AFFLUENT & ELITE
- Premium salaried
- Cat B/C Salaried, SENP & SEP

MASS RETAIL
- Blue-collar & contract employees across
- SME & MSMEs, Professionals

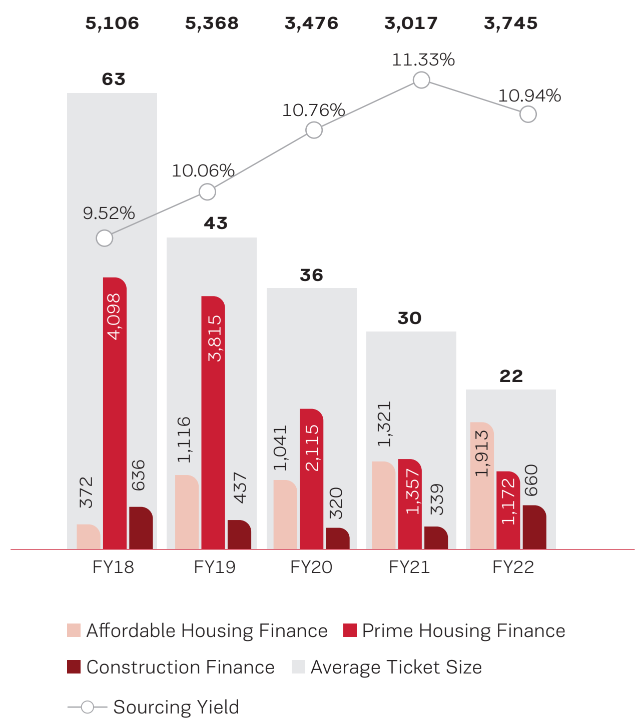
AFFORDABLE RETAIL
- Traders, Shop owners & Local Manufacturers



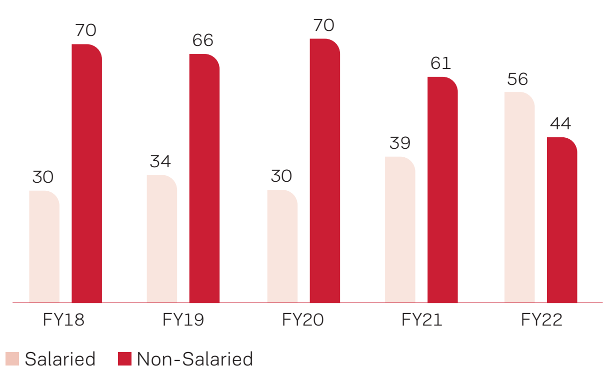
Loan Book
(₹ in Crore)



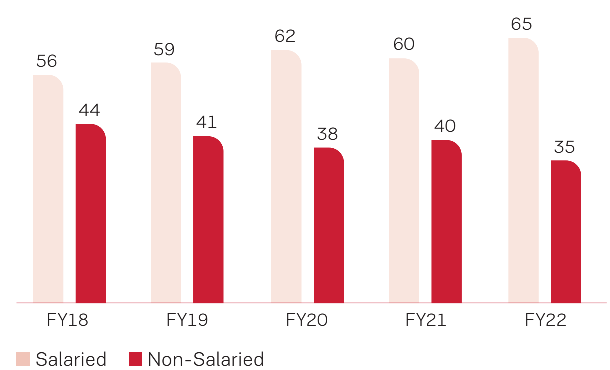
Disbursal
(₹ in Crore)



Overall Home Loan Disbursal
(%)



Affordable Home Finance
(%)



Strong fundamentals

Maintaining robust operational performance

A disciplined asset liability management and ethos of strength and due diligence empower ABHFL to maintain an unwavering focus on the Company's fundamentals. This organisation constantly monitors the evolving operational risks to deliver stable value creation irrespective of the economic environment.

HEALTHY ASSET QUALITY

The prudent risk management framework, balanced product mix and geographical diversification through entry into newer markets, have enabled the Company to create a well-balanced portfolio. It has also helped ABHFL to maintain the gross non-performing assets (GNPAs) lower than the industry average. Further, diversification across customer segments, implementation of new technology and reduction in operating costs have helped the Company to scale in the affordable customer segment. The Company expects the trend to continue as while scaling the operations.

1.7%

Return on Assets average increase of **58 bps** over the previous year

2.02%

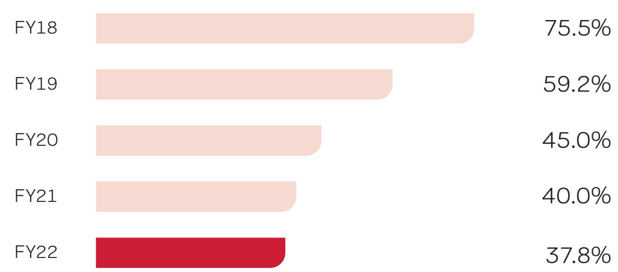
Gross NPA

98.8%

Collection Efficiency

Cost Income Ratio (CIR)

(in %)



CIR expected to further reduce as platform scales

Stage 3 Provisioning Coverage Ratio (PCR)

(in %)

2 times security cover with Security Value of ₹330 Crore against Net Stage 3 assets of ₹ 161 Crore

Return on Assets (RoA)

(in %)

RoAs to increase as business scales up and CIR reduces

LIQUIDITY AND BALANCE SHEET RESILIENCE

We strategically prioritise maintaining healthy liquidity in comparison to our balance sheet size and have a robust Asset Liability-Management framework in place. Our constant efforts to maintain stable and low cost of funds are instrumental in creating healthy liquidity metrics and a resilient balance sheet. It is due to our prudent approach and long market standing that we continue to have strong funding access amongst the best cost of borrowing in industry despite the market volatility during this crisis.

₹3,200 Crore

Long-term Borrowing during the year

23.94%

CRAR, significantly above the required 15%

6.90%

Cost of Borrowing reduced by **85 bps** over the previous year

Digital transformation and data analytics

Mobilise the power of technology

An integrated software ecosystem in the organisation helps business in faster acquisition of customers and aids smoother servicing. ABHFL has improvised the technology stack of web-based applications to be compatible across computing devices which enables mobility along with API gateways for seamless integration.

The Company has improved productivity in areas of business operations and customer service by leveraging robotic process automation and artificial intelligence. During this year, ABHFL has worked on IT Infrastructure, Information Security, new business applications, data analytics for further strengthening our data control, data recovery drills, application security framework and security incident monitoring. ABHFL became the first housing finance company to be an issuer of customer loan documents on DigiLocker.

The video KYC solution has helped the Company in quick onboarding of customers remotely through video interaction in authenticating documents, liveliness check along with establishing geographic location and e-Sign functionalities.

The Company has also implemented dedicated collateral management system where new/upcoming construction projects can be onboarded before loan application for quick end-to-end turnaround from onboarding to disbursement. In addition, ABHFL has also worked on Risk scorecard for credit team to make quick decisions.

Over the last couple of years, ABHFL has invested in technology to become more data and analytics driven. The Company has created near real time business reports to track business near real time basis. The Company has also developed analytical models to give us early warning signals, business forecasting, foreclosure prediction and prospect quality prediction.

LEVERAGING TECHNOLOGY

Sourcing

- Geographic footprint expansion (Creating leads using Alternate channel using online mode)
- Customer Relationship Management integration (Web based, Digital Campaigns, Cross sell)
- 360 Degree digital on-boarding (Customer acquisition Portal)

Underwriting

- Cost optimisation and resource planning (Digital Checks and processing on ITR, Form 26AS and GST)
- Faster decisions with integrated model (Scorecards, Employment check, Legal verification)
- Credit scoring - probability of default (Early Warning, Churn prediction, Eligibility)
- Digital disbursement and superior customer experience (ENACH, Video KYC, e-sign)

Collection and self-servicing

- DTC platform for direct customer accusation
- Early warning signals for pre-emptive action

Platform   Analytics   Technology

89%
Online Customer Onboarding

98%
Digital Collection

Geographic expansion

Foraying into unexplored markets

As ABHFL is looking to increase the affordable housing loan book, the Company is expanding into newer markets and locations in underserved areas. A higher yield focussed distribution strategy is being undertaken to amplify the operational margins.

The Company's plan is to expand the offering to the heartlands of the country by leveraging the Group's ecosystem and partnerships. ABHFL's investment in technology has enabled the organisation to quickly set up a lean hub-and-spoke branch model and helped accelerate the Company's geographical expansion.

120
Branches

517
Channel Partners

101
New Channel Partners Onboarded

Leveraging the Group's synergic ecosystem

ABHFL plans to leverage the vast ecosystem for the lean and strategic expansion of the Company's distribution network. The organisation is working in partnership with Ultratech to leverage their extensive reach of 30,000+ UltraTech dealers, 2,500+ UBS dealers mapped to 200+ UltraTech depots spread across more than 20 states. This large distribution network would help ABHFL to expand the outreach across 2,000+ micro markets and it also gives the Company an opportunity to provide an end-to-end solution to home buyers, right from buying cement and other construction materials to funding their dream home. This collaboration helps ABHFL provide a unique opportunity to consolidate the No. 1 position in the home building segment.

Number of Branches

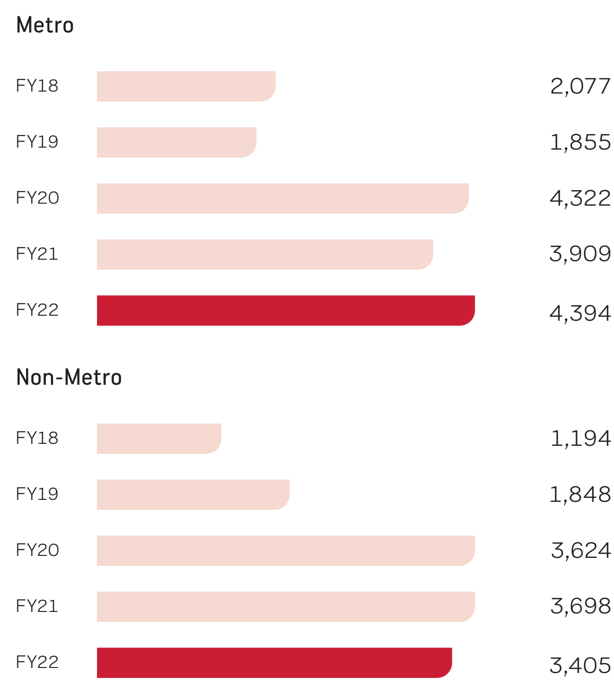
(in numbers)

↑ 62% y-o-y growth

20% (4-year CAGR)

Home Loan Sourcing

(₹ in Crore)



Note: Metro cities includes Delhi-NCR, Mumbai-MMR, Kolkata, Chennai, Bengaluru, Pune and Hyderabad

People practices

Shaping culture. Nurturing talent.

ABHFL prioritises on cultivating a culture that makes the people feel connected and inspired to grow with the Company, thereby creating positive employee experiences. The Company's people practices are focussed on attracting and managing talent, strengthening the commitments and actions towards diversity, equity and inclusion while ensuring the safety and well-being of the employees.

915

Employees comprising 85% millennials

12%

Women employees

LEARNING AND DEVELOPMENT

The Company's philosophy is to provide each employee equal and continuous opportunities to learn and grow. ABHFL conducts various learning programmes to enable the employees with the essential behavioural and functional skills.

Evolve: Under this initiative, the Company organises annual and monthly behavioural learning programmes for the employees.

The learning web: As part of this initiative, ABHFL provides functional training programmes to employees and a monthly calendar is circulated to them.

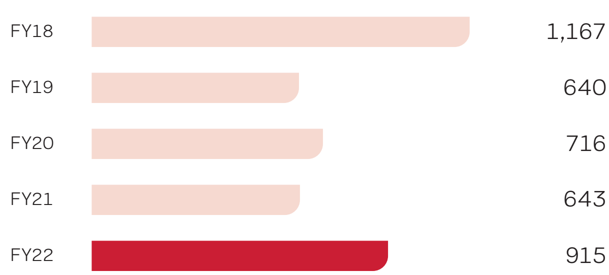
EMPLOYEE WELL-BEING AND ENGAGEMENT

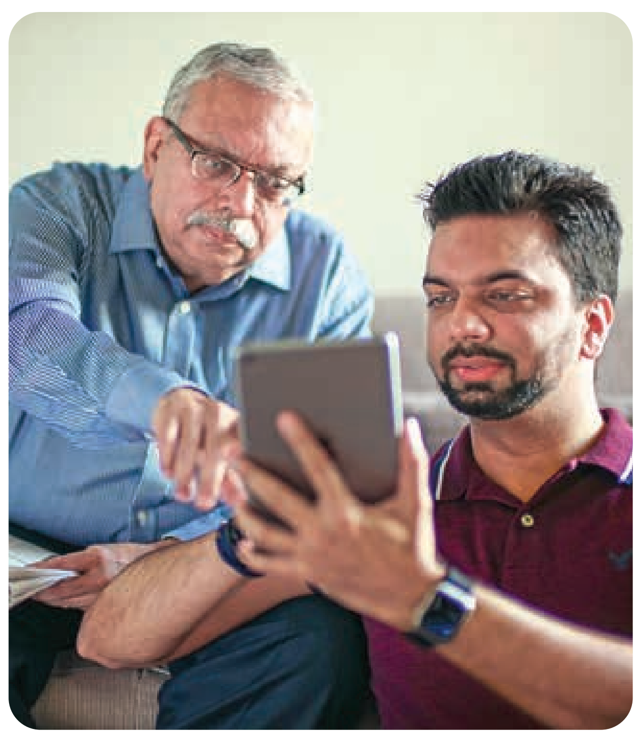
The Company emphasises on the health and well-being of the employees through multiple wellness programmes and initiatives. During FY 2021-22, ABHFL maintained the efforts to create a happy, vibrant and engaging workplace. The Company welcomed employees back to work and paid special attention to helping them restart and settle comfortably through support mechanisms and flexibility. In addition, the organisation continued to support employees and their families through medical infrastructure support and assistance programmes.

Apart from that, ABHFL conducts various employee engagement programmes to boost employee morale and motivation. More than 30% of employees were recognised in FY 2021-22 across various internal platforms such as ABC Inspiration Awards, Udaan Awards - Annual, On the Spot and Quarterly Awards.

Employees

(in numbers)





Board of Directors

Effective leadership and governance

ABHFL has a well-defined governance framework that serves as a roadmap for making effective and responsible decisions while also maintaining business integrity. As the Company strives to create long-term value for our stockholders, ABHFL upholds the highest standards of corporate ethics through transparent and fair disclosures, integrity and accountability.

Mr. Ajay Srinivasan
Non-Executive Director

Ajay Srinivasan is a Non-Executive Director of the Company with over three decades of experience in financial services and has been on the Board of the Company since 2014. He is the Chief Executive Officer at ABCL, the holding company for the financial services businesses of the Aditya Birla Group. He joined the Aditya Birla Group in 2007 and since then has successfully led and transformed Aditya Birla Capital Limited (ABCL) into a universal financial solutions provider focussing on protecting, investing and financing needs of its customers. Before joining the Aditya Birla Group, he has had experience in leadership positions with financial institutions having operations in India and internationally, such as Prudential ICICI AMC and Prudential Corporation Asia. Prior to his stint at Prudential ICICI AMC, he was Deputy Chief Executive Officer and Chief Investment Officer for ITC Threadneedle Asset Management. He began his career with ICICI Ltd. He is the Chairman of the CII National Committee on NBFCs. He holds a B.A. in Economics (Honours) from St. Stephen's College, University of Delhi and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.

Mr. Rakesh Singh
Non-Executive Director

He is a part of several industry forums, including Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industry, lending his expertise as a member of FICCI's Banking and Financial Institutions Committee. He has over 26 years of experience in the financial services industry cutting across both Banking and Non-Banking financial institutions.

Mrs. Anita Ramachandran
Independent Director

Anita is a graduate from the Jamnalal Bajaj Institute of management studies, Mumbai. She is a management consultant with 41 years of experience across a wide spectrum of industries and is well known for her work in HR consulting. Anita runs an independent HR advisory firm Cerebrus Consultants which has significant presence across South Asia. She has been on the Boards of several companies for the last 20 years. .

Mr. V. Chandrasekaran
Independent Director

He has worked for nearly 33 years in finance and Investment functions of Life Insurance, Housing Finance, Mutual Fund in Life Insurance Corporation of India (LIC) with adequate exposure to a gamut of Investments and been involved in Investment decision-making processes, Investment Monitoring and Accounting. He has served LIC as Executive Director of Finance and accounts, Investment Monitoring and Accounting, Investment Operations, Investment, Risk Management and Research.

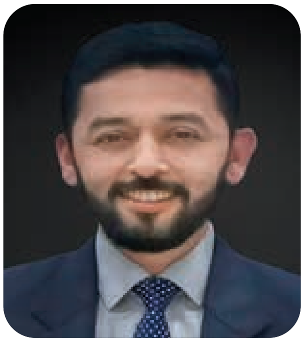
Leadership team

Mr. Netrapal Singh
Chief Executive Officer

A veteran of the mortgage industry, Netrapal has diverse work experience of over two decades in the financial services industry across multiple roles viz. sales, credit and collections. He has also held various senior positions at esteemed organisations like HDFC Ltd., IDBI Bank, Standard Charted Bank and ICICI Bank.

He joined Aditya Birla Finance Ltd. (ABFL) in 2011 as a Zonal Head for the mortgage business and with his vision and excellent leadership skills, within 3 years of joining ABFL, was entrusted with the responsibility to head a newly launched housing finance company in 2014 – Aditya Birla Housing Finance Ltd., which encompasses prime housing, affordable housing, construction finance and real estate advisory. He subsequently assumed the role of the Chief Executive Officer in 2019.

He is a pedant for process robustness and has a keen eye when it comes to numbers. He has been instrumental in developing a culture of ownership and leadership at ABHFL, empowering the teams to create efficient independent systems that bank on consistent processes rather than individual brilliance.



Mr. Ashish Damani
Chief Financial Officer

Ashish has over 20 years of experience. At ABHFL, he is responsible for leading finance and accounts, planning and MIS, Audit, Taxation, Treasury, Secretarial and Statutory Compliances of the Company.

Before joining ABHFL, he was a part of Aditya Birla Capital's Life Insurance and NBFC businesses. He was involved in various roles, including finance, sales and distribution, business planning and strategy. He has previously worked at esteemed organisations including Bharti Airtel and Mahindra & Mahindra Ltd.

Subhajeet Roy Choudhury
Chief Risk Officer

In his role as the Chief Risk Officer, Subhajeet is engaged in managing risk and policy for the Prime, Affordable and Construction finance business. He is also responsible for all risk management strategies, as well as supervising the organisation's risk mitigation and identification procedures.

He has over 15 years of experience in Credit Underwriting, Collections, and Risk & Policy management. Prior to joining ABHFL, he was associated with Fullerton India Housing Finance Ltd., Edelweiss Housing Finance Ltd., Bajaj Finance Ltd., Barclays Bank PLC, Indiabulls Financial Services Ltd., and Standard Chartered Bank.

Dharmendra Patro
Chief Credit Officer

Dharmendra is engaged in managing credit and risk for both Prime and Affordable businesses. He is also responsible for all risk management strategies, operations, as well as supervising the organisation's risk mitigation and identification procedures.

Dharmendra has over 23 years of experience in spearheading efforts related to technical, regulatory and competitive risk management. Prior to joining ABHFL, he was with Bandhan Bank as Head Credit Underwriting. His earlier work experience also includes organisations such as PNB Housing Finance Ltd., Indiabulls Housing Finance Ltd. and ING Vysya Bank. Dharmendra is a qualified Chartered Accountant from ICAI, New Delhi.

Anindya Karmakar
Head Operations, Customer Service, Products & Strategy

In his current role, Anindya is responsible for leveraging technology for driving business growth and innovation, improving customer experience, and automating business and backend operations. He has over 23 years of experience in the financial services industry. He has led multiple teams in sales and distribution, business development, product management, customer experience, technology, analytics and digital transformation to deliver growth and business turnarounds.

Before joining ABHFL, he was the head of the Digital Lending business at ABFL. He is an avid AI practitioner and has implemented AI solutions at scale to solve problems in customer acquisition, customer service, risk management, pricing and financial advisory.

Corporate information

BOARD OF DIRECTORS

Mr. Ajay Srinivasan
Non-Executive Director

Mr. Rakesh Singh
Non-Executive Director

Mrs. Anita Ramachandran
Independent Director

Mr. V. Chandrasekaran
Independent Director)

COMMITTEES OF THE BOARD

Audit

Mr. Ajay Srinivasan
Mrs. Anita Ramachandran
Mr. V. Chandrasekaran

Nomination and Remuneration

Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mrs. Anita Ramachandran
Mr. V. Chandrasekaran

Corporate Social Responsibility

Mrs. Anita Ramachandran
Mr. Ajay Srinivasan
Mr. Rakesh Singh

Risk Management

Mr. V. Chandrasekaran
Mr. Ajay Srinivasan
Mr. Rakesh Singh

Asset-Liability Management

Mr. Rakesh Singh
Mr. Netrapal Singh
Mr. Ashish Damani
Mr. Anindya Karmakar
Mr. Subhajeet Roy Choudhury
Mr. Dharmendra Patro
Mr. Anubhav Katare

Securities Allotment & Transfer Committee

Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mr. Netrapal Singh
Mr. Ashish Damani
Ms. Swati Singh

INFORMATION TECHNOLOGY (IT) STRATEGY COMMITTEE

Mr. V. Chandrasekaran
Mr. Netrapal Singh
Mr. Ashish Damani
Mr. Subhajeet Roy Choudhury
Mr. Anindya Karmakar
Mr. Dharmendra Patro
Mr. Sachin Jadhav
Mr. Aseem Joshi
Mr. Gopakumar Panicker

KEY MANAGERIAL PERSONNEL

Mr. Netrapal Singh
Chief Executive Officer

Mr. Ashish Damani
Chief Financial Officer

Ms. Swati Singh
Company Secretary

SENIOR MANAGEMENT

Mr. Anindya Karmakar
Head Operations & Customer Service

Mr. Subhajeet Roy Choudhury
Chief Risk Officer

STATUTORY AUDITORS

Khimji Kunverji & Co LLP
Chartered Accountants

SECRETARIAL AUDITORS

BNP & Associates
Company Secretaries

INTERNAL AUDITORS

Protiviti India Member Private Limited
Chartered Accountants

DEBENTURES TRUSTEES

Vistra ITCL (India) Limited
Plot C-22, G-Block, BKC Bandra (E),
Mumbai – 400 052
Tel: +91 22 2653 3333

REGISTRAR & SHARE TRANSFER AGENT

Linkintime India Private Limited
C 101, 247 Park, L. B. S. Marg,
Vikhroli West, Mumbai – 400 083
T: +91 22 49186000
F: +91 22 49186060
E: debtca@linkintime.co.in

REGISTERED OFFICE

Indian Rayon Compound,
Veraval – 362 266
Gujarat
T: +91 2243567000
F: +91 2243567266
CIN: U65922GJ2009PLC083779
E: swati.singh7@adityabirlacapital.com
W: www.adityabirlahousingfinance.com

CORPORATE OFFICE

One world Center,
Tower-1, 18th Floor,
Jupiter Mill Compound,
841, Senapati Bapat Marg,
Elphinstone Road,
Mumbai – 400 013
T: +91 22 4356 7000
F: +91 22 4356 7111

Management Discussion & Analysis

OVERVIEW OF GLOBAL ECONOMY

World economy rebounded sharply in 2021 to 5.9% after hitting (3.1%) in 2020, lowest level since 2020. The sharp uptick was on the back of continued ultra-accommodative monetary policy, impact of strong fiscal response to the pandemic, and gradual normalisation of economic activities from extreme Covid restrictions on the back of availability of vaccines and focus shifting to live with Covid.

DM economies led by US were the clear leader in this growth revival. Emerging Market (EM) growth recovery adjusted for base was relatively modest except for commodity exporters. The divergence in policy response to the pandemic and vaccination turned out to be the key differentiator in growth outcomes between DMs and EMs. Although fiscal was expansionary across the globe, DMs underwent an extraordinarily large expansionary fiscal and monetary policy to stimulate demand including by substantial direct/indirect transfers to households. Most of the EMs saw expansionary fiscal on account of shortfall in receipts due to collapse in economic activity.

The strong burst of demand, much higher than pre-Covid levels in key markets like US, was faced with disrupted supply chains, supply curtailment of crude by OPEC+ and weak supply response in many other commodities due to long period of low investment. This resulted in strong burst of inflation across the globe, making multi-decade highs in many important economies. Aggressive monetary and fiscal policy actions undertaken to support the economy after the COVID-induced shock to aggregate demand on one hand, and supply chain disruptions resulting from local lockdowns and rotation from services to goods spending on the other hand, created the perfect storm for inflation. What was initially deemed 'transitory' inflation showed remarkable strength and surprised all analysts with inflation at multi-decade highs in the developed world. Adding further fuel to the fire, the Russian invasion of Ukraine triggered unprecedented sanctions from the West causing energy prices to spike from already elevated levels on the back of resurgent demand and OPEC+ led supply control.

High inflation has forced hawkish pivots from major Central Banks led by US Fed resulting in sharp rise in bond yields as market participants re-assess the path of interest rates. Evolution of Russia-Ukraine war and resurgence of Covid in China has emerged as other risk factors for global economy.

OVERVIEW OF INDIAN ECONOMY

After a 6.6 per cent contraction in FY 2020-21, the Indian economy rebounded to 8.9 per cent in FY 2021-22 as per the second advance estimates released by the NSO. The strong Delta wave in the beginning of the fiscal had a significant negative impact on growth in the first half of the fiscal. While economy has shown steady recovery from 2Q FY22 onwards, it has largely been a K shaped recovery with informal and contact intensive sectors lagging, while industry and agriculture doing much better. The Omicron wave in early 2022 also impacted growth, although much lesser than the Delta wave.

Falling infections, rapid vaccination coverage and quick normalisation of mobility have facilitated the recovery in economic activity over the last year. Rural demand has remained resilient while urban demand has also recovered with pent-up demand supporting the recovery in contact-intensive sectors. We are witnessing steady economic recovery in India from the troughs of delta wave, but the recovery is far from complete, and it is a K shaped recovery with segments most impacted like trade, hotel, transport and other high contact services still running below pre-pandemic levels. Private final consumption expenditure and consumption sentiment survey have been weak. However, recovery has moved much further in industrial sector, construction and exports.

Inflation also rose in India like in much of the world, but largely remained within RBI tolerance band. Higher inflation in Indian has largely been due to high commodity prices and global supply disruptions. After remaining ultra accommodative and giving preference to growth over inflation, high inflation has finally resulted in pivot by RBI which now gives more importance to inflation over growth, although remaining accommodative.

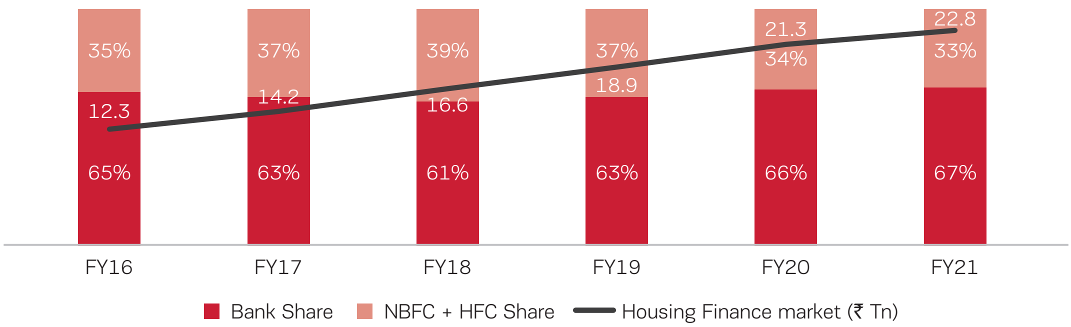
The Union Budget for FY 2022-23 was focused on growth revival, budgeting for an aggressive capex spending while setting a fiscal deficit target at an elevated level of 6.4% of GDP. Consequently government borrowing remains elevated. High inflation, hawkish RBI, sharp increase in bond yields in DMs and the large borrowing programme have caused interest rates in India to rise significantly.

Exports and Imports both jumped sharply in FY22 as high oil prices, demand for gold and strong global growth supported both imports and exports. India's trade deficit rose from $102.63 bn in FY 2020-21 to $192.24 bn in FY 2021-22 and CAD is also expected to have widened to 1.5% of GDP from 0.9% of GDP surplus in FY21. Going forward, oil prices will be the most important variable for the Indian economy as the same impacts India's GDP growth, inflation as well as BOP dynamics.

INDUSTRY OVERVIEW

India Housing Finance market stood at ₹ 22.8 trillion as on March 2021 with exposure to home loans (HLs), loan against property (LAP), construction finance (CF), and lease rental discounting (LRD)

India Housing Finance pegged at ₹ 22.8 Tn market in FY21



Source: Rating Agencies, Research Reports

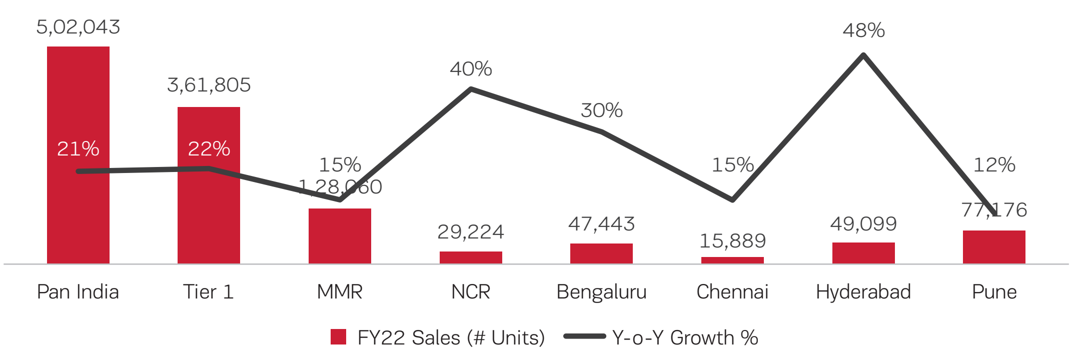
Housing finance space has a healthy outlook on account of multiple factors such as:

- Significant **under penetration of mortgage** in India (11% of GDP) compared to other countries
- **Increasing disposable income** of a **growing population** with median age of Indian population in the range of 25-45 year, which is also the earning age bracket
- **Rapid urbanisation:** According to Knight frank report, urbanisation in India rose from 28% in 2001 to 34% presently and is expected to cross 40% by 2030
- **Nuclearisation:** Reduction in average household size from 5.5 person in 1991 to 4.8 persons in 2011 as per Census 2011.
- Good traction in **Primary residential housing sales** coupled with **stable housing prices**
- **Reduced interest rates** backed by favorable government support for affordable housing among others.

At the back of strong recovery post Covid impact & changing dynamics of housing needs post covid, Primary Residential Housing sales crossed 5 Lakh units benchmark in FY22; Y-o-Y growth of 21% indicating pick up of demand in market.

Tier 1 markets contributed to 72% of overall unit sales with good sales witnessed in Mid & Premium segment backed by favourable market tailwinds such as low ROI, premium schemes & demand for larger homes.

Top Metros sales trend & Y-o-Y growth



Source: PropEquity

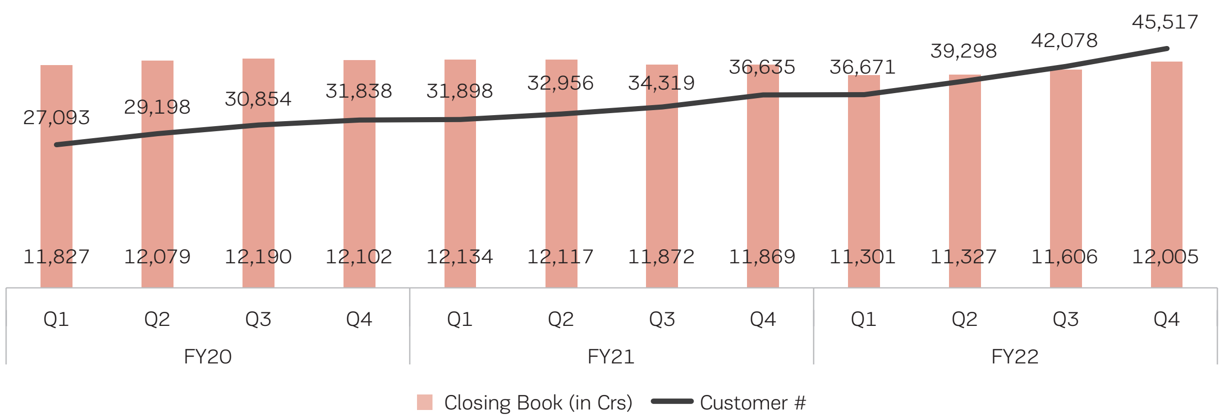
Over the past two years, banks have been competitive in the core individual housing segment, due to their ability to offer lower price, and as loan growth in the corporate segment remained muted. Although HFCs have been resilient due to their reach and product focus, their margins have been under pressure for the past two years due to the lower interest rate scenario benefitting banks. HFCs remain dominant in the Affordable Housing segment, an important component of Home Loans market contributing ~50% by value and 80% by volume in Mar'21. Under-penetrated market, tax sops and government push on "Housing for All" makes the outlook for Affordable HFC players favorable in the long term. With the gradual pick-up seen in the last two quarters most of the NBFCs/HFCs reached near pre-covid levels in terms of disbursements.

BUSINESS OVERVIEW

Business performance

The Company currently services 45,000+ customers and its loan book stood at ₹12,005 Crore in FY 2022 of which ₹7,959 Crore was towards Housing loans, ₹3,318 Crore towards Mortgage Loans, and ₹728 Crore towards Developer Finance loans. ABHFL continued to grow its affordable loan book as part of its strategy to increase granular business in chosen segments of the market. Our progress in the last year for the affordable housing book has been strong. The book grew 2x from ₹ 2,200 Crore as on March 2020 to ₹ 4,500+ Crore as on March 2022.

ABHFL Portfolio Trend & Active Customers

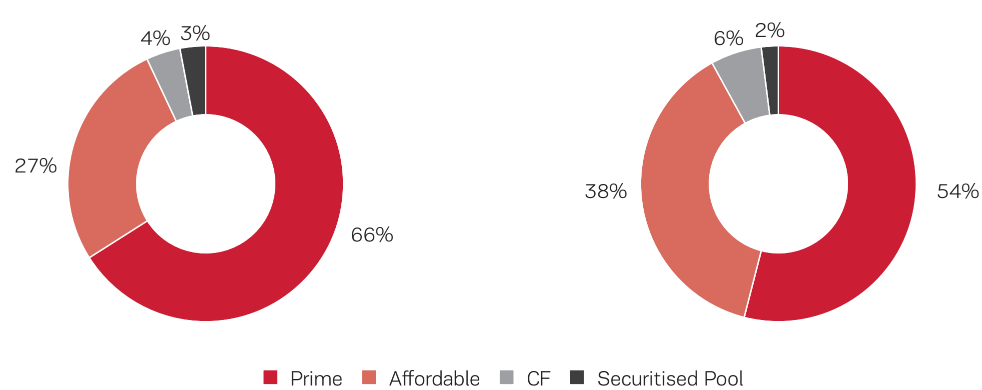


ABHFL's priority is to build a digital & analytics backed Retail housing franchise catering to the housing needs of salaried, self-employed and professionals running micro-businesses across tier-I suburbs, tier-II and tier-III cities with optimum credit quality. Key focus areas in FY22 were:

A. Retail Granularity:

ABHFL's core strategy is to procure and increase Affordable housing business and volumes. The Company worked towards developing a robust, retail-led business model and acquired 13,000+ new customers in FY22. Affordable Housing segment contributed to 38% of portfolio as on March 2022 with average ticket size dropping from ₹30 Lakh in FY21 to ₹22 Lakh in FY22.

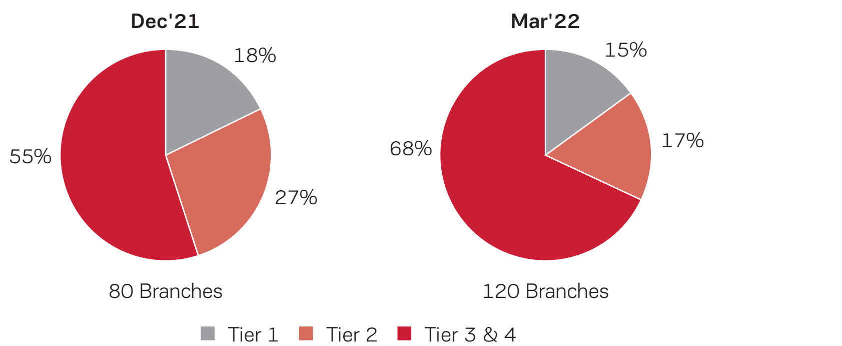
Shift in focus to Affordable Housing segment with 38% contribution in FY22



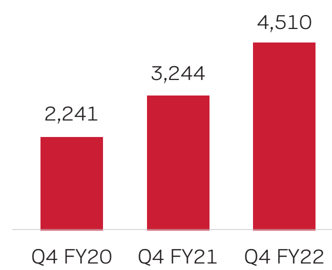
B. Branch Expansion:

With shift in focus towards Affordable Housing, ABHFL expanded its geographical footprint to 120 locations as on Mar'22 with 68% of the branches in Tier III & Tier IV locations

Increased branch presence in Tier III &IV locations to cater to Affordable Housing segment customers



Affordable Housing AUM has doubled in last 2 years



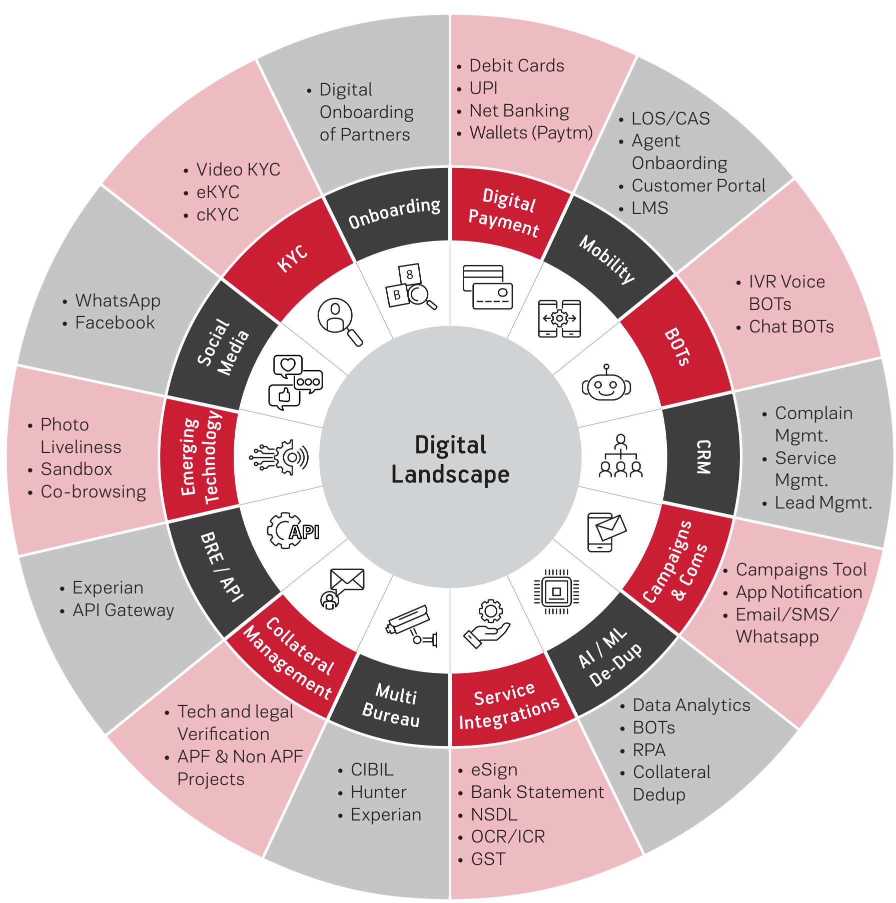
Leverage Technology to reduce TAT & enhance customer experience

ABHFL has been investing in digital technology on sourcing and servicing fronts both internally and in collaboration with fintech companies.

A few digital initiatives taken by ABHFL during the year were:

- Implemented **DigiLocker** for providing customers with an easy and digital means to store and retrieve documents, making ABHFL the 1st HFC in the country to do so
- Launched a **mobile application for sales managers** for onboarding customers. 85%+ of all customers were sourced digitally in FY22
- Created a **Central Processing Hub** for data standardisation, cost optimisation, and better controls
- Implemented **personal discussions** with customers through **video** with **geo-tagging options**
- Implemented **voice-bots** for incoming customer calls, and for outgoing collection calls
- Implemented **omni-channel** service framework

Overview of ABHFL Digital Landscape



Business resilience under lockdown

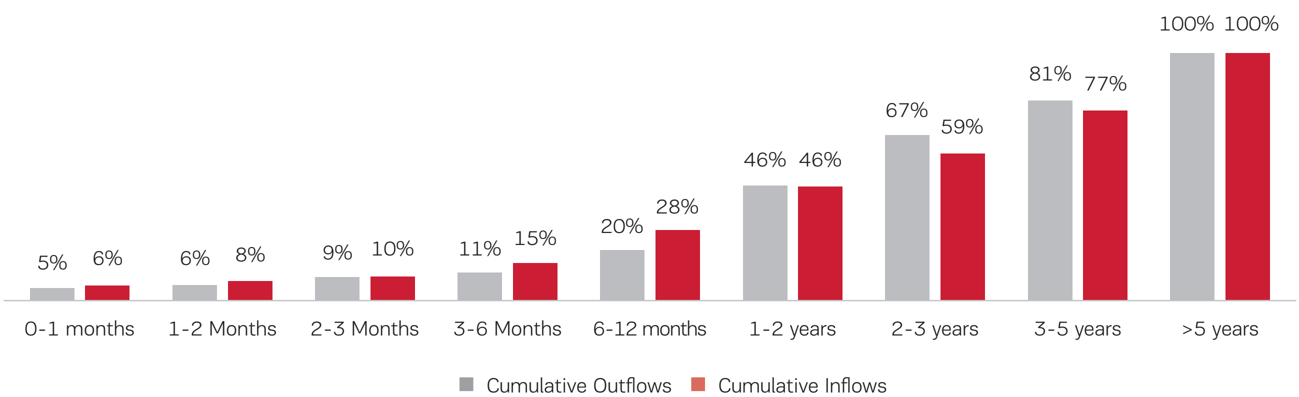
Considering internal and external information, credit reports, economy forecasts, and industry reports, ABHFL has done analysis in making estimations of the impact of this pandemic on the repayment ability of its borrowers, and take additional provisions as considered appropriate, over and above the extant provisions, for expected credit losses.

ABHFL had tightened the underwriting process for self-employed and salaried customers of various sectors facing cash flows issues. The Company leveraged WhatsApp for superior customer service and faster turnaround time. ABHFL currently serves 85% of its customers digitally as against 65% pre-lockdown.

ABHFL adopted flexi work policy with virtual desktop interface over cloud infrastructure and leveraged technologies to provide uninterrupted support to employees, customers, and vendors.

Asset Liability Management (ALM)

The Company's Asset Liability Management (ALM) system strikes balance between adequate liquidity and the cost for sourcing. The below chart depicts that the mismatch between the inflows and outflows for each of the buckets were within the regulatory limits.



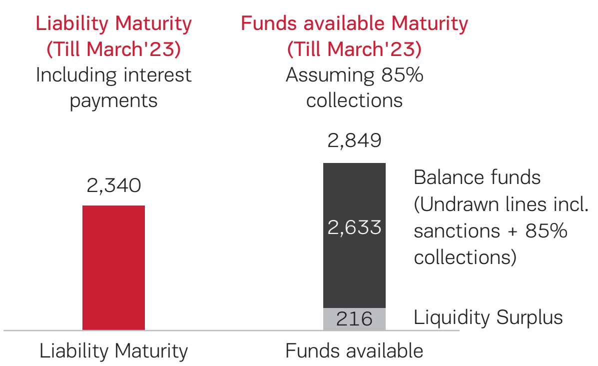
Cumulative Surplus/ (Gap)								
19%	25%	3%	34%	40%	-1%	-11%	-5%	0%

Liquidity Management

The Company maintained adequate liquidity and had an average unutilised Term Loan Bank Lines of ₹ 400 Crore and un-availed working Capital Lines of ₹ 1,060 Crore.

The Company had carried out liquidity stress test (as given below) to ensure availability of liquid funds throughout FY 2022-23.

Adequate liquidity under stress test scenario



Surplus under various stress test scenarios (incl. undrawn line):

- Normal (95% CE) - Surplus of ₹ 647 Cr.
- Stress (85% CE) - Surplus of ₹ 509 Cr.
- Severe Stress (75% CE) - Surplus of ₹ 371 Cr.

Assuming 85% collection efficiency till March 2023, the Company will have surplus of ₹ 509 Crore (Including undrawn lines).

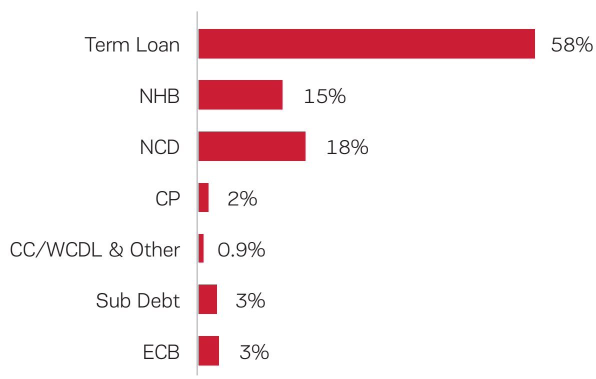
Credit Ratings

The Company has been assigned the following Ratings by ratings agencies as details below:

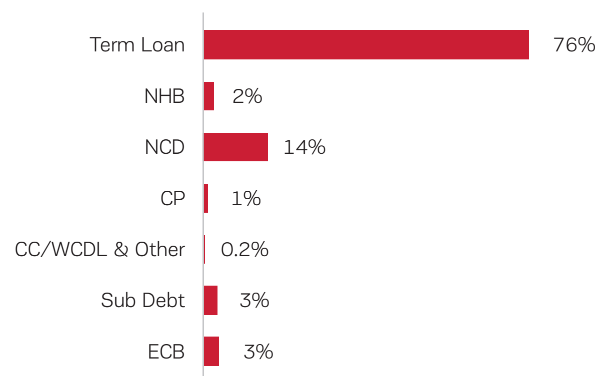
Credit Rating Agency	Instruments	Ratings	Outlook
India Ratings	Non-Convertible Debentures	**AAA**	**Stable**
	Principal Protected Market Linked Debentures	AAA emr	
	Sub-Debt	AAA	
	Commercial Paper	A1+	
	Fund based limits from Banks	AAA/A1+	
ICRA	Non-Convertible Debentures	**AAA**	**Stable**
	Sub-Debt	AAA	
	Commercial Paper	A1+	
	Fund based limits from Banks	AAA/A1+	

Borrowing Profile

The Company primarily sources funds from banks in the form of term loans and cash credit / WCDL and from the money market through Non-Convertible Debentures (NCDs) and commercial papers. During the year, the Company availed ₹ 1,460 Crs of NHB Re-finance Limits and ₹ 900 Crs of Terms Loans. The Company also raised ₹ 840 Crore through private placement of Secured NCDs. The borrowing profile as on 31st March 2022 and 31st March 2021 is shown below:



31st March 2022: ₹10,332 Crore



31st March 2021: ₹10,344 Crore

Cost of Funds

The Company was able to reduce the cost of borrowing by 83 bps over previous year primarily on account of:

- Prepayment (₹ 2,275 Crs), out of turn rate resets (₹ 2,100 Crs) & spread reduction on (₹ 150 Crs) Term Loan.
- diversifying its source of funds which includes Term Loan, NHB Borrowing, NCD linked to Repo Rate/ Over Night MIBOR / T-Bill.

Average Cost of Borrowing

	FY21	FY22
Long Term	7.87%	6.94%
Short Term	5.10%	4.34%
COB	7.71%	6.88%

83 bps

RISK MANAGEMENT

The Company's risk philosophy involves developing and maintaining a high credit-quality portfolio within its risk appetite and the regulatory framework. While it is exposed to various types of risks, the most important among them are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The measurement, monitoring and management of risks remains a key focus area for the Company.

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement and mitigation procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked against best practices in the market.

For credit risk assessment, specific policies and processes are in place. Management of credit risk is carried out through credit policy definition, portfolio diversification, appraisal and approval processes, internal ratings, operations control, fraud control, collection processes and remedial management procedures. We are also engaged in post disbursal file audit for checking data quality and policy and process adherence, monthly portfolio review, PDD management, collections review. For each product, programmes defining customer segments, underwriting standards, security structures, etc. are specified to ensure consistency of credit patterns. All the cases are approved by Credit Committees formulated at different levels with respective approval limits.

COLLECTIONS

A robust collection infrastructure is core to ABHFL's lending business. We have strengthened the frontline collections infrastructure by setting up dedicated teams for specific segments to improve overall efficiency. Special/Proactive Focus on Restructured portfolio is helping the Company in early resolution of delinquencies. Further, legal process has now become more robust with additional tools being added to enable higher recoveries.

The above initiatives have led to reduction in stage 2 portfolio and flatter stage 3 for the year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate systems of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported correctly. The Company carries out extensive and regular internal audit programmes, policy reviews, guidelines and procedures to ensure that the internal control systems are adequate to protect the Company against any loss or misuse of the Company's assets.

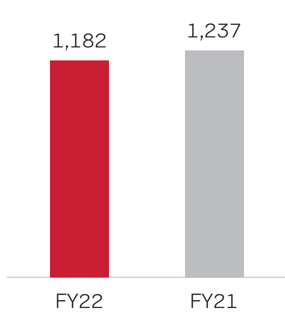
FINANCIAL AND OPERATIONAL PERFORMANCE

Positive Growth in key financial parameters: ABHFL continues to deliver strong core operating profit over the years. Organisation reported highest ever NIM of 4.24% (PY: 3.23%) backed by shift in affordable segment 38% (PY: 27%); change in borrowing Mix & lower cost of borrowing 6.90% (PY: 7.75%). While organisation expanded footprint from 74 branches in FY21 to 120 branches in FY22 cost rationalisation measures resulted in bringing down the CIR from 39.98% in FY 2021 to 37.78% in FY 2022. Efficient collection management led to lower credit cost at 0.65% (PY: 0.73%). Combined impact of above variables led to increase in PAT to ₹ 197 Crs (44% growth over P.Y.). The ROA and ROE were at 1.73% (P.Y:1.15%) and 13.0% (P.Y: 9.96%) respectively.

Yield

Led by change in product mix & optimal cost of borrowing

Yield	Δ : Nil	
Yield[1]%	10.33%	10.33%



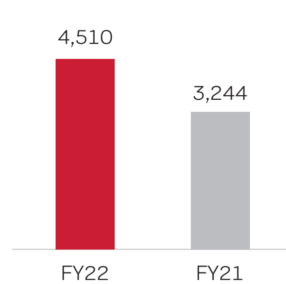
[1] Yield including fee (net of DSA Expenses)

Affordable Mix

(All figures in ₹ Crore)

Growing loan book with increase in affordable mix

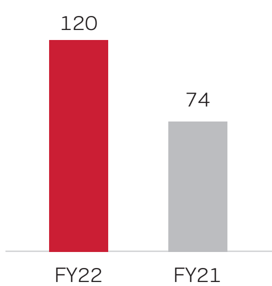
Affordable mix	Δ : ↑ 11%	
Affordable mix %	38%	27%



Branch Expansion

Led by increase in Tier 3/4 branches

Total branches	Δ : ↑ 62%	
Tier 3/4 branches	Δ : ↑ 13%	
Tier 3/4 branches %	68%	55%

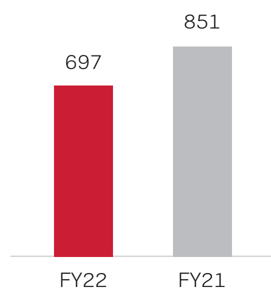


Cost of Borrowing

(All figures in ₹ Crore)

Led by change in borrowing mix

CoB	Δ : ↓ 0.85%	
CoB %	6.90%	7.75%

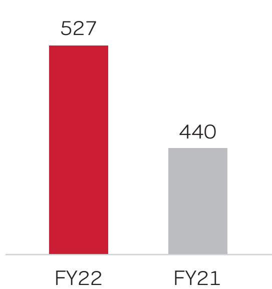


Net Interest Income

(All figures in ₹ Crore)

Led by change in product mix

NIM	Δ : ↑ 101 bps	
NIM[2] %	4.24%	3.23%



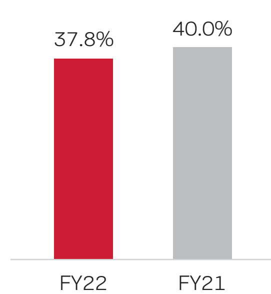
[2] NIM including fee (net of DSA Expenses)

Cost to Income Ratio (CIR)

(%)

Led by operating Leverage & optimal borrowing mix

CIR	Δ : ↓ 2.2%	
Opex[3] %	1.74%	1.47%



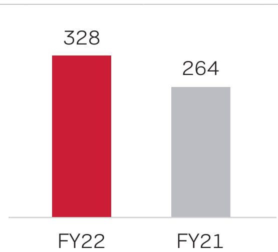
[3] % computed based on average Loan Book

Pre Provisioning Operating Profit

(All figures in ₹ Crore)

Strong expansion in core Profit margin (PPOP %)

PPOP %	Δ : ↑ 66 bps	
PPOP[4] %	2.87%	2.20%



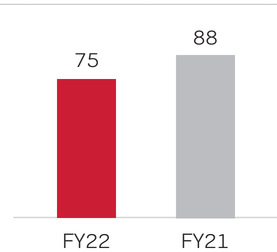
[4] DSA commission netted off against Total Revenue, accordingly previous period financials are reinstated

Credit Cost

(%)

Led by efficient collection management

Credit Cost	Δ : ↓ 0.08 %	
Credit Cost %	0.65%	0.73%



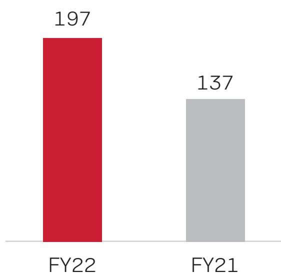
Management Discussion & Analysis (Contd.)

Return on Assets / Return on Equity

(All figures in ₹ Crore)

Strong expansion in Profit margin (PAT)

RoA / RoE	△ : ↑ 58 bps	△ : ↑ 3.04 bps
RoA %	1.73%	1.15%
RoE %	13.00%	9.96%



Capital Adequacy Ratio (CAR)

The Capital adequacy ratio as on 31st March 2022 was 23.80%. The net worth of the Company as on 31st March 2022 was ₹1,721 Crore as against the previous year figure of ₹1,519 Crore.

KEY FINANCIALS

₹ in Crore except %

Key Performance Parameters	FY 2021-22	FY 2020-21
Lending Book	12,005	11,869
Average yield (%)	10.33%	10.33%
Net Interest cost/ Avg. loan book (%)	6.09%	7.11%
NIM* (%)	4.24%	3.23%
Net Interest Income	527	440
Opex	199	176
Opex /Avg. Loan Book (%)	1.74%	1.47%
Cost Income Ratio (%)	37.8%	40.0%
Credit Provisioning	74.7	88.0
Credit Provisioning/Avg. Loan Book (%)	0.65%	0.73%
Profit Before Tax	253.3	176.4
Profit After Tax	197.5	137.3
Net worth	1,721	1,519

* NIM including fee (net of DSA Expenses)

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company has always aspired to be an organisation and a workplace which attracts, retains and provides a canvas for talent to operate.

The Company believes that meaning at work is created when people relate to the purpose of the organisation, feel connected to their leaders and have a sense of belonging. Our focus stays strong on providing our people a work environment that welcomes diversity, nurtures positive relationships, provides challenging work assignments and provides opportunities based on meritocracy for people to grow and build their careers with the Company in line with their aspirations.

The employee strength of the Company was **915**, comprising of more than **85%** millennials and **12%** women.

TALENT MANAGEMENT

Building a strong future ready talent pool and robust leadership succession pipeline continue to be priority areas for us in Talent Management. We continued to give prominence to identifying and developing our high potential employees and have steered towards more holistic, comprehensive and future oriented development interventions for them.

In the last two years:

- ABHFL had invested significantly over the last year in identifying and developing talent across levels. Out of 136 employees across Middle & Senior Management 40 (29%) are part of our talent pool against the industry norm of 15%-20%, most of whom have been covered in our Leadership Development Program. These programmes are aimed at fast tracking high potential of the organisation.
- More than 90 employees have undergone a role change as a part of career progression.

EMPLOYEE WELLNESS AND ENGAGEMENT

The Company's endeavour to provide a happy, vibrant and engaging work environment continued this year. It welcomed employees back to work and significant attention was given to help them restart and settle comfortably through support mechanisms and flexibility.

The Company is also reinforcing the importance of health and wellbeing through wellness programmes and initiatives. It continued to support the employees and their family members through medical infrastructure support and assistance programmes during Wave 2 and 3 of COVID.

A comprehensive wellness programme was launched recently which is aimed at helping employees improve their physical as well as emotional wellbeing. This will continue to be a key area of focus for the Company. **38%** of the employees have adopted the AB Multiply App - a integrated wellness programme exclusively launched for employees across Aditya Birla Capital.

In FY 22 more than **30%** of the employees have been recognised across various internal platforms like ABC Inspiration Awards, Udaan Awards- Annual, On the Spot and Quarterly Awards.

COVID MANAGEMENT

ABHFL also faced unprecedented challenges but was able to tide through the difficult times solely because of the collaborative efforts of teams across the business. The Company as an organisation has also managed to expand our branch locations to 120 branches amidst maintaining all necessary protocols.

Along with that, the Company ran specific vaccination programmes to ensure that all the employees and their family members are the earliest to get protection against Covid -19. At the junior levels, the expenses of vaccination were also borne by the Company

The Company was also the first in the industry, with the relaxation of the lockdowns to open offices and branches, indicating our commitment towards the customers. Our preparations before reopening covered all aspects of safety protocols for our customers and employees.

LEARNING

The Company's philosophy is to provide every employee with equal and continuous opportunities to learn & grow. Our learning interventions create an organisation wide impact as these are focused on enabling employees to do better at work both in functional as well as behavioural domain. Employees are encouraged to own their learning journey by identifying their development needs in the Management Development Programme tool.

EVOLVE– All the behavioural learning initiatives, interventions are planned and collated under Evolve. An annual and monthly calendar of behavioural training programmes, interventions, online modules are circulated to all employees.

The Learning Web – All pre and post functional training interventions and development initiatives are driven through the Learning Web, and a monthly calendar is circulated to all employees under THE FUNCTIONAL EXPRESS newsletter.

Last year the Learning & Development team went through a transformational shift wherein all traditional classroom sessions were given a face lift through virtual instructor led programmes. These programmes enabled us to cover **94.17% of FLS population and 81% of our Poornata** employees across the length and breadth of the country giving the employees the flexibility to learn anytime and from anywhere. Additionally, with **3000+** E Learning courses and **19K+** video-based modules, **300** micro-learning modules in ABC University, our employees have accelerated their learnings for their benefit. **85%** of our employees in Middle and Junior management have undergone more than 1 e-learning course in FY22. Building the right skillsets in the most challenging times was one of the priorities for the team which led to building special focus on Change Management, building Digital Mindset and Customer Centricity. TARA was a unique women leadership development initiative with senior women leaders mentoring young women within the organisation.

Productivity and profitability initiatives were executed under Functional Learning and Development for various Sales functions such as FOSTrack 2.0, My-Voice, Kill the Nil, Branch Learning Diet (branch-based monthly knowledge building initiative), League of Leaders (for managerial capability development), and LKT (Lending Knowledge Test) for assessment of knowledge levels of Sales and Credit teams on Credit Policy and Product features.

FY2023 – MACRO ECONOMIC OUTLOOK

As the global economy started witnessing some green shoots of recovery post Covid-19, the crisis between Russia-Ukraine put some dampener. In a worse-case situation, the conflict may lead to financial instability and supply chain disruptions, esp in semiconductor, food and auto industries where Russia and Ukraine are the major suppliers of raw materials. Combined with this, if another Covid wave surfaces, there could be a relatively greater impact to the economy. While supply disruptions and sanctions will feed into domestic prices, the larger impact on India's inflation will be due to sharply rising oil and gas, commodity, and food and fertiliser prices. To contain inflation, policy rates are likely to rise. These will likely get passed to the end consumer, thereby delaying demand. India has endured the pandemic for two years and has come out of it more resilient. The expected GDP growth should range between 7.5% and 8.0% in FY2022–23 and between 6.7% and 7.1% in FY2023–24.

The long-term growth outlook for the Housing sector remains positive given the large untapped market, favourable demographic profile, rising income, housing shortage, improved affordability and government support in the form of tax sops and subsidies.

NBFC - HFC OUTLOOK

The lowest interest rates seen in decades along with stable property prices, the low impact of the pandemic on job losses and wage growth in the salaried segment, have led to improved affordability for borrowers. This accompanied with the need for a bigger housing space during the pandemic bodes well for HFCs to drive the overall assets under management (AUM) growth despite stiff competition from banks. Affordable housing financers could witness strong loan growth due to increasing geographical penetration and a possible increase in ticket size (partly due to asset inflation), thereby driving higher loan growth in FY23.

According to CRISIL Research, Affordable housing finance market stood at ₹ 9 Tn in FY21 and the same is expected to witness healthy 9-10% CAGR and rise to ~₹ 13 Tn by FY24-25P.

Amidst this, ABHFL's purpose remains to further strengthen the government's vision of Housing for All and contribute to nation building in its humble way.

ABHFL OUTLOOK - OPPORTUNITIES AND THREATS

Opportunities

- Under-penetration of financial services in India offers growth opportunities
- With forced lockdowns and continued WFH, there is a need for larger homes leading to rise in demand for ready to move in or near completion properties
- Shift in investor driven RE market to an end user driven market leading to higher demand backed by new project launches by top developers
- Expansion in tier II and beyond with the rise in reverse migration
- Focus on technology to enhance end-to-end digital journeys and deliver superior borrowing experience to customers

Threats

- Mutation of the virus has led to possible threat of a third wave of the pandemic. This can have an adverse impact on the overall industry affecting business growth and asset quality
- Increasing competition with some segments being dominated by Banks with lower cost of funds

ABHFL will continue its focus on Affordable Housing segment and increase its contribution to 65% of portfolio. We further intend to grow our retail penetration by leveraging the Ultratech ecosystem of 30,000+ dealers and 2500+ UBS (Ultratech Business Solutions) dealers to expand reach in Tier III & IV locations with a lean branch model.

With customer at the core of all designs, ABHFL's focus is on improving 'life on book' by **Use of analytics to improve Customer Value proposition by** offering top-ups to good customers and managing attrition. ABHFL is also developing Early Warning Signal models for prudent portfolio management. This will be backed by our continued work on the operating model, accelerating digital capabilities while **leveraging Technology to reduce TAT** and to enhance customer, distributor, and employee experience.

CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The Company is not obliged to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development information or events or otherwise.

Board's Report

Dear Members,

The Board of Directors of Aditya Birla Housing Finance Limited *("the Company" or "ABHFL")* is pleased to present the 13th (Thirteenth) Annual Report and the Audited financial statements of the Company for the financial year ended 31st March 2022 *("financial year under review")*

FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance for the financial year ended 31st March 2022 as compared to the previous financial year ended 31st March 2021 is summarised below:

(₹ in Crore)

Particulars	Financial Year	
	As at 31 Mar 22	As at 31 Mar 21
Total Income	**1,216.24**	**1,284.91**
Less: Finance Cost	694.94	849.23
Net Total Income	**521.30**	**435.68**
Less: Operating Expenses	193.35	171.79
Pre-provision operating Profit	327.95	263.89
Less: Impairment on financial instruments	74.70	87.51
Profit before tax	**253.25**	**176.38**
Less: Tax expenses	55.96	39.15
Profit after tax	**197.29**	**137.23**
Other comprehensive income (net of tax)	4.55	(0.94)
Total comprehensive income (net of tax)	201.84	136.29
Basic and diluted earnings per share	3.94	2.74
Transfer to Special Reserve	39.46	29.22

The above figures are extracted from the financial statements prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under Sections 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act. The detailed Financial Statements as stated above are available on the Company's website https://homefinance.adityabirlacapital.com/.

The financial statements of the Company are consolidated with Aditya Birla Capital Limited ("ABCL"), the Holding Company which has adopted Ind-AS. The Company has also prepared and submitted to ABCL the financial statements in Ind-AS Fair Value format.

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Highlights of the Company's performance for the financial year ended 31st March 2022 are as under:

- As on 31st March 2022 the Company had a portfolio of ₹12,005 Crore with 45,517 active customers.
- Affordable Housing business had over ₹4,510 Crore of portfolio with over 31,717 active customers.
- Overall disbursal during the year was ₹ 3,745 Crore.
- Total income for the year was ₹ 1,237.24 Crore against ₹ 1,302.33 Crore for previous year.
- Opex was ₹ 199.09 Crore compared to ₹ 175.77 Crore for previous year.
- Borrowing cost was ₹ 696.80 Crore, 18 % lower than previous year.
- As a result, Pre-provisioning operating profit increased to ₹327.96 Crore from ₹263.89 Crore.
- Credit cost decreased to ₹ 74.70 Crore during the year against ₹ 87.51 Crore last year.
- Profit Before Tax was up by 44% to ₹253.25 Crore.

Material events during the year

RBI vide Circular RBI/2021-2022/112 DOR.CRE.REC. No.60/03.10.001/2021-22 dated 22nd October, 2021 released a Scale based Revised Regulatory Framework for all NBFC's including HFC's. These guidelines shall be effective from 1st October 2022. It is an integrated regulatory framework for NBFC's providing a holistic view of the SBR structure, set of fresh regulations being introduced and respective timelines.

RBI vide Circular RBI/2021-2022/104 DOR.No.STR.REC.55/21.04.048/2021-22 dated 1st October 2021 issued a Master Circular on Prudential norms on Income Recognition, Asset Classification and provisioning pertaining to advances and further issued a clarification on the same on 12th November 2021 with reference to specification of repayment due date, Overdue and Asset classification norms, definition of Out of Order accounts, NPA classification in case of interest payments, Upgradation of NPA accounts, Income recognition policy for loans with moratorium on payment of interest and Consumer Education program.

Impact on the business continuity of the Company and subsidiaries amidst the spread of COVID-19

The outbreak of COVID-19 pandemic continued during the 2021-22 with the second wave and third wave during the financial year under review.

The Company continued its operations under its respective Business Continuity Plan (BCP) and implemented a business normalisation plan thereby mitigating the business impact. While following COVID-19 protocol as mandated by the Government, the Company gave utmost importance to the health and well-being of its employees and continued the operations in business continuity mode using technology and digital tools at all functional levels and the serving customers at all locations.

Vaccination was identified as a key component in the fight against COVID-19 pandemic. To safeguard the health of the employees and their families, the Company also embarked on a vaccination drive for them and extended complete care and assistance at all levels during the pandemic.

Towards the end of the year, COVID-19 infections started ebbing and conditions started normalising resulting in resumption of normal business operations by the Company in line with staggered relaxations notified by the Government. The details of BCP with reference to COVID-19 are covered comprehensively under the Business Continuity section.

Holding / Subsidiaries / Joint Ventures / Associates Companies

Holding Company

During the financial year under review, Grasim Industries Limited remains the ultimate Holding Company and Aditya Birla Capital Limited continues to be the Holding Company of the Company. Grasim Industries Limited and Aditya Birla Capital Limited are listed at BSE Limited, National Stock Exchange of India Limited and Luxembourg Stock Exchange. As per clause 16(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is considered as a Material Subsidiary Company of Aditya Birla Capital Limited.

Subsidiary Company

The Company doesn't have any subsidiary Company.

Joint ventures/ Associate company

As per the provisions of the Act, the Company did not have any Joint Ventures/ Associates during the financial year under review.

Transfer to reserves

An amount of ₹39.46 Crore was transferred to Special Reserve in terms of Section 29C of the National Housing Bank Act (including ₹37.31 Crore to reserve u/s 36(1)(viii) of the Income Tax Act, 1961) during the financial year under review.

Dividend

The Board of Directors did not recommend any dividend for the financial year under review.

Share capital

The Company's paid up Equity Share Capital as on 31st March 2022 was ₹501.20 Crore.

Transfer of shares/ Change in nominee shareholders

During the year, the Board of Directors had approved requests for transfer of shares from the nominees of Aditya Birla Capital Limited (ABCL), Holding Company as follows:

Sr. No.	Transferor	Transferee	Date of Transfer	No. of Shares
1	Mr. Murlidhar Raut (Nominee of ABCL)	Mr. Satishkumar Jethwani (Nominee of ABCL)	31 Jan 2022	1
2	Ms. Anjali Makhija (Nominee of ABCL)	Mr. Amber Gupta (Nominee of ABCL)		1

Depository

As on 31st March 2022, out of the Company's total equity paid-up share capital comprising of 50,11,97,682 Equity Shares, 50,11,97,668 Equity Shares were held in dematerialised mode.

Credit rating

The credit ratings enjoyed by the Company from various rating agencies as on 31st March 2022 are detailed below:

Facility	India Ratings	Amount (₹ in Crore)	ICRA	Amount (₹ in Crore)
Commercial Paper	IND A1+	1,500	[ICRA] A1+	1,500
Non-Convertible Debentures	IND AAA; Outlook Stable	2,855	[ICRA] AAA with Stable Outlook	3,452
Subordinate Bonds	IND AAA; Outlook Stable	1,000	[ICRA] AAA with Stable Outlook	1,000
Market Linked Debentures	IND- PPMLD AAA emr'; Outlook Stable	500	-	-
Bank Lines	IND AAA Outlook Stable	20,000	[ICRA] AAA (stable) / ICRA A1+	15,000

Public deposits

The Company, being systemically important non deposit accepting housing finance company had not accepted deposits during the year and the provisions of section 73 of the Companies Act, 2013 read with the rules made thereunder are not applicable.

Particulars of loans given, investment made, guarantees given or security provided

Pursuant to provisions of Section 186 (11) of the Act, the Company being a housing finance company registered with the National Housing Bank (NHB) and engaged in the business of giving loans, is exempted from the provisions of the said section. Thus, the provisions of Section 186, except sub-section (1) of the Act, are not applicable to the Company.

Further, details of the loans given, investment made, guarantees given or security provided are stated in the notes to accounts forming part of the Annual Report.

Conservation of energy & technology absorption

The particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached as Annexure I to this report.

Foreign exchange earnings and outgo

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year. However, the foreign exchange outgo during the financial year under review was approximate ₹ 27.76 Crore as compared to ₹ 27.61 Crore during the previous financial year.

Particulars of employees

Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached as Annexure II to this report.

Details as required under Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to information of employees of the Company will be provided to Member upon request made.

In terms of the provisions of Section 136(1) of the Act, the report and accounts, as set out therein, are being sent to all the Members whose email address(es) are registered with the Company via electronic mode, excluding the aforesaid details which are available for inspection by the Members via electronic mode. If any Member is interested in obtaining a copy thereof, the Member may write to the Company Secretary at the Registered Office of the Company in this regard.

Material changes and commitment affecting financial position of the Company

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year up to the date of this report.

Change in nature of business

During the financial year under review, there has been no change in the nature of business of the Company.

Employee stock option plan

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, thereby providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby and acting as a retention tool.

In view of the above, ABCL had formulated "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" ("Scheme 2017") for the employees of the Company and its Subsidiaries.

The shareholders of ABCL, vide their resolution passed on 19th July 2017 had also extended the benefits and coverage of the Scheme 2017 to the employees of its Subsidiary Companies. The shareholders of the Company at its meeting held on 10th August 2017 had approved the extension of benefits of the (Scheme 2017) to the permanent employees in the management cadre of the Company.

Management discussion and analysis

Management Discussion and Analysis Report for the financial year under review, prepared as per requirements of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, erstwhile Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 is presented as a separate section, which forms part of the Annual Report.

Corporate governance report

The Company and Directors reaffirm their commitment to maintain the highest standards of corporate governance as applicable to the Company. Corporate Governance principles form an integral part of the core values of the Company. Corporate Governance Report forming part of this report for the year under review is attached separately as Annexure III.

Risk management

Risk Management is at the core of the Company's business and ensuring the right risk-return trade-off in keeping with its risk appetite is the essence of its risk management. The Company has a robust Risk Management framework which proactively addresses risks while looking to optimise the returns that go with that risk.

The objectives and scope of the Risk Management broadly include:

- Risk identification;
- Risk Assessment;
- Risk Response and Risk Management strategy; and
- Risk monitoring, communication and reporting.

The financial year 2021-22 due to the pandemic and consequent lockdowns caused disruption and challenges. The Company showed good resilience due to the strong Business Continuity Plan and pandemic plans.

Over the years, the Company built a strong Risk Management Framework supported by well-established policies and procedures and a talented pool of Risk Professionals. The Company was able to face the unprecedented challenges during the last year and emerge stronger during these turbulent times due to some of these policies and framework. The organisational structure to address the risk consists of "Three lines of defense":

First is : Line Management (Functional Heads) to ensure that accountability and ownership is as close as possible to the activity that creates the risks;

Second is: Risk Oversight including the Risk and Compliance Function and Risk Management Committee;

Third is: Independent Assurance - Internal Audit, conducted by Independent Internal Auditors, whose work is reviewed by the Audit Committee.

Business continuity

The Company has a well-documented Business Continuity Management Programme which has been designed to ensure continuity of critical processes during any disruption. The continual disruptions caused by the Covid 19 pandemic and frequent lockdowns tested the Business Continuity Policy of the Company, nevertheless, it continued to operate in line with the procedures outlined in its Business Continuity Plan, which was modified to take care of the evolving situation and a pandemic plan was developed keeping in view the interest of various stakeholders like employees, customers, partners, distributors, etc. within the overall regulatory requirements and guidelines. As a result, the Company was able to continue to operate and serve customers while taking care of the health of their employees.

To manage the impact of the pandemic on the Company, a Crisis Management Team (CMT) comprising of Leadership Team members and led by the Chief Executive Officer of the Company was formed.

Employees' health and safety was accorded top priority. Various steps were taken well before the lockdown to reduce congestion in office, maintain social distancing and enable work from home for the employees. Critical processes were identified, reviewed for implementation in a work from home scenario and wherever required alternate controls were instituted. The work from home plan was tested well in advance and glitches ironed out. After announcement of national lockdown, work from home was fully enabled for all employees. The Company also used lessons from 'work from home' experiment and reimagined work in a vibrant environment. Building on these lessons and practices executed during the crisis, ABHFL deployed workforce strategies and ecosystems banded together to leverage its collective and complementary capabilities and effect meaningful change.

The Business Continuity Plan was also supplemented with a Business Normalisation Plan. This enabled the Company to resume normal Business Operations wherever the conditions had normalised.

As the COVID-19 pandemic continues to evolve, the efforts will be to support an effective return to work while ensuring safety of employees, distribution partners and customers. The Company expects the challenging times to continue for the next few months. However, it is well prepared to ensure stabilisation and business continuity.

In view of the increased move to digital, there was a continued focus on Cyber Security and the Company has continued to invest in a strong Cyber Defence Programme.

Contracts and arrangements with related parties

During the financial year under review, all transactions entered into by the Company with related parties were in ordinary course of business and on an arm's length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of the Companies (Accounts) Rules, 2014, is not applicable.

Prior omnibus approval of the Audit Committee is obtained for Related Party Transactions ("RPTs") which are of a repetitive nature and entered into in the ordinary course of business and at arm's length. A statement on RPTs specifying the details of the transactions, pursuant to each omnibus approval granted, is placed on a quarterly basis for review by the Audit Committee. There were no material transactions entered into with related parties during the period under review, which may have had any potential conflict with the interests of the Company at large.

The details of contracts and arrangements with related parties of the Company for the financial year under review are given in the notes to the financial statements. The policy on RPTs, as approved by the Board, is available on the Company's website https://homefinance.adityabirlacapital.com/ and is also attached as Annexure IV to this report.

Internal financial controls

The Board of Directors confirms that the Company has laid down a set of standards, processes and structure which enables implementation of internal financial controls across the organ ation with reference to financial statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious observation was found for inefficacy or inadequacy of such controls.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audit. During the year under review, no material or serious observation has been received from the Auditors of the Company, citing inadequacy of such controls.

Internal audit

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organisation risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The internal audit plan is developed based on the risk profile of business activities of the organisation. The audit plan covers process and policy audits at the head office and across various branches of the organ ation. The audits are carried out by an independent external firm. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to the plan.

Directors' responsibility statement

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, Directors of the Company state that:-

i) in the preparation of the Annual Accounts for the Financial Year ended 31st March 2022, the applicable accounting standards have been followed and there were no material departures from the same;

ii) the Directors 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 as of 31st March 2022 and of the profit of the Company for financial year ended on that date;

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

iv) the Directors had prepared the Annual Accounts on a 'going concern basis';

v) the Directors had laid down internal financial controls and that such internal financial controls were adequate and were operating effectively; and

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

Directors and key managerial personnel

Appointment/Resignation of Directors

As on 31st March 2022, the Board of Directors ("the Board") of the Company comprised of 4 (Four) Directors including 2 (Two) Non-Executive Directors and 2 (Two) Independent Directors (including 1 Woman Director). None of the Directors had resigned and there was no change in the Directors during the financial year under review.

Detailed information about the Board of Directors is provided in the Corporate Governance Report, which forms part of this report.

Retirement by rotation

Section 152 of the Act provides that unless the Articles of Association provide for retirement of all directors at every Annual General Meeting (AGM), not less than two-third of the total number of directors (excluding the Independent Directors) of a public company shall be liable to retire by rotation and of which one-third are liable to retire at every AGM.

Declaration by Independent Directors

All Independent Directors have submitted their declaration of independence, pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

The Independent Directors have submitted a declaration that they have included their names in the Independent Director's Databank maintained by Indian Institute of Corporate Affairs as applicable.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

Fit and proper criteria

All the Directors meet the fit and proper criteria stipulated under the Master Directions - Non-Banking Financial Company (NBFC's) – Housing Finance Company (Reserve Bank) Directions, 2021.

Key managerial personnel (KMP)

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Netrapal Singh, Chief Executive Officer (CEO), Mr. Ashish Damani, Chief Financial Officer (CFO) and Ms. Swati Singh, Company Secretary (CS), are the Key Managerial Personnel of the Company.

Annual performance evaluation of board / Committees of the board / Individual Directors

The evaluation framework for assessing the performance of the Directors of the Company comprises of contributions at the Meeting(s) and inputs in terms of strategic perspective or the growth and performance of the Company, amongst others.

Pursuant to the provisions of the Act and in terms of the framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board have carried out an annual performance evaluation of the Board, its Committees and individual Directors. The manner in which the evaluation has been carried out has been set out in the Corporate Governance Report which forms part of this report.

Outcome of the evaluation

The functioning of the Board and its Committees were found satisfactory. The Committees are functioning well and besides covering the Committee's terms of reference, as mandated by law, important issues are brought up and discussed in the Committee meetings. The Board was also satisfied with the contribution of Directors, in their individual capacities.

Meetings of the board and its committees

Board

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 7 (Seven) times. Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of this report.

Audit Committee

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations.

In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of the Company. The Committee also reviewed the procedures laid down by the Company for assessing and managing risks.

Further details on the Audit Committee are provided in the Corporate Governance Report, which forms part of this report.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee (NRC)

The Company has duly constituted a Nomination and Remuneration Committee ("NRC"), with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act. Further details on the NRC are provided in the Corporate Governance Report, which forms part of this report.

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act, which is attached as Annexure V to this report and the same is uploaded on the website https://homefinance.adityabirlacapital.com/.

Other Committees

The Board of Directors has also constituted the following Committees under the relevant provisions of the Companies Act, 2013 read with Non-Banking Financial Company (NBFC's) – Housing Finance Company (Reserve Bank) Directions, 2021:

- Corporate Social Responsibility Committee
- Risk Management Committee
- Asset Liability Management Committee
- Information Technology (IT) Strategy Committee
- Securities Allotment & Transfer Committee

The details of all the Committees of the Board are provided in the Corporate Governance Report, which forms part of this report.

Annual return

Pursuant to the provisions of Section 134(3)(a) of the Companies act, 2013, the Annual Return in form MGT-7 for the Company is available on the Company's website https://homefinance.adityabirlacapital.com/

Auditors

statutory auditors, their report and notes to financial statements

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, as amended, M/s. Khimji Kunverji & Co LLP, Chartered Accountants (Firm Registration No.:105146W/W-100621) were appointed as Statutory Auditors of the Company for a term of 3 (Three) years i.e. from the Twelfth (12th) Annual General Meeting till the conclusion of ensuing Fifteenth (15th) Annual General Meeting of the Company.

Reserve Bank of India ("RBI") had issued a circular dated 27th April 2021 on Guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). The same is applicable from end of first half of FY22.

The circular amongst other restrictions and conditions *inter alia* stipulates that an Audit firm can be appointed as the Statutory Auditor for 3 years period only and thereafter, reappointment will be possible only after cooling period of six years in the same entity.

The observation(s) made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act. The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the Financial Year under review.

Secretarial audit & secretarial compliance

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, Practicing Company Secretaries to conduct the Secretarial Audit for the financial year under review. The Secretarial Audit Report in Form MR-3 for the financial year under review, as received from M/s. BNP & Associates, Practicing Company Secretaries, is attached as Annexure VI to this report.

Pursuant to Regulation 34(3) and Schedule V of the SEBI Listing Regulations, the Annual Secretarial Compliance Report for the financial year under review is attached as Annexure VII to this report.

The Secretarial Audit Report and the Annual Secretarial Compliance Report do not contain any qualifications, reservations or adverse remarks. The Annual Secretarial Compliance Report for the financial year 2021-22 was submitted to the Stock Exchanges.

Cost records and auditors

The provisions of Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

Corporate social responsibility (CSR)

In accordance with Section 135 of the Act, the Board of Directors on the recommendation of CSR Committee had approved the CSR Policy which provided for the activities to be carried out. The CSR Policy is available on the Company's website https://homefinance.adityabirlacapital.com/.

In line with the statutory requirements under the Companies Act, 2013 and it's CSR Policy, the Company had undertaken projects in the areas of women empowerment & infrastructure development, healthcare, digital education, disability and livelihood. During the year under review, the Company spent /contributed ₹2.78 Crore towards aforesaid CSR projects.

The required disclosure as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as Annexure VIII to this report. Further, the details on the Corporate Social Responsibility Committee are provided in the Corporate Governance Report, which forms part of this report.

Whistle blower policy/Vigil mechanism

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company has formulated a whistle blower policy/ vigil mechanism for Directors and employees to report any concerns. The said policy is available on Company's website https://homefinance.adityabirlacapital.com/.

Policy on prevention of sexual harassment of women at workplace

The Company has in place policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment of women. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. We further state that during the financial year under review, there were no complaints received/cases filed / cases pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Human resources

The Company believes that human resources are at the core of sustaining and building its organisation and will play a critical role in its future growth. With an unswerving focus on nurturing and retaining talent, the Company provides avenues for learning and development through functional, behavioural and leadership training programs, knowledge exchange conferences and providing communication channels for information sharing, to name a few of the initiatives. Additional details on human resources are provided in the Management Discussion and Analysis report.

Secretarial standards of institute of company secretaries of India (ICSI)

The Company is in compliance with the Secretarial Standards specified by ICSI on Meetings of the Board of Directors (SS-1), General Meetings (SS-2).

Code for prohibition of insider trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulation 2015, as amended, the Company has a Board approved code of conduct to regulate, monitor and report trading by insiders ('Code of Conduct') and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Code of Fair Disclosure') for its listed Non-Convertible Debentures. Further details on the same form part of the Corporate Governance Report.

Debentures

Vistra ITCL (India) Limited, having their office at Plot C-22, G-Block, ILFS Financial Centre, Bandra Kurla Complex, Bandra (E) Mumbai 400052 Tel: (022) 26533333, is the Debenture Trustee.

The details of unclaimed non-convertible debentures are given below:

- The total number of non-convertible debentures which have not been claimed by the investors or not paid by the housing finance company after the date on which the non-convertible debentures were due for redemption: Nil
- The total amount in respect of such debentures: Nil

Other disclosures:

In terms of applicable provisions of the Act, the Company discloses that during the financial year under review:

i. there was no issue of share (including sweat equity share) to employees of the Company under any scheme.

ii. there was no Scheme for provision of money for the purchase of its own share by employees or by trustees for the benefit of employees.

iii. there was no bonus issue or preferential issue of shares etc.

iv. there was no Issue of shares with differential rights.

v. there was no transfer of unpaid or unclaimed amount to Investor Education and Protection Fund.

vi. there were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.

vii. there was no proceeding for Corporate Insolvency Resolution Process initiated Under the Insolvency and Bankruptcy Code, 2016.

viii. there was no failure to implement any Corporate Action.

Acknowledgement

Your Directors take this opportunity to express their appreciation for the support and co-operation extended by its various partners and other business associates. Your Directors gratefully acknowledge the ongoing co-operation and support provided by all Statutory and Regulatory Authorities.

Your Board also acknowledges the support and contribution of Company's Bankers, Stock Exchanges, Registrar of Companies, Depositories, the Reserve Bank of India, National Housing Bank, Securities and Exchange Board of India, Central and State Governments and other regulatory bodies.

Your Directors place on record their appreciation for the exemplary contribution made by the employees of the Company at all levels. Their dedicated efforts and enthusiasm have been pivotal to the Company's growth.

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Anita Ramachandran	**Rakesh Singh**
Director	Director
DIN: 00118188	DIN: 07006067

Place: Mumbai
Date: 12th May 2022

Annexure I

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars pursuant to the provisions of Section 134 (3) (m) of the Act, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, are furnished hereunder:

A. Conservation of energy	
(i) the steps taken or impact on conservation of energy;	None
(ii) the steps taken by the Company for utilising alternate sources of energy;	None
(iii) the capital investment on energy conservation equipments;	None
B. Technology absorption	
(i) The efforts made towards technology absorption	**(i) Customer initiatives** **Digital service integrations** – Facilities like Multibureau credit check, Hunter fraud check, Experian Scorecards, Lead Service integrations, Video KYC, OCR integrated statement services, Aadhaar verification have led to faster processing of applications and better management of credit risk and lead conversion cycles. **Online digital payments** via Paytm and Billdesk, bank ECS to enable customers to make payments faster. This has improved collections, ease of use for the customer, faster credit to customers due to direct deposits. **Multichannel reach** via Whatsapp, NLP based Chatbots, Email, SMS. These have helped customers raise requests about their accounts and build awareness of products and new services. **(ii) Business initiatives** **Video KYC:** Onboarding customer remotely through video interaction authenticating documents, liveliness check along with establishing geo location functionalities. **Digital loan execution using e-sign:** Digitally signing loan agreement by all applicant/co-applicant through Aadhar authentication **Collateral management system:** Implementation of dedicated collateral management system where new/upcoming projects can be onboarded and appraised before loan application for quick end to end turnaround from onboarding to disbursement. **Lead and field activity management app:** Enabling sourcing team to create leads, manage day to day activity, task and customer visits efficiently at single place. **RPA's:** Robotic Process Automation is implemented which helps to improve efficiency and accuracy in our business processes. **Scorecards:** Scorecard has been implemented for helping credit team for quick decisioning.
(ii) The benefits derived as a result of the above efforts (e.g. Product improvements, cost reduction, product development, import substitution, etc.)	New initiatives in technology such as integration with financial services have improved the application verification and validations. Customer focused transactions on Whatsapp, chatbot, Google Voice Assistant, service portal have improved services. Lead conversion on email BOT has resulted in significant increase of business generation and fulfillment. Enhanced engagement has brought about savings in traditional paper mode communications, faster servicing, better loyalty and higher NPS scores.

(iii) Particulars of imported technology in the last three years (reckoned from beginning of the financial year)	None
a) Details of technology imported	None
b) Year of import	None
c) Has technology been fully absorbed	None
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	None
(iv) the expenditure incurred on Research and Development.	None

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Anita Ramachandran
Director
DIN: 00118188

Rakesh Singh
Director
DIN: 07006067

Place: Mumbai
Date: 12th May 2022

Annexure II

Details to be included in the board report as per section 197(12) & rule 5 (1) of companies (appointment and remuneration of managerial personnel) rules, 2014 for financial year 2021-22

1. Ratio of remuneration of each Director to median remuneration of the employees of the Company for the financial year.

   The Company doesn't pay remuneration to any of its Directors. Sitting fees for attending the meetings are being paid only to Independent Directors and not to Non-executive Non-Independent Directors. In view of this, the ratio of remuneration of each Director to the median employees' remuneration is not computed.

2. Percentage increase in remuneration of each Director, CEO, CFO, CS in the FY 2021-22

Netrapal Singh **CEO**	**Tushar Kotecha** **CFO**	**Muthiah Ganapathy** **CS**
5%	5%	Nil

   Note: No remuneration was paid to any of the directors, except sitting fees.

3. Percentage increase in median remuneration of employees in the FY 2021-22

   9.2%

4. No. of permanent employees on rolls of the Company

   915

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

   Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year – 9.8%

   Average percentile increase in the salaries of the managerial personnel in the last financial year – 5%

6. It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company.

Annexure III

Report on Corporate Governance

OUR VISION

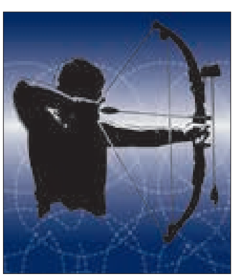
"To be a leader and role model in a broad-based and integrated financial services business."

Our customers place a lot of trust when they choose us as a partner for fulfilment of their needs - be it buying a dream home or investing their hard-earned money in our mutual funds or for meeting their retirement or child's education or protection needs or taking a business loan for expansion. Our endeavour is to become a preferred financial services brand of choice for all our customers' needs across their life - a brand that customers will not only just trust but also happily endorse. Keeping this in mind, we have created a unique strategy & structure to present our spectrum of businesses and offerings under one brand. From a customer perspective, this offers simplicity and convenience. For our employees, we offer a world of opportunities across all our financial services businesses and to our shareholders, this gives the reassurance that we will attract and retain our customers, cost effectively, across their life-cycle needs while driving as much synergy as we can across the platform.

Our Group along with its Subsidiaries continuously strives to achieve excellence in Corporate Governance through its values – Integrity, Commitment, Passion, Seamlessness and Speed.

OUR VALUES

Integrity



Acting and taking decisions in a manner that is fair and honest. Following the highest standards of professionalism and being recognised for doing so. Integrity for us means not only financial and intellectual integrity, but encompasses all other forms as are generally understood.

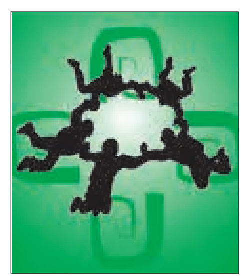
Commitment

On the foundation of integrity, doing all that is needed to deliver value to all stakeholders. In the process, being accountable for our own actions and decisions, those of our team and those on the part of the organisation for which we are responsible.

Passion

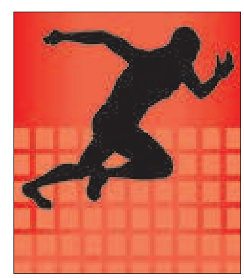
An energetic, intuitive zeal that arises from emotional engagement with the organisation that makes work joyful and inspires each one to give his or her best. A voluntary, spontaneous and relentless pursuit of goals and objectives with the highest level of energy and enthusiasm

Seamlessness



Thinking and working together across functional groups, hierarchies, businesses and geographies. Leveraging diverse competencies and perspectives to garner the benefits of synergy while promoting organisational unity through sharing and collaborative efforts.

Speed



Responding to internal and external customers with a sense of urgency. Continuously striving to finish before deadlines and choosing the best rhythm to optimise organisational efficiencies.

Annexure III (Contd.)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

"Our values provide us with our roots and they provide us with our wings."

Mr. Kumar Mangalam Birla,
Chairman, Aditya Birla Group

The Aditya Birla Group is one of the pioneers in the field of Corporate Governance. As a part of the Group, your Company is committed to continuously adopt and adhere to the best governance practices, to achieve the goal of making the Company a value-driven organisation.

Your Company along with its Subsidiaries is one of the young and new age business ventures of the Aditya Birla Group having a strong parentage and is a leading financial services conglomerate.

Your Company's governance practices are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in its value system and reflected in its strategic thought process. At a macro level, your Company's governance philosophy rests on five basic tenets, viz., Board accountability to the Company and Members, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all Members and transparency and timely disclosures.

The Corporate Governance framework of your Company is based on an effective and independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees, as required under applicable laws.

The Board functions either as a full Board or through various Committees constituted to oversee specific functions. The Senior Management provides your Board detailed reports on the Company's performance periodically.

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

The Company is in compliance with the requirements stipulated under the applicable Regulatory requirements with respect to corporate governance.

The details of compliance with Corporate Governance requirements during the financial year ended 31st March 2022 ("financial year under review") are as follows:

I. BOARD OF DIRECTORS

Composition

The Board of Directors ("the Board") of the Company comprises of 4 (Four) Directors, which included 2 (Two) Independent Directors of which 1(One) is a Woman Director and 2 (Two) Non-Executive (Non-Independent) Directors. The Companies Act, 2013 mandates every listed or such class(es) of companies to have one-third of the total number of Directors as Independent Directors. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 ("the Act"). Pursuant to the provisions of the Sections 149 and152 read with Schedule IV to the Companies Act, 2013 and the rules made thereunder and the recommendation of the Nomination and Remuneration Committee and the Board of Directors and based on evaluation, qualification, expertise track record, integrity, 'fit and proper' criteria, Mr. Rakesh Singh (DIN: 07006067) was re-appointed as Director of the Company liable to retire by rotation. In terms of the provisions of the Act, the Directors submit necessary disclosures regarding the positions held by them on the Board and/or Committees of other Companies, from time to time.

On the basis of such disclosures, it is confirmed that as on the date of this report, none of the Directors: -

a) hold Directorships in more than 10 (Ten) public Companies

b) hold Directorships in more than 7 (Seven) listed entities

c) serve as an Independent Director in more than 7 (Seven) listed entities

d) is a Member of more than 10 (Ten) Committees or Chairperson of more than 5 (Five) Committees across all the public Companies in which he/she is a Director and

e) are related to each other.

All Independent Directors on the Board are Non-Executive Directors as defined under the Act. The maximum tenure of the Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as stipulated under Section 149(6) of the Act and provided the required declaration under section 149(7) of the Act.

The brief profile of the present Directors on the Board is available on the Company's website https://homefinance.adityabirlacapital.com/.

The details of the Directors of the Company with regard to their other Directorships, Committee positions, including that in listed entities, as on 31st March 2022 are as follows:

Name of the Director	Designation / Category	No. of Directorship(s) in other public companies[1]	Committee positions held in other Companies[2]		Names of other listed entities where Director is an Independent Director (excluding the Company)[3]
			Member	Chairperson	
Mr. Ajay Srinivasan (DIN: 00121181)	Non-Executive Director	6	5	-	-
Mr. Rakesh Singh (DIN: 07006067)	Non-Executive Director	1	1	-	-
Mrs. Anita Ramachandran (DIN: 00118188)	Independent Director	8	6	2	- FSN Ecommerce Ventures Limited - Grasim Industries Limited - Happiest Minds Technologies Limited - Metropolis Healthcare Limited - Rane (Madras) Limited
Mr. V Chandrasekaran (DIN: 03126243)	Independent Director	6	1	4	- Grasim Industries Limited - Tamilnadu Newsprint & Papers Limited - Tata Investment Corporation Limited

Notes:

1. Excluding Directorship in the Company, Foreign Companies, Private Limited Companies and Companies under Section 8 of the Act.
2. Only two Committees viz. Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies are considered.
3. Only listed companies are considered.

BRIEF PROFILE OF DIRECTORS:

Sr. No.	Name of Director	Qualification	Field of specialisation
1.	Mr. Ajay Srinivasan	BA with Honours in Economics from St. Stephens College, University of Delhi and Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad	Banking & Financial Services
2.	Mr. Rakesh Singh	Post-Graduation in International Relations from University of Lucknow, Advance Management Programme from Harvard Business School & Executive Programme in Business management from Indian Institute of Management, Calcutta	Banking & Financial Services
3.	Mr. V Chandrasekaran	Chartered Accountant	Banking & Financial Services
4.	Mrs. Anita Ramachandran	MMS- Jamnalal Bajaj Institute of Management Studies	Management Consultant

The Board members collectively display the following qualities

- Integrity: fulfilling a Director's duties and responsibilities;
- Curiosity and courage: asking questions and persistence in challenging management and fellow board members where necessary;
- Interpersonal skills: working well in a group, listening well, tact and ability to communicate their point of view frankly;
- Interest: in the organisation, its business and the people;

Annexure III (Contd.)

- Instinct: good business instincts and acumen, ability to get to the crux of the issue quickly;
- Belief in diversity;
- Active participation: deliberations in the meeting

The Directors are professionals, possessing wide experience and expertise in their areas of function and with their collective wisdom fuel the Company's growth.

Mode of conducting meetings:

Video-conferencing facility is provided to enable the Directors present at other locations to be able to participate in the meetings. The same is conducted in due compliance with the applicable laws.

With a view to leverage technology, save paper and support sustainability, the Company has adopted a web based application for conducting the board/ committee meetings. All the documents forming part of the meeting viz. agenda, notes to agenda are uploaded on the application for Directors to access through I-Pad or browser. The application meets high standards of security and integrity required for storage and transmission of meeting related documents.

Pursuant to the spread of Covid 19 pandemic, most of the meetings were held via audio-visual mode on Microsoft teams application during the financial year under review.

Board's functioning and procedure

The Company's Board plays a pivotal role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibilities and accountabilities are well defined. All relevant information is regularly placed before the Board. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions.

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional meetings are held to address specific needs and business requirements of the Company.

In consultation with the Director, the Chief Executive Officer and the Chief Financial Officer, the Company Secretary prepares the agenda along with the explanatory notes therein and circulates it to the Directors and invitees. During the financial year under review, most of the meetings of Board and its Committees were held through audio-visual mode on MS Teams, pursuant to the spread of Covid 19 pandemic. The necessary quorum was present for all the Board Meetings and Committee Meetings.

7 (Seven) Board Meetings were held during the financial year under review.

The details of the Board Meetings held during the financial year under review, dates on which held and number of Directors present are as follows

Date of Board Meeting	Board Strength	No. of Directors Present
04th May 2021	4	4
26th May 2021	4	4
30th July 2021	4	4
05th October 2021	4	4
28th October 2021	4	4
13th December 2021	4	4
31st January 2022	4	4

The Board has unfettered and complete access to any information within the Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairperson. The Board periodically reviews all the relevant information, which is required to be placed before it pursuant to the applicable rules and regulations and in particular reviews and approves corporate strategies, business plans, annual budgets and capital expenditure, etc. The Board provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations.

The details of attendance of each Director at the Board meeting(s) held during the financial year under review and at the previous Annual General Meeting ("AGM") of the Members of the Company held on 02nd August 2021, through virtual mode are as follows:

Name of Director	No. of Board Meetings		Attended Last AGM
	Held	Attended	
Mr. Ajay Srinivasan	7	7	Yes
Mr. Rakesh Singh	7	7	Yes
Mr. V Chandrasekaran	7	7	Yes
Mrs. Anita Ramachandran	7	7	Yes

Code of conduct for board members and senior management

The Company has adopted and made applicable Code of Conduct for the Board Members and Senior Management Personnel of the Company ("the Code").

The Senior Management Personnel of the Company have made disclosures to the Board confirming that there is no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company.

All the Board Members and Senior Management Personnel have confirmed compliance with the Code during the financial year under review.

Performance evaluation of the board

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors. The evaluation is based on criteria which include, amongst others, providing strategic perspective, attendance, time devoted and preparedness for the meetings, quality, quantity and timeliness of the flow of information between the Board members and the Management, contribution at the meetings, effective decision making ability, role and effectiveness of the Committees. The Directors completed questionnaires providing feedback on functioning of the Board, Committees and individual Directors.

Separate meeting of Independent Directors

In accordance with the provisions of SS 2.3 of the Secretarial Standard on the Meetings of Board of Directors, a Meeting of the Independent Directors of the Company was held on 31st January 2022 without the presence of the Non-Independent Directors and the members of the Management. The Meeting was attended by both the Independent Directors. They discussed matters, including, on the performance/ functioning of the Company, reviewing the performance of the Board, taking into account the views of Non-Executive & Non-Independent Director, assessed the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties, etc.

Prohibition of insider trading

In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons in listed or proposed to be listed securities of the Company ("the Insider Code"). The Insider Code aims at preserving and preventing misuse of unpublished price sensitive information. All Designated Persons as defined under the Insider Code are covered under the Insider Code, which provides *inter alia* for periodical disclosures and obtaining pre-clearances for trading in the Non-Convertible Debentures (NCDs) of the Company.

The Board has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI") which also includes details of the Company's policy for determination on 'legitimate purposes' as per the requirements of the SEBI (Prohibition of Insider Trading) Regulations and is available on the Company's website https://homefinance.adityabirlacapital.com/.

The Board and designated persons have affirmed compliance with the Insider Code. Ms. Swati Singh, Company Secretary is the "Compliance Officer" in terms of the Insider Code.

II. COMMITTEES OF THE BOARD

The Board has constituted the Committees with specific terms of reference as per the requirements of the Act, NHB /RBI's Master Directions and other applicable provisions. The Board accepted all recommendations of the Committees which were mandatorily required, during the financial year under review.

The Board Committees play a vital role in the effective compliance and governance of the Company in line with their specified and distinct terms of reference and role and responsibilities. The Chairperson of the respective Committees report to the Board on the deliberations and decisions taken by the Committees and conduct themselves under the supervision of the Board. The minutes of the meetings of all Committees are placed before the Board for its perusal on a regular basis.

The Board has presently constituted the following Committees including pursuant to the provisions of the Act and NHB/RBI Master Directions:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Risk Management Committee
4. Corporate Social Responsibility Committee
5. Asset Liability Management Committee
6. Securities Allotment & Transfer Committee
7. Information Technology (IT) Strategy Committee

1. Audit Committee

The Company has a qualified and independent Audit Committee, which acts as a link between the Management, the Statutory and Internal Auditors and the Board. Its composition, powers, role and scope are in accordance with the applicable provisions of Section 177 of the Act.

Annexure III (Contd.)

All the Members of the Audit Committee are financially literate. Moreover, the Chairman and Members of the Audit Committee have accounting or related financial management expertise.

The Audit Committee comprises of 3 (Three) members of the Board viz. Mr. V Chandrasekaran, Mr. Ajay Srinivasan and Mrs. Anita Ramachandran with more than half being Independent Directors. Mr. V Chandrasekaran is the Chairman of the Audit Committee.

During the financial year under review, the Audit Committee met 7 (Seven) times on 30th April 2021, 04th May 2021, 30th July 2021, 05th October 2021, 28th October 2021, 13th December 2021 and 31st January 2022.

The composition and attendance during the financial year under review are as follows:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. V Chandrasekaran	Independent Director (Chairman)	7	7
Mr. Ajay Srinivasan	Non-Executive Director	7	7
Mrs. Anita Ramachandran	Independent Director	7	7

The Chairman of the Audit Committee, Mr. V Chandrasekaran attended the Annual General Meeting of the Company held on 02nd August 2021.

The Auditors and the Key Managerial Personnel of the Company are invited to attend the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Audit Committee meetings from time to time, for providing such information as may be necessary. The Committee also engages expert consultants, advisors, etc. to the extent it considers appropriate to assist in its functioning. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee monitors and effectively supervises the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain the integrity and quality of financial reporting.

The Audit Committee also reviews from time to time, the audit and internal control procedures, the accounting policies of the Company and oversees the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible.

The Audit Committee has all the powers as specified in Section 177 of the Act to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, as considered necessary.

In accordance with the applicable provisions of the Act, the scope, functions and terms of reference of the Audit Committee *inter alia* cover the following matters:

The Committee shall, while acting as a catalyst in helping the organisation to achieve its objectives, also assist the Board of Directors in overseeing and reviewing: -

1. work carried out in the financial reporting process by the Management, the Internal Auditor and the Statutory Auditor and processes and safeguards employed by them;
2. audit(s) of the Company's financial statements, appointment(s), independence and performance of Internal and Statutory Auditors;
3. quality and integrity of the accounting, internal and external auditing and reporting practices of the Company, adequacy and reliability of internal control system;
4. evaluation of internal financial controls and the risk management systems;
5. overall compliance by the Company with legal and regulatory requirements;
6. any other area that the Board of Directors of the Company may mandate/direct the Audit Committee to take up.

Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any;
4. Internal audit reports and discussion with the Internal Auditors on any significant findings and follow-up thereon;
5. Statement indicating deviation or variation in the use of proceeds of issue of listed non-convertible debt securities, if any.

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material or serious observation for inefficacy or inadequacy of such controls. The Committee has also reviewed the procedures laid down by the Company for assessing and managing risks applicable to the Company.

2. Nomination and Remuneration Committee

The composition of the Committee is in line with the applicable provisions of Section 178 of the Act. The Committee is mainly entrusted with the responsibility of formulating criteria for determining the qualifications, positive attributes and independence of the present and proposed Directors as well as recommending a policy to the Board relating to the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

During the financial year under review, the Committee met 5 (Five) times on 04th May 2021, 30th July 2021, 05th August 2021, 05th October 2021 and 13th December 2021. The necessary quorum was present for the meetings.

The composition and attendance during the financial year under review are as follows:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs. Anita Ramachandran	Independent Director (Chairperson)	5	5
Mr. V Chandrasekaran	Independent Director	5	5
Mr. Ajay Srinivasan	Non-Executive Director	5	5
Mr. Rakesh Singh	Non-Executive Director	5	5

The Company Secretary acts as a Secretary to the Committee.

Terms of reference of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is authorised to:

a) Formulate and recommend to the Board, a policy relating to remuneration for Directors, Key Managerial Personnel and other employees;

b) Formulate criteria for determining qualifications, positive attributes and independence of Directors;

c) Ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

d) Any other matter as the Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Remuneration policy

The Executive Remuneration Philosophy/Policy adopted by the Company forms part of Board's Report as Annexure V.

Performance evaluation criteria for Independent Directors

The Directors of the Company evaluate the following:

performance of Independent Directors;

fulfilment of the independence criteria as specified in Companies Act and their independence from the management.

The evaluation is based on the following criteria as to how an Independent Director:

1. Invests time in understanding the Company and its unique requirements;
2. Brings in external knowledge and perspective to the table for discussions at the meetings;
3. Expresses his/her views on the issues discussed at the Board and
4. Keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

3. Risk Management Committee (RMC)

Risk Management is the process that can contribute progressively to organisational improvement by providing Management with a greater insight into risks and their impact. The Company has a robust Risk Management framework which proactively addresses risks and seizes opportunities so as to gain competitive advantage and protects and creates value for the stakeholders.

The objectives and scope of the Risk Management Committee broadly include monitoring the risks associated with the Company and frame & implement policies to mitigate them.

The Risk Management Committee comprises of 1 (One) Independent Director, 2 (Two) Non-Executive Director. The Company Secretary acts as the Secretary to the Committee.

During the financial year under review, the Risk Management Committee met 3 (Three) times on 14th July 2021, 30th November 2021 and 24th March 2022. The necessary quorum was present for all the meetings.

Annexure III (Contd.)

The composition and attendance during the financial year under review are as follows:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mr. V Chandrasekaran	Independent Director (Chairman)	3	3
Mr. Ajay Srinivasan	Non-Executive Director	3	3
Mr. Rakesh Singh	Non-Executive Director	3	2

4. Corporate Social Responsibility Committee (CSR)

In terms of provision of Section 135 of the Act, the Company constituted Corporate Social Responsibility ("CSR") Committee.

The Corporate Social Responsibility Committee comprises Mrs. Anita Ramachandran - Independent Director, Mr. Ajay Srinivasan and Mr. Rakesh Singh Non -Executive Directors. Mrs. Rajashree Birla, Chairperson of Aditya Birla Centre for Community Initiatives and Rural Development and Dr. Pragnya Ram, Group Executive President, Corporate Communications and CSR are the permanent invitees. Mrs. Anita Ramachandran is the Chairperson of the Committee.

During the financial year under review, the Committee met 2 (Two) times on 13th September 2021 and 21st March 2022. The necessary quorum was present for the meetings.

The composition and attendance during the financial year are as follows:

Name of Member	Category	No. of Meetings	
		Held	Attended
Mrs. Anita Ramachandran	Independent Director (Chairperson)	2	1
Mr. Ajay Srinivasan	Non-Executive Director	2	2
Mr. Rakesh Singh	Non-Executive Director	2	2

The Company Secretary acts as a Secretary to the Committee.

The Committee recommends to the Board the CSR activities to be undertaken and the amount to be contributed thereof.

Terms of Reference of the Committee are as follows:

1. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
3. To monitor the CSR policy of the Company from time to time;
4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

5. Asset Liability Management Committee (ALCO)

During the financial year under review, the Asset-Liability Management Committee met 4 (Four) times on 09th April 2021, 08th July 2021, 08th October 2021 and 08th January 2022. The necessary quorum was present for the meetings.

The composition and attendance during the financial year are as follows:

Name of Member	Designation	No. of Meetings	
		Held	Attended
Mr. Rakesh Singh	Director	4	4
Mr. Netrapal Singh	Chief Executive Officer	4	4
Mr. Tushar Kotecha*	Chief Financial Officer	3	3
Mr. Ashish Damani**	Chief Financial Officer	0	0
Mr. Subhajeet Roy Choudhury**	Chief Risk Officer	0	0
Mr. Dharmendra Patro	Chief Credit Officer	4	4
Mr. Anubhav Katare	Deputy Chief Manager-Treasury	4	4

* Ceased to be Member w.e.f 27th December 2021
** Member w.e.f 31st January 2022

Company Secretary and Head-Information Technology are the permanent invitees.

Terms of reference of the ALCO is to monitor and maintain the adequate liquidity balance and ensure that the difference between borrowing(s) and lending are not exceeding the limits as prescribed by Reserve Bank of India (RBI)/National Housing Bank (NHB) and to review the reports to be filed with the RBI/NHB.

6. Securities Allotment & Transfer Committee

The Board had constituted "Securities Allotment & Transfer Committee" to oversee the process of issue and allotment of shares.

The Committee comprises of following members:

Name of Member	Designation
Mr. Ajay Srinivasan	Director
Mr. Rakesh Singh	Director
Mr. Netrapal Singh	Chief Executive Officer
Mr. Ashish Damani	Chief Financial Officer
Ms. Swati Singh	Company Secretary

During the financial year under review, no meeting was held.

7. Information technology (IT) Strategy Committee

Pursuant to Master Direction - Information Technology Framework for the NBFC Sector and in line with the Company's initiatives to implement information security management system, IT Governance, IT policy along with Business Continuity, information and Cyber Security, the Company had constituted Information Technology (IT) Strategy Committee.

During the financial year under review, the IT Strategy Committee met 3 (Three) times on 15th April 2021, 12th October 2021 and 24th March 2022. The necessary quorum was present for all the meetings.

The composition and attendance during the financial year are as follows:

Name of Member	Designation	No. of IT Strategy Committee meetings	
		Held	Attended
Mr. V. Chandrasekaran	Independent Director	3	3
Mr. Netrapal Singh	Chief Executive Officer	3	2
Mr. Tushar Kotecha *	Chief Financial Officer	2	2
Mr. Ashish Damani**	Chief Financial Officer	1	1
Mr. Subhajeet Roy Choudhury**	Chief Risk Officer	1	1
Mr. Dharmendra Patro	Chief Credit Officer	3	3
Mr. Ganesh Kotian*	Head-Operations & Customer Service	2	2
Mr. Anindya Karmakar**	Head-Operations, Customer Service, Products	1	1
Mr. Krishna Iyer*	Head IT	2	2
Mr. Sachin Jadhav**	Head IT	1	1
Mr. Aseem Joshi	Head – IT Infrastructure	3	3
Mr. Gopakumar Panicker	Head of Information Security (CISO)	3	3

* Ceased to be Member w.e.f 27th December 2021

** Member w.e.f 31st January 2022

Whistle blower policy / Vigil mechanism

Pursuant to section 177(9) of the Act, the Company has framed its whistle blower policy. The whistle blower policy/ vigil mechanism provides a mechanism for employees and other parties to report instances and concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. Adequate safeguards are provided against victimisation to those who avail the mechanism. Summary of cases as and when reported, along with status are placed before the Audit Committee and Board for their review and discussion. The policy is in line with the Company's code of conduct, vision and values and is available on Company's website https://homefinance.adityabirlacapital.com/.

III. OTHER DISCLOSURES

Related Party Transactions (RPT)

During the financial year under review, the Company had entered into related party transactions which were on an arm's length basis and in the ordinary course of business. There were no material transactions with any related party as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. All related party transactions were approved by the Audit Committee of the Company.

Particulars of related party transactions are listed out under the notes to accounts forming part of the Annual Report. The RPT policy forms part of the Board's Report as Annexure IV and is also available on Company's website https://homefinance.adityabirlacapital.com/.

Disclosure of accounting treatment

The Company has followed all the applicable Accounting Standards while preparing the financial statements.

Management

1. The Management Discussion and Analysis forms part of the Annual Report and is in accordance with the requirements laid out in RBI/NHB Master Directions.
2. No material transaction has been entered into by the Company with its related parties that may have a potential conflict with interests of the Company.

Annexure III (Contd.)

Remuneration of Directors

Sitting fees of ₹ 1,00,000/- for each meeting of the Board, ₹ 75,000/- for each meeting of the Audit Committee and ₹ 50,000/- for each meeting of other Committees is paid to the Independent Directors of the Company with effect from 04th May 2021.

The Company is not paying any kind of remuneration/commission to its Directors except sitting fees.

Non-Executive Directors' Compensation and Disclosure

Sitting fees paid for attending meetings of the Board / Committees have been approved by the Board. No commission was recommended/ paid to any of the Directors during the financial year under review.

The details of sitting fees paid to the Independent Directors for FY 2021-22 are as under:

(Amount in ₹)

Name of the Director	Board Meeting	Committee					Total
		Audit	Risk	Nomination & Remuneration	CSR	IT strategy	
Mrs. Anita Ramachandran	7,00,000	4,75,000	NA	2,50,000	50,000	NA	14,75,000
Mr. V Chandrasekaran	7,00,000	4,75,000	1,50,000	2,50,000	NA	1,20,000	16,95,000

Confirmation of criteria of Independence

The Board of Directors of the Company confirm that the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and are independent of the management.

Processing System (NEAPS) and BSE Portal for Electronic filing

The financial results and other intimations/ disclosures required to be made to the Stock Exchanges are electronically filed through NSE Electronic Application Processing System (NEAPS) portal i.e. https://neaps.nseindia.com/NEWLISTINGCORP/ and BSE portal i.e. https://listing.bseindia.com.

Adoption of Mandatory and Discretionary Requirements

During the financial year under review, the Company complied with all the mandatory requirements and discretionary requirements of the SEBI Listing Regulations:

1. For the financial year 2021-22, the Company's financial statements are with unmodified audit opinion.
2. The Internal Auditors directly report to the Audit Committee.

Other Disclosures:

1. Total fees for all services paid to the statutory auditor of the Company viz. M/s Deloitte Haskins & Sells LLP during the financial year under review was as under:

Particulars	Amount in ₹
Audit Fees & Limited Review	3,60,500
Other Services	51,500
Total	**4,12,000**

Total fees for all services provided for and paid to the statutory auditor of the Company viz. M/s Khimji Kunverji & Co LLP during the financial year under review was as under:

Particulars	Amount in ₹
Audit Fees & Limited Review	20,00,000
Tax Audit	3,00,000
Other Services	6,90,000
Reimbursement of Expenses	7,215
Total	**29,97,215**

2. During the financial year under review, no complaints were received/ cases filed/ disposed or pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Shareholders & General Information

a) General Body Meetings

The particulars of the last three Annual General Meetings (AGMs) of the Company are given below:

AGM	Year	Date of the AGM	Time	Venue
12th	2021	2nd August 2021	05:00 P.M.	In Mumbai by Video Conferencing through Microsoft Teams Application
11th	2020	28th August 2020	04:00 P.M	In Mumbai by Video Conferencing through Microsoft Teams Application
10th	2019	12th July 2019	05:30 P.M	Registered Office. Address: Indian Rayon Compound, Veraval, Gujarat 362266.

b) General Shareholder Information

Date, Time and Venue of the 13th Annual General Meeting	24th August 2022 at 12 noon through Video Conferencing through Microsoft Teams Application
Financial Year	2021-22
Corporate Identification Number (CIN)	U65922GJ2009PLC083779
Address for correspondence	One World Center, Tower 1, 18th Floor, Jupiter Mill Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013
Registration / licence/ authorisation, obtained from other financial sector regulators	National Housing Bank certificate of Registration No. 07.0113.14 dated July 09, 2014

Means of communication

Results

The Company's financial results are periodically submitted to the Stock Exchanges and published in Newspaper.

Further, the financial results approved by the Board at its meeting held for this purpose and the result presentations are also sent via e-mail to the Debenture holders whose email address is registered with the Company and are also simultaneously made available on Company's website https://homefinance.adityabirlacapital.com/.

Website

The Company's website https://homefinance.adityabirlacapital.com/ contains a separate section namely "Financial Results and Reports". Further, the annual report of the Company is available under this section on the website in a downloadable form.

Annexure IV

POLICY ON RELATED PARTY TRANSACTIONS

Introduction & purpose

The Board of Directors of Aditya Birla Housing Finance Limited ("the Company"), on recommendation of the Audit Committee, has adopted this policy dated 1st April 2022 to

a) regulate transactions of the Company with its related parties (**as defined and identified under the Companies Act, 2013 and Rules made thereunder (the "Act") and the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulations")**;

b) ensure high standards of Corporate Governance while dealing with related parties; and

c) ensure optimum compliance with various applicable laws prescribed for related party transactions.

Definitions

a) Act: means the Companies Act, 2013 and Rules made thereunder, as amended from time to time.

b) Accounting Standard means the standards of accounting, or any addendum thereto, as recommended by the Institute of Chartered Accountants of India in consultation with and after examination of the recommendations made by the National Finance Reporting Authority.

c) Listing Regulations means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

d) Related Party shall have the same meaning as defined under the Act, applicable Accounting Standards and the Listing Regulations, as amended from time to time.

e) Related Party Transaction (RPT) means transactions with related parties as defined under the Act; Listing Regulations; applicable accounting standards, as amended from time to time.

All terms used in this policy but not defined herein shall have the meaning assigned to such terms in the Act; the Listing Regulations and Accounting Standards, as amended from time to time.

Terms and References

a) Arm's length basis: Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realisations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one-off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non- related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law can also be considered for establishing thisprinciple.

b) Ordinary course of business: Transactions with related parties will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions and pursuant to the objects of the Company.

c) Materiality: The materiality of any RPT will be ascertained as per the thresholds prescribed under the Act or the Listing Regulations, whichever is lower:

(i) Materiality threshold under the Act

A transaction with a related party shall be considered material if it exceeds threshold as prescribed under section 188 of the Act read with Rules made thereunder or any subsequent amendment thereto.

(ii) Materiality threshold under listing regulations

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- In case of any other transaction(s), if the amount exceeds Rs 1,000 (one thousand) Crore or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

d) Material modification: A modification to a RPT shall be considered material, if the:

- Value of the modification individually or taken together with modifications during a financial year, exceeds 10% of the original transaction as approved by the Audit Committee and / or the shareholders, whichever is lower.
- Material terms of the contract resulting in novation of the contract, change in tenure of the contract, deferment of security / guarantee shall also be treated as a material modification of the transaction.

Policy

a) The RPTs should be in conformity with the Act, Listing Regulations, and applicable Accounting Standards, as amended from time to time.

b) All RPTs shall be entered on arms' length basis and in the ordinary course of business.

c) Any RPT which is not in the ordinary course of business of the Company or not at arm's length basis, shall be affected only with prior approval of the Board of Directors of the Company, on recommendation of the Audit Committee.

d) All RPTs specified in the Act which are not in the ordinary course of business of the Company or not at arms' length basis and exceed the thresholds laid down in the Act shall be placed before the shareholders for their approval.

e) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for period not exceeding one year. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that value of each such transaction shall not exceed ₹ 1 Crore.

f) All RPTs and subsequent material modifications shall be placed before the Audit Committee for prior approval and only independent members of the Audit Committee will approve these RPTs.

A RPT to which any of the Company's subsidiary is a party but the Company is not, will require prior approval of the Company's Audit Committee if the value of such transaction whether entered individually or taken together with previous transactions during a financial year exceeds 10% of the Company's annual consolidated turnover, as per the Company's last audited financial statements. With effect from 1st April 2023, a RPT to which the Company's subsidiary is a party but the Company is not, will require prior approval of the Company's Audit Committee if the value of such transaction whether entered individually or taken together with previous transactions during a financial year, exceeds 10% of the subsidiary's annual standalone turnover, as per the subsidiary's last audited financial statements. Prior approval of the Company's Audit Committee will not be required if the subsidiary is listed, and the Company is not a party if applicable provisions of the listing regulations are applicable to such listed subsidiary. For transactions of unlisted subsidiaries, prior approval of the Company's Audit Committee shall suffice.

Notwithstanding, the RPTs which cross the materiality threshold as defined under the Listing Regulations and subsequent material modifications thereof, shall be entered by the Company only with the prior approval of the shareholders of the Company and no related party shall vote to approve, whether the Related Party is a party to a particular transaction or not.

Prior approval of the Company's shareholders will not be required for a RPT to which the listed subsidiary is a party, but Company is not, if applicable provisions of the listing regulations are applicable to such listed subsidiary. For RPTs of unlisted subsidiaries, prior approval of the Company's shareholders shall suffice.

g) Subject to applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

h) Any transaction that is specifically excluded from applicability of the related party provisions under the Act and / or the Listing Regulations shall not require a separate approval under this policy.

i) All domestic RPTs shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under 92BA of Income Tax Act, 1961 including certification from Independent accountants under the Transfer Pricing Regulations.

j) All international RPTs shall comply with the International Transfer Pricing Requirement under Section 92B of Income Tax Act, 1961 including certification from Independent accountants under the Transfer Pricing Regulations.

Administrative measures

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

Annexure IV (Contd.)

Interpretation

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation, or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

Disclosure

The Policy is available on the website of the Company i.e., https://homefinance.adityabirlacapital.com/ and a web link thereto shall be provided in the in the Annual Report of the Company.

Review

This Policy shall be reviewed by the Board of Directors at least once every three years, effective 1st April 2022 and updated accordingly.

Annexure V

EXECUTIVE REMUNERATION PHILOSOPHY

At the Aditya Birla Group, the Company expects the executive team to foster a culture of growth and entrepreneurial risk-taking. The Executive Compensation Philosophy supports the design of programmes that align executive rewards – including incentive programmes, retirement benefit programmes, promotion and advancement opportunities – with the long-term success of the stakeholders. The reward programmes recognise and reward executives who display initiative, deliver superior individual performance, and contribute to sustainable corporate and business success.

The business and organisational model

The Group is a conglomerate and organised in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

I. **Objectives of the executive remuneration programme**

The executive remuneration programme is designed to attract, retain, and reward talented executives who will contribute to the long-term success and thereby build value for the shareholders. The executive compensation programme is intended to:

1. Provide for monetary and non-monetary remuneration elements to the executives on a holistic basis
2. Emphasise “Pay for Performance” by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

II. **Covered executives**

The Executive remuneration Philosophy applies to the following:

1. Director
2. Key Managerial Personnel : CFO, CS, any others CEO equivalent (ex: Deputy Managing Director)
3. Senior Management

III. **Business and talent competitors**

The Company benchmarks the executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition to this, it looks at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable internally and support the Group’s global mobility objectives for executive talent. The additional reference points may take into account the executive pay practices and pay levels in other markets and industries, recognising the differences in levels and medium of pay.

IV. **Executive pay positioning**

The Company aims to provide competitive remuneration opportunities to the executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. It recognises the size and scope of the role and the market standing, skills and experience while positioning the executives.

It uses secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. i. **Executive pay-mix**

The executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits.

ii. **Performance goal setting**

The Company aim to ensure that for both annual incentive plans and long-term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

VI. i. **Performance measurement**

Annual incentive plan:

The Company ties annual incentive plan pay-outs of the executives to relevant financial and operational metrics achievement and their individual performance. It annually aligns the financial and operational metrics with priorities/ focus areas for the business.

Annexure V (Contd.)

Long-Term Incentive:
The Long-term incentive plans incentivise stretch performance, link executive remuneration to sustained long term growth and act as an attraction and retention tool

The Company uses stock options as the primary long-term incentive vehicle for the executives as it believes that they best align executive incentives with stockholder interests. The Company grants restricted stock units, as a secondary long term incentive vehicle, to motivate and retain the executives.

ii. **Executive benefits and perquisites**
The executives are eligible to participate in the broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for other benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group. They are also eligible for certain perquisites with each perquisite serving a clear business purpose or need.

Other remuneration elements

Each of the executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for the executives including continuity of service across the group companies. The Company limits other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and the Company does not provide for any tax gross-ups for the executives.

Risk and compliance

The Company aims to ensure that the Group's remuneration programs do not enctheage excessive risk taking. It reviews the remuneration programs for factors such as

1. Remuneration mix overly weighted towards annual incentives
2. Uncapped pay-outs
3. Unreasonable goals or thresholds
4. Steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds

Claw back clause:

In an incident of restatement of financial statements due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, it shall recover from the executives the remuneration received in excess of what would be payable to him / her as per restatement of financial statements the executives is obligated to pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy. The costs of these services will be established through "arm's length", market-based agreements entered into as needs arise in the normal course of business.

Annexure VI

FORM NO. MR-3

Secretarial Audit Report

For the year ended 31st March 2022

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial personnel) Rules,2014]

To
The Members
Aditya Birla Housing Finance Limited,

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla Housing Finance Limited. **CIN No-U65922GJ2009PLC083779** (hereinafter called the 'Company') during the financial year from 1st April 2021 to 31st March 2022, ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing its opinion thereon.

We are issuing this report based on:

(i) Its **verification** of the books, papers, minute books, soft copy as provided by the Company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the financial year ended 31st March 2022 as well as before the issue of this report,

(ii) **Compliance Certificates** confirming Compliance with all laws applicable to the Company given by Key Managerial Personnel / senior managerial Personnel of the Company and taken on record by Audit Committee / Board of Directors, and

(iii) **Representations** made, documents shown and information provided by the Company, its officers, agents, and authorised representatives during its conduct of secretarial Audit.

We hereby report that in its opinion, during the audit period covering the financial year ended on 31st March 2022 the Company has:

(i) complied with the statutory provisions listed hereunder, and

(ii) Board-processes and compliance mechanism are in place

to the extent, in the manner and subject to the reporting made hereinafter.

1. Compliance with specific statutory provisions

We **further report that:**

1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

(i) The Companies Act, 2013 and the Rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings

(iv) The following Regulations Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

b. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 erstwhile The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(v) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial standards).

1.2 During the period under review, and also considering the compliance related action taken by the Company after 31st March 2022 but before the issue of this report, the Company has, to the best of its knowledge and belief and based on the records, information, explanations and representations furnished to us :

(i) **Complied with** the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under of paragraph 1.1

Annexure VI (Contd.)

(ii) Generally complied with the applicable provisions/ clauses of :

(a) The Act and rules mentioned under paragraph 1.1 (i);

(b) The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above to the extent applicable to Board meetings held during the year and the 12^{th} Annual General Meeting held on August 02, 2021 at shorter notice and Extra-ordinary General Meeting held on May 18, 2021 at shorter notice and the resolution passed by circulation. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(v) with regard to the Board meetings held through video conferencing on various dates were verified based on the minutes of the meetings, shown to us, by the Company

1.3 The Company is informed that, during/ in respect of the year, the Company was not required to initiate any compliance related action in respect of the following laws/ rules/ regulations/ standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment ;

b. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder except relating to transfer of securities

c. 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;

d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

g. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

1.4 Based on the nature of business activities of the Company, the following specific Acts/Laws /Rules / Regulations are applicable to the Company, which has been duly complied with.

a. National Housing Bank Act, 1987 and the directions issued thereunder from time to time.

b. Prevention of Money Laundering Act, 2002

c. Except Master Directions - Non-Banking Financial Companies (NBFCS) - Housing Finance Companies (Reserve Bank of India) Directions, 202'1 read with the relevant guidelines and circulars. National Housing Bank (NHB) vide its letter dated December 09, 2A21 has made observations, and pin pointed shortcomings pursuant to inspection carried out by NHB for the FY 2A19-20 and 2020-21.

d. Guidelines on Know your Customer and Anti-Money Laundering Measures;

e. Guidelines for Asset Liability Management System in Housing Finance Companies;

f. RBI Commercial Paper Directions, 2017 w.r.t. issuance of commercial papers and applicable Operating guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India);

2. Board processes:

We further report that:

2.1 The Board of Directors of Company as on 31^{st} March 2022 comprised of:

(i) Two Non- Executive Non Independent Director, and

(ii) Two Non- Executive Independent Directors, including a woman Independent Director

2.2 The processes relating to the following changes in the composition of the board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act :

i. Reappointment of Mr. Rakesh Singh (DIN: 07006067), director retiring by rotation at the AGM held on 2^{nd} August, 2021

ii. Resignation of Mr. Muthiah Ganapathy as Company Secretary with effect from 6^{th} September 2021.

iii. Appointment of Ms. Swati Singh as a Company Secretary of the Company with effect from 5^{th} October 2021.

iv. Resignation of Mr. Tushar Kotecha as Chief Financial Officer (CFO) with effect from 27th December 2021.

v. Appointment of Mr. Ashish Damani, as the Chief Financial Officer of the Company with effect from 28th December 2021.

2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.

2.4 Notice of Board meetings was sent to directors at least seven days as required under Section 173(3) of the Act and SS-1 advance except in respect of two Board Meeting for which consent of directors for holding the meeting at shorter notice was duly obtained.

2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the board meetings except for Two Board meetings which were called at a shorter notice.

2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and connected papers, and

(ii) Additional subjects/ information/ presentations and supplementary notes.

2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.8 We note from the minutes verified that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. We further report that during the audit period, the Company has:

(i) Obtained approval from its members at the Extra-ordinary General Meeting of the Company held on May 18, 2021

a) to borrow funds not exceeding Rs 20,000 Crore

b) to grant authority for mortgaging or creating charge on Company's assets as a security towards borrowings not exceeding ₹ 20,000 Crore

c) authorising the issuance of Secured Redeemable Non-Convertible Debenture for amount not exceeding ₹ 4000 Crore and Subordinated Debt qualifying as Tier-II Capital in the form of Unsecured, Redeemable, Non-Convertible Bonds in the nature of Debentures for amount not exceeding ₹ 1000 Crore on a private placement basis

(ii) Obtained approval from its Board at the Meeting of Board held on January 31, 2022

a) To undertake permitted derivative transaction as per RBI regulations not exceeding ₹ 5000 Crore (INR equivalent to 750 Million USD)

b) To borrow funds by issuance of fully/partly paid; listed / unlisted Secured Redeemable Non-Convertible Debentures including Principal Protected – Market Linked Non-Convertible Debentures (NCDs) for an amount not exceeding ₹ 4,000 Crore (Rupees Four Thousand Crore only) and Subordinated Debt qualifying as Tier- II Capital in form of Unsecured, Redeemable, Non-Convertible Bonds in the nature of Debentures for an amount not exceeding ₹1000 Crore (Unsecured NCDs) in one or more tranches, which may be unlisted or listed, on Debt Market Segment of National Stock Exchange (NSE) and / or BSE Limited on a private placement basis (NCDs), on the

c) To borrow funds by way of:

Cash credit, Working Capital loans, other short term loans, term loans, FCNR loans, etc from banks, Financial Institutions, Corporate(s) etc such facility being secured/unsecured; Refinance assistance, External Commercial Borrowings; Issuance of Commercial Papers listed/to be listed on stock exchange, for a period not exceeding 364 days, either on standalone basis or as earmarked against the Working

Annexure VI (Contd.)

Capital limits sanctioned by the Banks up to a limit of ₹ 4,000 Crore (Rupees Four Thousand Crore Only).

Term debt, whether Secured or Unsecured, in the form of Inter Corporate Deposits, Secured Debentures / Bonds such that outstanding at any point of time will not exceed ₹ 4,000 Crore (Rupees Four Thousand Crore Only) and Tier II (sub-debt) and Perpetual Debt Instruments such that the outstanding at any point of time not to exceed ₹1000 Crore (Rupees One Thousand Crore only).

subject that the cumulative outstanding debt under the aforesaid shall not exceed ₹ 20,000 Crore (Rupees Twenty Thousand Crore Only)."

(iii) Issued and allotted Secured Redeemable, Non-convertible Debentures worth of Rs 250 Crore by a way of private placement on 16th July 2021.

(iv) Issued and allotted Secured Redeemable Non-convertible Debentures worth of Rs 250 Crore by a way of private placement on 24th January 2022.

(v) Issued and allotted Secured Redeemable Non-convertible Debentures worth of Rs 340 Crore by a way of private placement on 21st March 2022.

(vi) At the Meeting of Board of Directors of the Company held on 31st January 2022, it was approved to borrow funds by way of issuance Commercial Papers for a period not exceeding 364 days, either on standalone basis or as earmarked against the Working Capital limits sanctioned by the Banks up to a limit of ₹ 4,000 Crore (Rupees Four Thousand Crore Only) and these Commercial Papers will be listed in Stock Exchanges, in accordance with the provisions of Securities and Exchange Board of India operational circular bearing number SEBI/HO/DDHS/P/CIR/2021/613 dated 10th August 2021. As on 31st March 2022 2021 Commercial Papers were amounting to ₹ 175 Crore.

For BNP & Associates
Company Secretaries

Avinash Bagul
Partner
FCS 5578 /CP No. 19862
Peer Review No-637/2019
Firm Reg No-P2014MH037400
UDIN- F005578D000205448

Place: Mumbai
Date: 25th April 2022

Note: This report is to be read with the Company's letter of even date which is annexed as Annexure A and forms an integral part of this report

Annexure A

To
The Members
Aditya Birla Housing Finance Limited,

Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Its responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as it considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, it has also considered compliance related action taken by the Company after 31st March 2022 but before the issue of this report.
4. The Company has considered compliance related actions taken by the Company based on independent legal /professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. It also examined the compliance procedures followed by the Company on a test basis. It believes that the processes and practices it followed, provides a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Ours 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 BNP & Associates
Company Secretaries

Avinash Bagul
Partner
FCS 5578 /CP No. 19862
Peer Review No-637/2019
Firm Reg No-P2014MH037400
UDIN- F005578D000205448

Place: Mumbai
Date: 25th April 2022

Annexure VII

SECRETARIAL COMPLIANCE REPORT

of Aditya Birla Housing Finance Limited

for the year ended 31st March 2022

We have conducted the Annual Secretarial Compliance Audit of Aditya Birla Housing Finance Limited (hereinafter referred to as "the Company") in terms of compliance with Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In view of the ongoing pandemic COVID-19 and the consequent lockdown [as directed by the Central and State Governments from time to time], and various travel and other restrictions imposed by authorities in the state of Maharashtra, the process of audit has been modified for the period under review.

We have examined:

(a) all the documents and records made available to us electronically and explanation provided by the Company ("the debt listed entity") {material wholly owned subsidiary of ADITYA BIRLA CAPITAL LIMITED (listed entity).},

(b) the filings/ submissions made by the listed entity with Securities and Exchange Board of India ("SEBI") and the StockExchanges,

(c) content on the website of the Company,

(d) other relevant document/ filings, for the year ended 31st March 2022 ("Review Period") in respect of compliance with the provisions of:

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

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

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

   (a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (b) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (c) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **TO THE EXTENT APPLICABLE**

   (d) SEBI (Buyback of Securities) Regulations, 2018; **NOT APPLICABLE**

   (e) SEBI (Share Based Employee Benefits) Regulations, 2014; **NOT APPLICABLE**

   (f) SEBI (Issue and Listing of Debt Securities) Regulations, 2008;

   (g) SEBI (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013; **NOT APPLICABLE**

   (h) SEBI (Prohibition of Insider Trading) Regulations, 2015;

   (i) Housing Finance Companies (NHB) Directions, 2010

   (j) Corporate Governance (NHB) Directions, 2016

   (k) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

   (l) and circulars/ guidelines issued by the National Housing Bank thereunder;

Based on the above examination, we hereby report that, during the review period, the Company has:

a) Complied with the applicable provisions of the above Regulations and circulars/ guidelines issued thereunder;

b) Maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from the examination of those records.

c) Endured observations in the Inspection Report dated 9th December 2021 issued by the National Housing Bank (NHB) which are conceded with the response letter of the Company dated 7th February 2022.

d) The following are the details of actions taken against the Company during the Review Period:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/remarks of the Practicing Company Secretary, if any.
1	National Housing Bank (NHB)	Various non-compliance/ partial Para 3.1.1 Guidelines on Liquidity Risk Management Framework	No penal actions. It was informed to comply within the time lines with accuracy.	The Management has taken efforts in complying to the best possible means for timely and accurate compliance
2		Delayed reporting Para 3.1.8 Master Direction– know Your Customer (KYC) Direction, 2016		
3		No exclusive Information Security audit as per Para 3.1.10 Master Direction Information Technology Framework for the NBFC Sector		
4		No change in the Reference rates pursuant to Para 8.3.2 Classes of Assets		
5		Para 12 -Wrong classification of accounts by Company		
6		Non-Disclosure/ Partial Disclosure - Para 19 Loan to Value (LTV) Ratio for housing loans		
7		Para 19.5: Grievance Redressal Machinery - Goregaon Office did not have a proper grievance redressal mechanism		
8		Investment policy of the Company is silent on norms related to Engagement of Brokers- Para 24 Engagement of Brokers.		

We further confirm that there have been no other actions taken against the Company/ its promoters/ directors either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

We further confirm that the previous year Secretarial Compliance Report dated 4th May 2021 had observations and were well addressed with appropriate action.

For DILIP BHARADIYA & ASSOCIATES

DILIP BHARADIYA
Proprietor
FCS No.: 7956, CP No.: 6740
UDIN: F007956D000201061

Place: Mumbai
Date: 25th April 2022

Annexure VIII

Annual report on Corporate Social Responsibility (CSR) activities for the financial year ended 31st March 2022 of Aditya Birla Housing Finance Limited

1. Brief outline on CSR Policy of the Company:

CSR Policy of the Company is enunciated in accordance with Section 135 of Companies Act, 2013 read with Corporate Social Responsibility Rules, 2014 (as amended from time to time) and CSR Voluntary Guidelines issued by Ministry of Corporate Affairs.

The Company's CSR Vision is to actively contribute to the social and economic development of the communities in which the Company operates. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

(Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development).

The Company's CSR Activities are undertaken broadly in the area of 'Education', 'Health Care', Sustainable Livelihood', 'Infrastructure Development,' 'Social Change'.

The Company's Board of Directors, its Management and all of its employees subscribe to the philosophy of compassionate care. The Company believes and acts on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of its CSR policy.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Members				
1	Ms. Anita Ramachandran	Independent Director (Chairperson)	2	1
2	Mr. Ajay Srinivasan	Non-Executive Director	2	2
3	Mr. Rakesh Singh	Non-Executive Director	2	2
Permanent Invitees				
4	Mrs. Rajashree Birla	Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development	2	2
5	Dr. Pragnya Ram	Group Executive President, Corporate Communications and CSR	2	2

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

   https://homefinance.adityabirlacapital.com/.

4. 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:

   Pursuant to Rule 8 (3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Company is not required to appoint an Independent Agency for carrying out Impact Assessment for its CSR Projects for FY 2021-22.

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:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	-	NIL	NIL

6. Average net profit of the Company as per section 135(5): ₹ 1,39,84,08,013.33

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 2,79,68,160.27

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 2,79,68,160.27

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

Total Amount Spent for the Financial Year. (₹ in Crore)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
2,18,82,661	56,17,339	23-04-2022	-	NIL	-

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

Sr. 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. State	Location of the project. District	Project duration. (Years)	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/ No).	Mode of Implementation - Through Implementing Agency: Name	Mode of Implementation - Through Implementing Agency: CSR Registration number
1.	Pride India	Covid project NMMC Hospital Infrastructure	Yes	Maharashtra	Thane	2	1,00,00,000	90,55,161	9,44,839	No	Aditya Birla Capital Foundation CSR Registration No. CSR00003351	
2.	Habitat for Humanity India Trust	Women Empowerment & Infrastructure development	Yes	Maharashtra	Nagpur	2	75,00,000	75,00,000	0	No		
3.	Sri Sathya Sai Health and Education Trust	Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	2	25,00,000	25,00,000	0	No		
4.	Shrimad Rajchandra Sarvamangal Trust	Medical equipment for treatment of cardiovascular diseases	Yes	Gujarat	Valsad, Dangs	2	25,00,000	25,00,000	0	No		
5.	NJ Charitable Trust	Digital education by creating academic video content	Yes	Gujarat	Surat	2	25,00,000	2,27,500	22,72,500	No		
6.	Salaam Bombay Foundation	Promoting education	Yes	Maharashtra	Mumbai	2	25,00,000	1,00,000	24,00,000	No		
	Total						**2,75,00,000**	**2,18,82,661**	**56,17,339**			

Annexure VII (Contd.)

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. 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. State	District	Amount spent for the project (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name	CSR Registration number
	Total			NIL					

(d) Amount spent in Administrative Overheads: ₹ 4,68,160.27

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 2,18,82,661

(g) Excess amount for set off, if any:

Sr. No.	Particular	Amount (₹ in Crore)
(i)	Two percent of average net profit of the Company as per section 135(5)	2,79,68,160.27
(ii)	Total amount spent for the financial year	2,18,82,661
(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

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

Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. Name of the Fund	Amount (in ₹)	Date of transfer.	Amount remaining to be spent in succeeding financial years. (in ₹)
	-	NIL	NIL	-	NIL	-	NIL
	Total						

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

Sl. No	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
	-	-	-	-	NIL	-	-	-
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Asset wise details are required to be provided.

Asset 1:

(a) Date of creation or acquisition of the capital asset(s):

Sr. No	Name of the entity	Date of creation or acquisition of capital asset(s)
1	The PRIDE India	31 Feb 2022
2	Shrimad Rajchandra Sarvamangal Trust	27 Jan 2022

(b) Amount of CSR spent for creation or acquisition of capital asset:

Sr. No	Name of the entity	Amount of CSR spent for creation or acquisition of capital asset (₹)
1	The PRIDE India	82,46,000
2	Shrimad Rajchandra Sarvamangal Trust	25,00,000

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:

Sr. No	Name of the entity	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc
1	The PRIDE India	The PRIDE India
2	Shrimad Rajchandra Sarvamangal Trust	Shrimad Rajchandra Hospital

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):

Sr. No	Name of the entity	Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
1	The PRIDE India	ICU Ventilators: 5 ECG Machines: 16 RO Plant with SS Mould Tank : 2 Patient Stretcher:2 Patient Food Trolleys :2 Laryngoscope :2 Location: NMMC Hospital, Navi Mumbai
2	Shrimad Rajchandra Sarvamangal Trust	4 Dialysis Machine Location: Shrimad Rajchandra Hospital. Dharampur

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Anita Ramachandran
Chairperson – CSR Committee
DIN – 00118188

Netrapal Singh
Chief Executive Officer

Place: Mumbai
Date: 12th May 2022

Independent Auditors' Report

To the members of
Aditya Birla Housing Finance Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying Ind AS financial statements of **Aditya Birla Housing Finance Limited** ("the Company"), which comprise the balance sheet as at 31st March 2022, 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 significant accounting policies and other explanatory information ("the Financial Statements").

2. 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 ("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 31st March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. 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 Auditors' 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 ("ICAI") 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.

Emphasis of Matter

4. We draw attention to Note no. 8 of the Financial Statements, which describes the extent to which the COVID-19 pandemic will impact the Company's operations depending on future developments, which being uncertain, the said note narrates management's proposed future actions based on its assessment of internal as well as external factors and macro level developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. 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 year. 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.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Provisioning based on Expected Credit Loss model (ECL) under IND AS 109 and testing of Impairment of assets, more particularly the Loan Book of the Company**	
	Refer to the accounting policies in 'Note 3.23 to the Standalone Ind AS Financial Statements: Expected Credit Loss', 'Note 3.1 to the Standalone Ind AS Financial Statements: Revenue Recognition' and 'Note 4.1 to the Standalone Ind AS Financial Statements: Impairment of Financial Assets and 'Note 49 to the Standalone Ind AS Financial Statements: Risk Management'.	
	Subjective estimates: Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates and therefore increased levels of audit focus in the Company's estimation of ECLs are as under: • 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.	**Our key audit procedures included:** Review of Policy/procedures & design/controls ➢ Minutely going through the Board approved Policy and approach note concerning the assessment of credit and other risks and ascertainment/ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation. ➢ Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	• 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 indicators. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, involving estimations and judgements, with a potential range of reasonable outcomes greater than our materiality for the Standalone Ind AS Financial Statements as a whole.	➢ Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (including those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information. ➢ Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. ➢ Testing of review controls over measurement of provisions and disclosures in the Standalone Ind AS Financial Statements. ➢ Involvement of Information system resource to obtain comfort over data integrity and process of report generation through interface of various systems. ➢ Understanding of models and general economic indicator criteria used for regression testing over data of the loan book. **Substantive verification** ➢ 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. ➢ Model calculations testing through selective re-performance, wherever possible. ➢ Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient as also aligned to regulatory requirements.
2	**Information Technology**	
	IT systems and controls The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows.	In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included: ➢ Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These includes implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	➢ Deployed our internal experts to carry out IT general and specific application Controls testing and identifying gaps, if any. ➢ Our other processes include: • selectively recomputing interest calculations and maturity dates; • Selectively re-evaluating masters updation, interface with resultant reports like LTV Report, SUD Report, Portfolio movement Report, etc.; • Selective testing of the interface of SAP FA module with other IT systems like Loan Management System and other workflows. • Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) • Evaluating 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, system configurations, system interface controls, controls over changes to applications and databases

Other Matters

6. The comparative financial information for the year ended 31st March 2021 included in the Financial Statements are based on the previously issued financial statements as audited by the then statutory auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, whose audit report dated 11th May 2021, expressed an unmodified opinion on the said Financial Statements of the previous financial year. Our report is not modified in respect of this matter.

Other Information

7. The Company's 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 auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

8. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

9. 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

10. The Company's Board of Directors is 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 the 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.

11. In preparing the Financial Statements, the management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

12. The Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

13. 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.

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

    14.1 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.

    14.2 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) 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.

    14.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

    14.4 Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

    14.5 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.

15. 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.

16. 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.

17. 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 year 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

18. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    19.1 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.

    19.2 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.

    19.3 The balance sheet, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account.

    19.4 In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.

    19.5 On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    19.6 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".

    19.7 In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act.

20. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    20.1 The Company has disclosed the impact of pending litigations as at 31st March 2022 on its financial position in its Financial Statements – Refer Note 34 to the Financial Statements;

    20.2 The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 42 to the Standalone Ind AS Financial Statements

    20.3 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

    20.4 The management has represented that no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

    20.5 The management has represented that no funds (which are material either individually or in aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party

("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

20.6 In our opinion and according to the information and explanations given to us, no dividend is declared and/or paid during the year by the Company.

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number: 105146W/W100621

Hasmukh B. Dedhia
Partner
ICAI Membership No.: 033494
UDIN: 22033494AHSVVC3388

Place: Mumbai
Date : 25th April 2022

Annexure - A

To The Independent Auditors' Report

Report on the Financial Statements of **Aditya Birla Housing Finance Limited** for the year ended 31st March 2022

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ("PPE"). The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and 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 all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.

(b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of rupees five Crore, in aggregate, from banks or financial institutions which are secured on the basis of security of current assets. Based on our examination of the records of the Company, the quarterly returns or statements including Bank Lines filed by the Company with such banks or financial institutions are, on aggregate basis, in agreement with the books of accounts of the Company.

iii. (a) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(a) of the Order are not applicable it.

(b) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the terms and conditions of the grant of all loans and advances, investments made are not observed to be prejudicial to the Company's interest.

(c) & (d) The Company, being a Housing Finance Company ('HFC'), registered under provisions of National Housing Bank Act, 1987 (as amended) and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal and payment of interest is not received as stipulated, the cognisance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 8.1 to the Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations as also details of reasonable steps taken by the Company for recovery thereof.

(e) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(e) of the Order are not applicable to it.

(f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; as informed, the other provisions of Section 186 of the Act are not applicable to it.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply. No order whatsoever has been passed by the Company Law Board or National Company Law Tribunal or RBI or any other authority in this respect.

vi. The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of the clause (vi) of the Order is not applicable.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. There are no undisputed statutory dues payable in respect to the above statues, outstanding as at 31st March 2022, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues referred to in (a) above, which have not been deposited as on 31st March 2022 on account of disputes.

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.

(b) As represented, the Company has not been declared as a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilised the money obtained by way of term loans from bank during the year for the purposes for which they were obtained, other than temporary parking of funds for few days pending utilisation towards purpose for which the same are obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and further considering the Asset Liability management mechanism of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes.

(e) & (f) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, the provisions of the clauses (ix)(e) & (f) of the Order are not applicable.

x. (a) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer/further public offer (including debt instruments) during the year.

(b) The Company has not made any preferential allotment or private placement of shares or securities during the year.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit, other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company. Also refer Note 5.5 to the Financial Statements.

(b) No report under Section 143 (12) of the Act has been filed by statutory auditors, during the year under report, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to it.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions 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 under applicable Indian Accounting Standard (Ind AS).

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) made available for the period under audit in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".

xv. According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into non-cash transactions with directors or persons connected with them.

xvi. (a) The Company, being a Housing Finance Company is registered with the National Housing Bank ('NHB') and hence, as informed by the management, it is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.

(d) As per information provided by the management of the Company, in course of our audit, the group to which the Company belongs, has one CIC, namely Aditya Birla Capital Limited.

xvii. In our opinion and according to the information and explanations given to us, the Company has not incurred cash loss in the financial year and the immediately preceding financial year.

xviii. During the year, M/s Deloitte Haskins & Sells LLP, the Statutory auditors of the Company have completed their tenure of 5 years as on 2nd August 2021. As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.

xix. In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, along with details provided in Note 48 to the financial statements which describes the maturity analysis of assets & liabilities and other information accompanying the financial statements, our knowledge of the plans of Board of Directors and of the Management, we are of the opinion that no material uncertainty exists as on the date of the audit report and that the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report.

xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has transferred the amount remaining unspent in respect of ongoing projects, to a Special Account before the date of our report.

xxi. Reporting under clause xxi of the Order is not applicable at the standalone level of reporting.

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number: 105146W/W100621

Hasmukh B. Dedhia
Partner
ICAI Membership No.: 033494
UDIN: 22033494AHSVVC3388

Place: Mumbai
Date : 25th April 2022

Annexure - B

To The Independent Auditors' Report

on the Financial Statements of **Aditya Birla Housing Finance Limited** for the year ended 31st March 2022

(Referred to in paragraph "19.6" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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.

Opinion

1. We have audited the internal financial controls with reference to the Financial Statements of Aditya Birla Housing Finance Limited ("the Company") as at 31st March 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Financial Statements and such internal financial controls were operating effectively as at 31st March 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's Responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting 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 the 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 Act.

Auditors' Responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

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

6. 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 the Financial Statements.

Meaning of Internal Financial Controls with reference to the Financial Statements

7. A company's internal financial controls with reference to the 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 the 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 the Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the 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 the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number: 105146W/W100621

____

Hasmukh B. Dedhia
Partner
ICAI Membership No.: 033494
UDIN: 22033494AHSVVC3388

Place: Mumbai
Date : 25th April 2022

Balance Sheet

as at 31st March 2022

(₹ in Lakh)

Particulars	Note	As at 31 Mar 22 Audited	As at 31 Mar 21 Audited
ASSETS			
(1) FINANCIAL ASSETS			
(a) Cash and cash equivalents	5	55,695.10	37,737.34
(b) Derivative financial instruments	6	1,420.03	-
(c) Receivables			
(I) Trade receivables	7	1,224.70	250.45
(II) Other receivables	7	53.56	187.40
(d) Loans	8	11,89,546.08	11,80,262.71
(e) Investments	9	-	10,120.38
(f) Other financial assets	10	306.29	1,013.37
Total non-current assets		**12,48,245.76**	**12,29,571.65**
(2) NON- FINANCIAL ASSETS			
(a) Current tax assets (Net)		232.75	156.86
(b) Deferred tax assets (Net)	11	5,372.56	3,931.01
(c) Property, plant and equipment	12	830.69	658.84
(d) Right to use assets	14	1,921.43	1,493.32
(e) Intangible assets under development		61.42	119.55
(f) Other intangible assets	13	561.33	485.52
(g) Other non-financial assets	15	1,844.16	1,161.42
		10,824.34	**8,006.52**
TOTAL ASSETS		**12,59,070.10**	**12,37,578.17**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) FINANCIAL LIABILITIES			
(a) Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	16	49.22	28.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	2,776.70	3,412.38
(b) Derivative financial instruments	6	-	306.73
(c) Debt securities	17	2,19,114.54	1,73,428.50
(d) Borrowings other than debt securities	18	8,18,218.60	8,61,134.24
(e) Subordinated liabilities	19	34,191.81	34,199.24
(f) Lease Liability	20	2,019.30	1,584.65
(g) Other financial liabilities	21	8,953.04	10,386.88
		10,85,323.21	**10,84,481.32**
(2) NON- FINANCIAL LIABILITIES			
(a) Current tax liabilities (Net)		11.11	68.94
(b) Provisions	22	948.44	823.43
(c) Other non-financial liabilities	23	688.26	289.19
		1,647.81	**1,181.56**
TOTAL LIABILITIES		**10,86,971.02**	**10,85,662.88**
(3) EQUITY			
(a) Equity share capital	24	50,119.77	50,119.77
(b) Other equity	25	1,21,979.31	1,01,795.52
TOTAL EQUITY		**1,72,099.08**	**1,51,915.29**
TOTAL LIABILITIES AND EQUITY		**12,59,070.10**	**12,37,578.17**

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No: : 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No.: 033494

Place: Mumbai
Date : 25th April 2022

For and on behalf of the Board of Directors
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Ashish Damani
Chief Financial Officer

Swati Singh
Company Secretary

Place: Mumbai
Date : 25th April 2022

Statement of Profit and Loss

for the year ended 31st March 2022

(₹ in Lakh)

	Particulars	Note	For the year ended 31 Mar 22	For the year ended 31 Mar 21
	REVENUE FROM OPERATIONS			
	Interest income	26	1,18,567.54	1,23,451.45
	Fees and commission income		2,713.99	3,801.00
	Net gain on fair value changes in investments	27	234.19	803.29
I	**Total revenue from operations**		**1,21,515.72**	**1,28,055.74**
II	Other income	29	108.60	435.28
III	**Total income (I+II)**		**1,21,624.32**	**1,28,491.02**
	EXPENSES			
	Finance costs	30	69,493.52	84,922.79
	Net loss on derecognition of financial instruments classified under amortised cost category	28	1,023.69	10.83
	Impairment of financial instruments	31	6,446.77	8,740.25
	Employee benefit expenses	32	13,173.98	11,239.33
	Depreciation, amortisation and impairment	12, 13 & 14	1,003.10	1,117.79
	Other expenses	33	5,158.14	4,822.18
IV	**Total expenses**		**96,299.20**	**1,10,853.17**
V	**Profit before tax (III-IV)**		**25,325.12**	**17,637.85**
VI	**Tax expenses**			
	(1) Current tax	11	7,108.81	5,415.69
	(2) Deferred tax	11	(1,594.41)	(1,666.63)
	(3) Income tax for earlier years	11	81.43	165.47
	Total tax expenses		**5,595.83**	**3,914.53**
VII	**Profit for the year (V-VI)**		**19,729.29**	**13,723.32**
VIII	**Other comprehensive income**			
	(1) Items that will not be reclassified to profit or loss			
	Re-measurement gains/(losses) on defined benefit plans		67.66	99.84
	Income tax relating to the items that will not be reclassified to profit or loss	11	(17.03)	(25.13)
			50.63	**74.71**
	(2) Items that will be reclassified to profit or loss			
	Re-measurement gains/(losses) on hedge instruments		539.71	(225.83)
	Income tax relating to the items that will not be reclassified to profit or loss	11	(135.83)	56.84
			403.88	**(168.99)**
	Other comprehensive income		**454.51**	**(94.28)**
IX	**Total comprehensive income for the year (VII+VIII) (Comprising profit and other comprehensive income for the year)**		**20,183.80**	**13,629.04**
X	**Earnings per equity share of ₹10 each**			
	Basic & diluted earnings per equity share	37	3.94	2.74

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No: : 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No.: 033494

Place: Mumbai
Date : 25th April 2022

For and on behalf of the Board of Directors
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Ashish Damani
Chief Financial Officer

Swati Singh
Company Secretary

Place: Mumbai
Date : 25th April 2022

Statement of Cash Flow

for the year ended 31st March 2022

(₹ in Lakh)

Particulars			For the year ended 31 Mar 22	For the year ended 31 Mar 22	For the year ended 31 Mar 21	For the year ended 31 Mar 21
A.	Cash flow from operating activities					
	(a)	Profit Before Tax		25,325.12		17,637.85
		Adjustments for:				
		Depreciation and amortisation	1,003.10		1,117.79	
		Interest on lease liability	139.71		176.37	
		Profit on surrender of lease liability/income from rent concession	(21.93)		(331.84)	
		Impairment on financial instruments including loss on derecognition of financial assets at amortised cost	7,470.46		8,751.08	
		Net gain on Fair value changes	(234.19)		(803.29)	
		Loss/(profit) on derecognition of property, plant and equipment	0.44		(2.80)	
	(b)	Operating Profit Before Working Capital Changes		33,682.71		26,545.16
		Adjustments for:				
		Decrease/(increase) in trade receivables	(840.41)		(123.09)	
		Decrease/(increase) in loans	(16,753.83)		22,195.30	
		Decrease/(increase) in other financial assets	707.08		(532.57)	
		Decrease/(increase) in derivative financial instruments	(1,187.05)		1,151.40	
		Decrease/(increase) in other assets	(698.97)		(332.44)	
		(Decrease)/increase in trade payables	(615.16)		750.18	
		(Decrease)/increase in provisions	192.67		143.48	
		(Decrease)/increase in other financial liabilities	(3,053.24)		8,949.42	
		(Decrease)/increase in other liabilities	399.07		(82.55)	
	(c)	Cash from Operating Activities		11,832.87		58,664.29
		Direct taxes paid (net of refund)	(7,323.96)		(4,412.04)	
	Net cash from operating activities (A)			**4,508.91**		**54,252.25**
B.	Cash Flow From Investing Activities					
	Purchase of property, plant and equipment, acquisition of intangible assets		(865.67)		(538.04)	
	Proceeds from sale of property, plant and equipment		22.05		21.65	
	Profit on sale of current investments		355.07		874.55	
	(Purchase)/sale of current investments (net)		9,999.50		44,500.50	
	Net cash from investing activities (B)			**9,510.95**		**44,858.66**

Statement of Cash Flow (Contd.)

for the year ended 31st March 2022

(₹ in Lakh)

	Particulars	For the year ended 31 Mar 22	For the year ended 31 Mar 22	For the year ended 31 Mar 21	For the year ended 31 Mar 21
C.	**Cash Flow From Financing Activities**				
	Proceeds from share capital issue including securities premium (net of share issue expense)	-		-	
	Payment of lease liability	(436.20)		(525.56)	
	Proceeds from long term borrowings	55,957.49		2,60,261.00	
	Repayment of long term borrowings	(71,969.67)		(2,74,010.41)	
	Net proceeds/repayment for short term borrowings	20,386.28		(87,119.20)	
	Net cash from/(used in) financing activities (C)		**3,937.90**		**(1,01,394.17)**
D.	**Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)**		17,957.76		(2,283.26)
E.	**Cash and Cash Equivalents at the Beginning of the Year**		37,737.34		40,020.60
F.	**Cash and Cash Equivalents at the End of the Year**		55,695.10		37,737.34
	Additional Information:				
	Interest received	1,15,277.75		1,22,307.72	
	Interest paid	86,489.37		81,111.42	

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No: : 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No.: 033494

Place: Mumbai
Date : 25th April 2022

For and on behalf of the Board of Directors
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Ashish Damani
Chief Financial Officer

Swati Singh
Company Secretary

Place: Mumbai
Date : 25th April 2022

Statement of Changes in Equity

for the year ended 31st March 2022

(A) EQUITY SHARE CAPITAL

(₹ in Lakh)

	As at 31 Mar 22		As at 31 Mar 21	
	No.'s	Amount	No.'s	Amount
Equity share capital				
Equity shares of ₹10 each issued, subscribed and fully paid				
As at beginning of the year	50,11,97,682	50,119.77	50,11,97,682	50,119.77
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	-	-	-	-
Changes in equity share capital during the current year	-	-	-	-
As at end of the year	**50,11,97,682**	**50,119.77**	**50,11,97,682**	**50,119.77**

(B) OTHER EQUITY

For the year ended 31st March 2022

(₹ in Lakh)

Particulars	Reserves & surplus				Items of other comprehensive income	Total other equity
	Securities premium	Retained earnings	Special reserve u/s 29C of The National Housing Bank Act, 1987	Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	Cash flow hedge reserve	
Balance as at 1st April 2020	71,582.21	13,119.42	328.85	3,868.46	(732.46)	88,166.48
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-
Profit for the year	-	13,723.32	-	-	-	13,723.32
Other comprehensive income	-	74.71	-	-	(168.99)	(94.28)
Total comprehensive income	**-**	**13,798.03**	**-**	**-**	**(168.99)**	**13,629.04**
Transfer to special reserve u/s 29C of The National Housing Bank Act, 1987	-	-	-	-	-	-
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961	-	(2,922.15)	-	2,922.15	-	-
Less: Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29C of the National Housing Bank Act, 1987	-	-	-	-	-	-
Addition on issue of shares during the year	-	-	-	-	-	-
Balance as at 31st March 2021	**71,582.21**	**23,995.30**	**328.85**	**6,790.61**	**(901.45)**	**1,01,795.52**

Statement of Changes in Equity (Contd.)

for the year ended 31st March 2022

(₹ in Lakh)

Particulars	Reserves & surplus				Items of other comprehensive income	Total other equity
	Securities premium	Retained earnings	Special reserve u/s 29C of The National Housing Bank Act, 1987	Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	Cash flow hedge reserve	
Balance as at 1st April 2021	71,582.21	23,995.30	328.85	6,790.61	(901.45)	1,01,795.52
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-
Profit for the year	-	19,729.29	-	-	-	19,729.29
Other comprehensive income/(losses)	-	50.63	-	-	403.87	454.50
Total Comprehensive Income	**-**	**19,779.92**	**-**	**-**	**403.87**	**20,183.79**
Transfer to special reserve u/s 29C of National Housing Bank Act, 1987	-	(214.49)	214.49	-	-	-
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961	-	(3,731.36)	-	3,731.36	-	-
Less: Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29C of the National Housing Bank Act, 1987	-	-	-	-	-	-
Addition on issue of shares during the year	-	-	-	-	-	-
Balance as at 31st March 2022	**71,582.21**	**39,829.37**	**543.34**	**10,521.97**	**(497.58)**	**1,21,979.31**

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No: : 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No.: 033494

Place: Mumbai
Date : 25th April 2022

For and on behalf of the Board of Directors
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Ashish Damani
Chief Financial Officer

Swati Singh
Company Secretary

Place: Mumbai
Date : 25th April 2022

1 CORPORATE INFORMATION

Aditya Birla Housing Finance Limited (the 'Company' or 'ABHFL') is a public Company domiciled in India and incorporated on 27th July 2009. The Company has received a Certificate of Registration from the National Housing Bank ('NHB') on 9th July 2014 to commence/carry on the business of Housing Financial Institution ('HFC') without accepting public deposits.

2 BASIS OF PREPARATION AND PRESENTATION

2.1 The accompanying financial statements have been prepared and presented under the historical cost convention except for certain financial assets and liabilities measured at fair value; and defined benefit plans where plan assets are measured at fair value, in accordance with accounting principles generally accepted in India, the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') and (Companies (Indian Accounting Standards) Rules, 2015) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, 17th February, 2021 ('the RBI Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous period/year figures have been re-grouped or reclassified, to confirm to such current period grouping/classifications. There is no impact on Equity or Net Loss due to these regrouping/reclassifications.

Amounts in the financial statements are presented in Indian Rupees in Lakh rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

2.2 Presentation of Financial Statements

The Company presents its balance sheet in order of liquidity in compliance with requirements of Schedule III of the Companies Act 2013 ("the Act") applicable for Non Banking Finance Companies ("NBFC"). 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 48.

The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting standards.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of Interest Income

3.1.1 The Effective Interest Rate Method

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Any fees collected or costs incurred in respect of financial instruments form an integral part of the EIR.

3.1.2 Interest Income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired (as set out in note 3.23) and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and other financial assets which are required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

Notes to financial statements

for the year ended 31st March 2022

3.2 Recognition of Income and Expenses

3.2.1 Fee and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts/agreement and when it is probable that the Company will collect the consideration.

3.2.2 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established.

3.3 Property, Plant and Equipment

All items of property, plant and equipment (PPE) are stated at historical cost, net of accumulated depreciation and impairment loss if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Depreciation Methods, Estimated Useful Lives and Residual Value

Depreciation is provided on straight line basis so as to write off the cost of the assets (other than freehold land) less their residual values, using the rates arrived at based on the useful lives estimated by the Management. The Company has used the following useful life to provide depreciation on its property, plant and equipment.

Asset	Useful life as prescribed by Schedule II of the Co's Act, 2013	Estimated useful life
Office computers and electronic equipment	3 years	4 Years
Vehicles	8 years	5 Years
Furniture, fixtures and other office equipment	10 years	7 Years
Buildings	60 years	60 years
Leasehold improvements	Over the primary period of the lease	Over the primary period of the lease or 3 years; whichever is lower

Useful life of assets different from as prescribed in Schedule II has been estimated by management and is supported by the technical assessment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on assets whose cost individually does not exceed ₹5,000/- is fully provided in the year of purchase.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/till the date of acquisition or sale.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

3.4 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over a period of 3 years or it's useful life whichever is lower.

Amortization on the intangible assets added/disposed off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/ discarding.

The amortisation period and the amortisation method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets under development

Expenditure on Research and/or development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

3.5 Impairment of Non Financial Assets

The Company assesses at each reporting date whether there is an indication that an non financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the resulting impairment loss is charged to the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

3.6 Taxes

3.6.1 Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the Indian Income Tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3.6.2 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Notes to financial statements

for the year ended 31st March 2022

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

3.7 Retirement and Other Employee Benefits

3.7.1 Short term Employee Benefits

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.7.2 Defined Contribution Plan

Retirement benefit in the form of Government managed Employee Provident Fund and Government managed Employee Pension Fund are the defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective schemes which are recognised as an expense, when an employee renders the related service.

3.7.3 Defined Benefit Plan

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The Company's liabilities under Payment of Gratuity Act and compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Remeasurements, comprising of actuarial gains and losses on retirement benefits arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements,
- Net interest expense or income.

3.7.4 Long Term Incentive Benefit

Other long term incentive benefits includes future encashment or availment, at the option of the employee subject to the rules framed by the Company which are expected to be availed or encashed beyond 12 months from the end of the year and long term incentive payable to employees on fulfilment of criteria prescribed by the Company.

3.7.5 Termination Benefits

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

3.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur at amortised cost using EIR. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.9 Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.10 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

3.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date.

Contingent liability is disclosed in case when a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation and a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

3.12 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Uncalled liability on shares and other investments partly paid;

c) Funding related commitment to associate and joint venture companies; and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.13 Leases

3.13.1 Company as a Lessee

The Company's lease asset classes primarily consist of leases for land and buildings. 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises right-of-use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the under lying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value – in – use) is determined on an individual asset basis unless the asset generates cash flows that are largely dependent of those from other assets. In such

Notes to financial statements

for the year ended 31st March 2022

cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3.13.2 Company as a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease.

3.14 Special Reserve

The Company creates special reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987. For this purpose any special reserve created by the Company under Section 36(1) (viii) of the Income- tax Act, 1961 is considered to be an eligible transfer.

3.15 Securities Premium

Securities premium is recognised for shares issued at premium. The issue expenses of securities which qualify as equity instruments are written off against securities.

3.16 Financial Instruments – Initial Recognition

3.16.1 Date of Recognition

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities and borrowings when funds reach the Company.

3.16.2 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

3.16.3 Day 1 Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

3.16.4 Measurement Categories of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost, Fair Value through Other Comprehensive Income(FVOCI) and Fair Value through Profit or Loss (FVTPL).

3.17 Financial Assets and Liabilities

3.17.1 Bank Balances, Loans, Trade receivables and Financial Investments at Amortised Cost

The Company measures Bank balances, Loans, Trade receivables and other financial investments at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

3.17.2 Debt Securities and Other Borrowed Funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

3.17.3 Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

1. The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

2. The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

3. The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

3.17.4 Undrawn Loan Commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

3.18 Reclassification of Financial Assets and Liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in FY 2021-22 and FY 2020-21.

3.19 Modification and Derecognition of Financial Asset

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. When a financial asset is modified the Company assesses whether this modification results in derecognition.

"In the case where the financial asset is derecognised the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms may lead to a gain or loss on derecognition. The new financial asset may have a loss allowance measured based on 12-month ECL except where the new loan is considered to be originated-credit impaired.

Notes to financial statements

for the year ended 31st March 2022

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

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.20 Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.21 Repossession of Collaterals

To mitigate the credit risk on financial assets, the Company seeks to use collateral, as per the powers conferred on the HFC under SARFAESI act. In its normal course of business, the Company does not physically repossess properties or other assets in its portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

3.22 Derivatives and Hedging Activities

Derivatives are only used for economic hedging purposes and not as a speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at FVTPL.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value changes) hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether the changes in the cash flows of the hedging instrument are expected to offset changes in cash flows of hedged items. The Company documents its risk management objective before undertaking hedge transactions.

3.22.1 Cash Flow hedges that qualify for Hedge Accounting

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within Other Income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset.

When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

3.23 Impairment of Financial Assets

3.23.1 Overview of the ECL principles

The Company records allowance for expected credit losses (ECL) for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in note 3.23.2.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1 When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2 When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3 Loans considered credit-impaired. The Company records an allowance for the LTECLs.

POCI Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

3.23.2 The Calculation of ECLs

The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Notes to financial statements

for the year ended 31st March 2022

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1	The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
POCI	POCI assets are financial assets that are credit impaired on initial recognition. The Company only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit-adjusted EIR.
Loan commi-tments	When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognised within provisions.

3.23.3 Significant Increase in Credit Risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. As a back-stop when loan asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

3.23.4 Credit-Impaired Financial Assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- restructuring of loans due to financial difficulty of the borrowers;

- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funds.

A loan is considered credit-impaired when a concession is granted to the borrower due to deterioration in the borrower's financial condition. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

3.23.5 Trade Receivables and Other Assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

3.23.6 Forward Looking Information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as: GDP growth, unemployment rates, Central Bank base rates, house price indices, etc

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.23.7 Write-Offs

Financial assets are written off either partially or in their entirety only when the Company had concluded that it had no reasonable expectations of recovering the asset and has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.23.8 Presentation of allowance for ECL in the Balance Sheet

For financial assets measured at amortised cost, loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

3.24 Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as below:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Notes to financial statements

for the year ended 31st March 2022

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

3.25 Security Deposits

At initial recognition the carrying value of the refundable deposits is taken at present value of all expected future principal repayments discounted using market rates prevailing at the time of inception. For Interest expenses, the difference between present market value and deposit made is recognised as prepayment and amortised in the Statement of Profit and loss over the benefit period on systematic basis. Interest income is recognised at the prevailing market rates.

3.26 Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and 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.

3.27 Foreign Currencies

Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

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.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

3.28 Share-Based Payment Arrangements

The stock options granted to employees by the holding company's (i.e. Aditya Birla Capital Limited) Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. The cost incurred by the holding company, in respect of options granted to employees of the Company, is being recovered by holding company and it is charged to the Statement of Profit and Loss of the Company over the period of vesting.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.1 Impairment of Financial Asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Notes to financial statements

for the year ended 31st March 2022

NOTE: 5 CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Balances with banks	55,695.10	37,737.34
	55,695.10	**37,737.34**

Foot note:

Current account balance of ₹ 32,002.46 Lakh (31st March 2021: ₹ 34,819.50 Lakh) are earmarked for disbursement of loan in affordable segment.

NOTE: 6 DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Lakh)

Particulars		As at 31 Mar 22	As at 31 Mar 21
6.1	**Financial Asset**		
	Cross currency interest rate derivatives	1,420.03	-
		1,420.03	**-**
6.2	**Financial Liability**		
	Cross currency interest rate derivatives	-	306.73
		-	**306.73**

NOTE: 7 RECEIVABLES

(₹ in Lakh)

Particulars			As at 31 Mar 22	As at 31 Mar 21
I	**Trade Receivables**			
	(i)	Undisputed		
		Receivables considered good - unsecured	464.31	188.76
		Having significant increase in Credit Risk	-	-
		Credit impaired	-	-
	(ii)	Disputed		
		Receivables considered good - unsecured	-	-
		Having significant increase in Credit Risk	-	-
		Credit impaired	-	-
			464.31	**188.76**
		Provision for impairment	-	-
		Other receivables from customers	760.39	61.69
			1,224.70	**250.45**
II	**Other Receivables**			
	Unsecured considered good			
	Receivable from related parties (refer note 35 (II) (b))		53.56	187.40
			53.56	**187.40**

Foot notes:

1 *No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms including limited liability partnership (LLP's) or private companies respectively in which any director is a partner, a director or a member. Further, there are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.*

2 *Trade Receivables Ageing*

Particulars	Unbilled Trade Receivables	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March 2022							
(i) Undisputed Trade receivables – considered good	-	938.96	170.54	20.24	33.32	-	1,163.06
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
- Unbilled Trade Receivables	61.64	-	-	-	-	-	61.64
Total	**61.64**	**938.96**	**170.54**	**20.24**	**33.32**	**-**	**1,224.70**
As at 31st March 2021							
(i) Undisputed Trade receivables – considered good	-	180.58	11.60	17.85	5.91	1.20	217.14
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
- Unbilled Trade Receivables	33.31	-	-	-	-	-	33.31
Total	**33.31**	**180.58**	**11.60**	**17.85**	**5.91**	**1.20**	**250.45**

NOTE: 8 LOANS (AT AMORTISED COST)

(₹ in Lakh)

Sr. No	Particulars	As at 31 Mar 22	As at 31 Mar 21
(A)	Loans relating to financing activity (refer note 8.2.1)	12,12,842.38	11,98,957.16
	Total (A) – Gross	**12,12,842.38**	**11,98,957.16**
	Less: Impairment loss allowance (refer note 8.2.2)	(23,296.30)	(18,694.45)
	Total (A) – Net	**11,89,546.08**	**11,80,262.71**
(B)	(a) Secured by tangible assets (property including land and building)	12,12,083.82	11,97,538.18
	(b) Unsecured, considered good	758.56	1,418.98
	Total (B) – Gross	12,12,842.38	11,98,957.16
	Less: Impairment loss allowance	(23,296.30)	(18,694.45)
	Total (B) – Net	**11,89,546.08**	**11,80,262.71**

Notes to financial statements

for the year ended 31st March 2022

(₹ in Lakh)

Sr. No	Particulars			As at 31 Mar 22	As at 31 Mar 21
(C)	(I)	Loans in India			
		(a)	Public sector	-	-
		(b)	Others	12,12,842.38	11,98,957.16
				12,12,842.38	**11,98,957.16**
	(II)	Loans outside India		-	-
	Total (C) – Gross			**12,12,842.38**	**11,98,957.16**
	Less: Impairment loss allowance			(23,296.30)	(18,694.45)
	Total (C) – Net			**11,89,546.08**	**11,80,262.71**

8.1 Credit Quality of Assets

The table below shows the credit quality and the gross carrying amount to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowances.

(₹ in Lakh)

Stage	As at 31 Mar 22		As at 31 Mar 21	
	Count	Amount	Count	Amount
Stage 1	43,354	11,07,198.10	35,090	11,30,153.91
Stage 2	1,472	79,815.73	1,117	45,751.91
Stage 3	691	25,828.55	428	23,051.34
Total	**45,517**	**12,12,842.38**	**36,635**	**11,98,957.16**

Note - The Company has taken necessary steps to recover the amount for all the cases. All the recovery process are as per the terms mentioned in agreement and are in compliant with RBI and NHB.

8.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans relating to financing activity, as follows:

8.2.1 Reconciliation of Gross Carrying Amount:

(₹ in Lakh)

31 Mar 22	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,30,153.91	45,751.90	23,051.35	11,98,957.16
New assets originated or purchased	3,70,957.86	3,777.71	391.91	3,75,127.48
Assets derecognised or repaid (excluding write offs)	(3,54,661.50)	(1,532.82)	(1,968.39)	(3,58,162.71)
Transfers to stage 1	14,281.01	(11,379.95)	(2,901.06)	-
Transfers to stage 2	(47,237.17)	48,140.67	(903.50)	-
Transfers to stage 3	(5,774.65)	(4,835.66)	10,610.31	-
Amounts written off	(521.36)	(106.12)	(2,452.07)	(3,079.55)
Gross carrying amount closing balance	**11,07,198.10**	**79,815.73**	**25,828.55**	**12,12,842.38**

(₹ in Lakh)

31 Mar 21	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,82,529.83	23,696.62	15,630.85	12,21,857.30
New assets originated or purchased	2,97,099.62	4,442.81	406.12	3,01,948.55
Assets derecognised or repaid (excluding write offs)	(3,20,670.21)	(2,515.48)	(895.88)	(3,24,081.57)
Transfers to stage 1	6,659.85	(5,735.74)	(924.11)	0.00
Transfers to stage 2	(30,765.90)	30,873.91	(108.01)	(0.00)
Transfers to stage 3	(4,617.64)	(4,674.34)	9,291.98	-
Amounts written off	(81.64)	(335.88)	(349.60)	(767.12)
Gross carrying amount closing balance	**11,30,153.91**	**45,751.90**	**23,051.35**	**11,98,957.16**

8.2.2 Reconciliation of ECL balance is given below:

(₹ in Lakh)

31 Mar 22	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	6,071.50	4,342.16	8,280.79	18,694.45
New assets originated or purchased	2,351.17	466.70	140.25	2,958.12
Assets derecognised or repaid (excluding write offs)	(3,043.32)	(205.15)	(606.21)	(3,854.68)
Transfers to Stage 1	1,884.18	(1,183.19)	(700.99)	-
Transfers to Stage 2	(267.35)	421.23	(153.88)	-
Transfers to Stage 3	(37.28)	(670.68)	707.96	-
Impact on year end ECL of exposures transferred between stages during the year	(1,077.18)	4,920.96	3,156.32	7,000.10
ECL recognised due to change in credit risk	22.95	916.57	(428.31)	511.21
Recoveries	(110.87)	(17.10)	(40.01)	(167.98)
Amounts written off	(48.99)	(0.03)	(1,795.90)	(1,844.92)
ECL allowance - closing balance	**5,744.81**	**8,991.47**	**8,560.02**	**23,296.30**

(₹ in Lakh)

31 Mar 21	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,973.27	1,691.14	4,983.80	10,648.21
New assets originated or purchased	1,655.50	312.04	126.53	2,094.07
Assets derecognised or repaid (excluding write offs)	(1,106.28)	75.10	(193.31)	(1,224.49)
Transfers to Stage 1	585.76	(394.04)	(191.72)	-
Transfers to Stage 2	(128.43)	151.66	(23.23)	-
Transfers to Stage 3	(17.80)	(298.25)	316.05	-
Impact on year end ECL of exposures transferred between stages during the year	(168.85)	2,988.19	2,737.20	5,556.54
ECL recognised due to change in credit risk	1,326.55	99.12	914.30	2,339.97
Recoveries	(46.96)	(2.46)	23.58	(25.84)
Amounts written off	(1.26)	(280.34)	(412.41)	(694.01)
ECL allowance - closing balance	**6,071.50**	**4,342.16**	**8,280.79**	**18,694.45**

8.3 Exposure to Modified Financial Assets

The Company has extended resolution plans to relieve from COVID-19 pandemic related stress to eligible borrowers on the parameters laid down in accordance with the guidelines issued by the RBI and policy approved by the Board of Directors of the Company. As of 31st March 2022, all the resolution plans under this framework were duly implemented. The Company has further renegotiated loans given to customers, in financial difficulties who are not eligible under the guidelines issued by RBI related to COVID-19 (referred to as restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default.

(₹ in Lakh)

Sr. No	Particulars	As at 31 Mar 22	As at 31 Mar 21
	Loan exposure to modified financial assets		
(i)	Maximum exposure amount	88,739.06	50,909.54
(ii)	Impairment allowance	8,902.19	1,500.06
(iii)	Net carrying amount	**79,836.87**	**49,409.48**

Foot notes:

A. Estimation of Uncertainty relating to COVID-19 Health Pandemic -

In estimating the expected credit loss (ECL) allowance the Company has taken into consideration internal and certain sources of external information up to the date of approval of these financial statements. The Company has also performed sensitivity analysis on the inputs and

Notes to financial statements

for the year ended 31st March 2022

assumptions used in estimating the ECL allowance and has embedded in its ECL allowance an adjustment of ₹ 1,250 Lakh during the current quarter in addition to the management overlay of ₹ 7,101.00 Lakh embedded until 31st December 2021, for credit risks arising from macro economic factors. Based on the Company's expectations of future economic conditions, it expects to recover the carrying amount of its loan assets. The extent to which health pandemic will impact the Company's provision on financial assets will depend on future developments, which are uncertain. The eventual outcome of impact of the health pandemic may be different from those estimated as on the date of approval of these financial statements.

B. *Resolution Framework for COVID-19 related Stress -*
During the year ended 31st March 2022, the Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers with a total outstanding of ₹ 52,872.48 Lakh as of 31st March 2022. The resolution plans are based on the parameters laid down in accordance with the guidelines issued by the RBI on 5th May 2021 and policy approved by the Board of Directors of the Company. As of 31st March 2022; all the resolution plans under this framework were duly implemented.

C. *There are no loans or advances in the nature of loans that are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are (a) repayable on demand or (b) without specifying any terms or period of repayment.*

D. *Moratorium in accordance with the Reserve Bank of India (ROI) Guidelines -*
During FY 2020-21, Moratorium was granted by the Company on the payment of instalments falling due between 1st March 2020 and 31st August 2020 to the eligible borrowers pursuant to the guidelines issued by Reserve Bank of India ("RBI") dated,27 March 2020, 17th April 2020 and 23rd May 2020 relating to COVID-19 Regulatory Package. The Company has considered the repayment behaviour and delinquencies in respect of such borrowers in staging its loan assets and in estimating the corresponding allowance for expected credit loss.

NOTE: 9 INVESTMENTS

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Investments carried at fair value through Profit & Loss		
Mutual Fund unit (unquoted)	-	10,120.38
	-	**10,120.38**

Foot note:

For FY 2020-21, all investments are made within India. Further, there are no mutual fund investment for which there has been a significant increase in credit risk or which have become credit impaired.

NOTE: 10 OTHER FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Security deposit	295.08	271.47
Other receivables	11.21	741.90
	306.29	**1,013.37**

NOTE: 11 INCOME TAX

The components of income tax expense for the years ended 31st March 2022 and 31st March 2021 are as under:

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Recognised in statement of profit and loss	7,108.81	5,415.69
Current tax	(1,594.41)	(1,666.63)
Deferred tax relating to origination and reversal of temporary differences	5,514.40	3,749.06
Tax charges	**81.43**	**165.47**
Adjustment in respect of current income tax of earlier years	5,595.83	3,914.53
Total tax charges		

11.1 Reconciliation of the Total Tax Charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March 2022 and 31st March 2021 is, as follows:

(₹ in Lakh)

Particulars	Year ended 31 Mar 22	Year ended 31 Mar 21
Accounting profit before tax	25,325.12	17,637.85
At India's statutory income tax rate of (31st March 2022: 25.168% ; 31st March 2021: 25.168%)	6,373.83	4,439.09
Rate adjustments	-	-
Differences other than temporary in nature on account of tax benefit u/s 36(1)(viii) of the Income Tax Act, 1961 and others	(859.43)	(690.61)
Deferred tax difference for earlier years recognised in current year for brought forward losses, impairment loss allowance and others	-	0.58
Income tax expense reported in the statement of profit and loss	**5,514.40**	**3,749.06**

The effective income tax rate for 31st March 2022 is 21.77% (31st March 2021: 21.26%).

11.2 Deferred Tax Assets (Net)

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Deferred tax asset		
Timing differences on account of		
Impairment allowance for financial assets	5,863.21	4,705.02
Provision for employee benefits	283.61	215.25
Differences in depreciation as per income tax & as charged in financials	87.00	76.10
Cash flow hedges	167.35	303.18
Recognition of ROU asset and lease liability under Ind AS 116	77.41	77.41
Deferred tax asset (A)	**6,478.58**	**5,376.96**
Deferred tax liability		
Timing differences on account of		
Tax deduction under Section 36(1)(viia) of Income Tax Act, 1961	630.90	538.35
Recognition of financial instruments under amortised cost under Ind AS 109	475.12	907.60
Deferred tax liability (B)	**1,106.02**	**1,445.95**
Deferred tax asset (net) (A-B)	**5,372.56**	**3,931.01**

Deferred tax credit (Net)

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Recognised in statement of profit and loss		
Impairment allowance for financial assets	(1,065.64)	(1,701.33)
Provision for employee benefits	(85.39)	47.70
Differences in depreciation as per income tax & as charged in financials	(10.90)	(16.26)
Deferred tax liability on amortised cost under Ind AS 109	(432.48)	3.25
	(1,594.41)	**(1,666.64)**
Recognised in OCI		
Deferred tax on re-measurement gains/(losses) on defined benefit plans	(17.03)	(25.13)
Deferred tax on re-measurement gains/(losses) on cash flow hedges	(135.83)	56.83
	(152.86)	**31.70**
Total deferred tax expense recognised (including OCI)	**(1,441.55)**	**(1,698.34)**

Notes to financial statements

for the year ended 31st March 2022

NOTE: 12 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakh)

Particulars	Building*	Plant & Equipment	Furniture & fixtures	Vehicle	Office equipment	Leasehold improvements	Total
Gross block							
As at 01st Apr 20	255.52	924.91	38.28	188.60	161.02	279.18	1,847.51
Adjustment	-	-	-	-	-	-	-
Additions	-	60.13	2.21	8.39	9.19	-	79.92
Acquisitions through business combinations	-	-	-	-	-	-	-
Deletions	-	(19.54)	(5.86)	(35.48)	(16.85)	(101.43)	(179.16)
As at 31 Mar 21	**255.52**	**965.50**	**34.63**	**161.51**	**153.36**	**177.75**	**1,748.27**
Adjustment	-	-	-	-	-	-	-
Additions	-	253.77	14.26	36.30	55.01	119.35	478.69
Acquisitions through business combinations	-	-	-	-	-	-	-
Deletions	-	(35.63)	(2.93)	(83.35)	(7.01)	(1.95)	(130.87)
As at 31 Mar 22	**255.52**	**1,183.64**	**45.96**	**114.46**	**201.36**	**295.15**	**2,096.09**
Accumulated depreciation							
As at 01st Apr 20	13.15	495.08	24.86	86.39	92.01	232.73	944.22
Adjustment	-	-	-	-	-	-	-
Charge for the year	4.38	200.57	5.87	37.50	29.46	27.75	305.53
Reduction	-	(19.15)	(4.82)	(25.38)	(14.37)	(96.60)	(160.32)
As at 31 Mar 21	17.53	676.50	25.91	98.51	107.10	163.88	1,089.43
Adjustment	-	-	-	-	-	-	-
Charge for the year	4.39	178.15	16.49	28.35	29.87	27.07	284.32
Reduction	-	(35.06)	(2.88)	(62.19)	(6.27)	(1.95)	(108.35)
As at 31 Mar 22	**21.92**	**819.59**	**39.52**	**64.67**	**130.70**	**189.00**	**1,265.40**
Net book value							
As at 31 Mar 21	237.99	289.00	8.72	63.00	46.26	13.87	658.84
As at 31 Mar 22	**233.60**	**364.05**	**6.44**	**49.79**	**70.66**	**106.15**	**830.69**

Foot notes:

1 *Assets pledged as security: Buildings with gross block ₹255.52 Lakh and accumulated depreciation ₹ 21.92 Lakh (31st March 2021: Gross block ₹255.52 Lakh and accumulated depreciation ₹17.53 Lakh) is subject to a first charge to secure debentures issued by the Company.*

2 *No revaluation of any class of assets is carried out during the year.*

NOTE: 13 OTHER INTANGIBLES ASSET

(₹ in Lakh)

Particulars	Computer Software
Gross block	
As at 01st Apr 20	1,156.46
Adjustment	-
Additions	297.58
Acquisitions through business combinations	-
Deletions/adjustment	-

(₹ in Lakh)

Particulars	Computer Software
As at 31 Mar 21	**1,454.04**
Adjustment	-
Additions	416.54
Acquisitions through business combinations	-
Deletions/adjustment	-
As at 31 Mar 22	**1,870.58**
Accumulated amortisation	
As at 01st Apr 20	646.35
Adjustment	-
Charge for the year	322.17
Reduction	-
As at 31 Mar 21	**968.52**
Adjustment	-
Charge for the year	340.73
Reduction	-
As at 31 Mar 22	**1,309.25**
Net book value	
As at 31 Mar 21	**485.52**
As at 31 Mar 22	**561.33**

Foot notes:

1 *Company does not have any internally generated intangible assets.*

2 *Intangible assets under development ageing schedule -*

(₹ in Lakh)

Intangible assets under development	Amount for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 Mar 22					
Projects in progress	61.42	-	-	-	61.42
Projects temporarily suspended	-	-	-	-	-
Total	**61.42**	**-**	**-**	**-**	**61.42**
As at 31 Mar 21					
Projects in progress	119.55	-	-	-	119.55
Projects temporarily suspended	-	-	-	-	-
Total	**119.55**	**-**	**-**	**-**	**119.55**

Intangible assets under development completion schedule -

(₹ in Lakh)

Intangible assets under development	Amount for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 Mar 22					
Project 1	-	-	-	-	-
Project 2	-	-	-	-	-
As at 31 Mar 21					
Project 1	-	-	-	-	-
Project 2	-	-	-	-	-

Notes to financial statements

for the year ended 31st March 2022

NOTE: 14 ROU ASSET

(₹ in Lakh)

Particulars	ROU Asset
Gross block	
As at 1 Apr 20	2,849.99
Additions	1,061.29
Deletions/adjustment	(1,991.97)
As at 31 Mar 21	**1,919.31**
Additions	808.54
Deletions/adjustment	(94.45)
As at 31 Mar 22	**2,633.40**
Accumulated amortisation	
As at 1 Apr 20	561.17
Charge for the year	490.09
Reduction	(625.27)
As at 31 Mar 21	**425.99**
Charge for the year	378.05
Reduction	(92.07)
As at 31 Mar 22	**711.97**
Net book value	
As at 31 Mar 21	**1,493.32**
As at 31 Mar 22	**1,921.43**

NOTE: 15 OTHER NON-FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Capital advances	36.87	-
Prepaid expense	843.69	514.60
Retirement benefits gratuity fund (refer note 47)	577.14	502.92
Balances with tax authorities	383.37	137.99
Deferred lease expense	3.09	5.91
	1,844.16	**1,161.42**

NOTE: 16 PAYABLES

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 38)	49.22	28.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,776.70	3,412.38
	2,825.92	**3,441.08**

Foot note:-

Trade Payables Ageing Schedule -

(₹ in Lakh)

Particulars		Unbilled Dues	Past due not impaired				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 Mar 22							
(i)	MSME	-	49.22	-	-	-	49.22
(ii)	Others	-	918.09	24.64	11.26	5.60	959.59
(iii)	Disputed Dues- MSME	-	-	-	-	-	-
(iv)	Disputed Dues- Others	-	-	-	-	-	-
-	Unbilled Dues	1,817.11	-	-	-	-	1,817.11
Total		**1,817.11**	**967.31**	**24.64**	**11.26**	**5.60**	**2,825.92**
As at 31 Mar 21							
(i)	MSME	-	28.70	-	-	-	28.70
(ii)	Others	-	1,214.18	20.36	8.21	4.75	1,247.50
(iii)	Disputed Dues- MSME	-	-	-	-	-	-
(iv)	Disputed Dues- Others	-	-	-	-	-	-
-	Unbilled Dues	2,164.88	-	-	-	-	2,164.88
Total		**2,164.88**	**1,242.88**	**20.36**	**8.21**	**4.75**	**3,441.08**

NOTE: 17 DEBT SECURITIES

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
At amortised cost		
Secured		
Redeemable non convertible debentures (refer foot note (ii) below)	2,01,752.49	1,63,450.16
Unsecured		
Commercial papers (refer note (iii) below)	17,362.05	9,978.34
Total (A)	**2,19,114.54**	**1,73,428.50**
Debt securities in India	2,19,114.54	1,73,428.50
Debt securities outside India	-	-
Total (B)	**2,19,114.54**	**1,73,428.50**

Foot notes:

(i) The Company does not have any convertible debt securities.

(ii) The debt securities are secured by way of mortgage of the immovable property and have first pari passu charge on receivables of the Company. The repayment terms and rate of interest of redeemable non convertible debentures are as under:

(₹ in Lakh)

Maturing up to 3 years, Rate of interest (ROI) 4.97% to 9.40 % p.a.	As at 31 Mar 22	As at 31 Mar 21
ABHFL NCD A1 - FY 2016-17, ROI: 8.75% p.a.; Maturity date: 20th April 2021	-	1,624.12
ABHFL NCD C1 - FY 2018-19, ROI: 8.85% p.a.(XIRR basis); Maturity date: 7th June 2021	-	5,695.23
ABHFL NCD E1 - FY 2017-18, ROI: 7.60% p.a.; Maturity date: 30th June 2021	-	8,924.31

Notes to financial statements

for the year ended 31st March 2022

(₹ in Lakh)

Maturing up to 3 years, Rate of interest (ROI) 4.97% to 9.40 % p.a.	As at 31 Mar 22	As at 31 Mar 21
ABHFL NCD D1 - FY 2018-19, ROI: 8.82% p.a.(XIRR basis); Maturity date: 26th July 2021	-	10,571.32
ABHFL NCD F1 - FY 2019-20, ROI: 8.18 % .(XIRR basis); Maturity date: 24th September 2021	-	2,253.29
ABHFL NCD G1 - FY 2018-19, ROI: 9.40% p.a.(XIRR basis); Maturity date: 26th October 2021	-	2,983.67
ABHFL NCD D2 - FY 2018-19, ROI: 8.82% p.a.; Maturity date: 28th October 2021	-	2,115.51
ABHFL NCD L2 - FY 2016-17, ROI: 8.00% p.a.; Maturity date: 10th March 2022	-	5,023.24
ABHFL NCD L3 - FY 2016-17, ROI: 8.00% p.a.; Maturity date: 18th March 2022	-	5,012.66
ABHFL NCD A1 - FY 2017-18, ROI: 8.00% p.a.; Maturity date: 1st April 2022	-	4,857.94
ABHFL NCD I1 - FY 2018-19, ROI: 9.30% p.a.(XIRR basis); Maturity date: 13th April 2022	24,229.30	22,203.05
ABHFL NCD C1 - FY 2017-18, ROI: 8.00% p.a.; Maturity date: 7th June 2022	10,646.34	10,648.49
ABHFL NCD F1 - FY 2017-18, ROI: 7.60% p.a.; Maturity date: 8th September 2022	2,083.39	2,083.35
ABHFL NCD PPMLD FY 2019-20, ROI: 7.95% XIRR.; Maturity date: 30th September 2022	1,815.73	1,682.04
ABHFL NCD K1 - FY 2019-20, ROI: 6.22% p.a.; Maturity date: 17th February 2023 (2nd Coupon = 3.72% + 250bps i.e. 6.22 % ; 1st Coupon: 5.26% + 250 bps = 7.76% Benchmark 12 Month T-Bill + 250 bps spread Reset on yearly basis with fixed spread of 250 bps)	2,519.28	2,516.79
ABHFL NCD A1 - FY 2020-21, ROI: 8.00% p.a.; Maturity date: 17th May 2023	43,040.40	43,035.88
ABHFL NCD F1 - FY 2020-21, ROI: 6.05% p.a.; Maturity date: 8th September 2023	5,162.77	5,162.52
ABHFL NCD L1 - FY 2020-21, ROI: 6.11% p.a (1st Interest Payment).; Maturity date: 15th March 2024 (1st Coupon : 3.36% + 275 bps = 6.11%; i.e. Simple average of reset rates of on 18th March 2021 (initial coupon) - 3.24%, 18th June 2021 - 3.40%, 18th September 2021 - 3.29 and 18th December 2021 - 3.51%)(1st Coupon: Avg T-Bill rate as stated above + 275 bps = Average of Benchmark 3 Month T-Bill for specified dates + 275 bps spread Reset on quarterly basis and payable annually with fixed spread of 275 bps)	25,058.86	25,053.13
ABHFL NCD D1 - FY 2021-22, ROI: 4.97% p.a (initial fixing rate).; Maturity date: 16th July 2024 The first interest payment is set as an average (Simple) rate of previous four quarters reset coupon rate e.g. Coupon rate to be paid on 16th July 2022 is the average of coupon rate on 16th July 2021 (initial coupon) and the rate computed on the reset date being 16th October 2021, 16th January 2022 and 16th April 2022 (1st Coupon: Avg T-Bill rate as stated above + 156 bps = Average of Benchmark 3 Month T-Bill for specified dates + 156 bps spread Reset on quarterly basis and payable annually with fixed spread of 156 bps)	25,872.36	-
ABHFL NCD L1 - FY 2021-22, ROI: 5.57% p.a (initial fixing rate).; Maturity date: 21st March 2025 The first interest payment is set as an average (Simple) rate of previous four quarters reset coupon rate e.g. Coupon rate to be paid on March 21, 2023 is the average of coupon rate on 21st March 2022 (initial coupon) and the rate computed on the reset date being 21st June 2022, 21st September 2022 and 21st December 2022 (1st Coupon: Avg T-Bill rate as stated above + 181 bps = Average of Benchmark 3 Month T-Bill for specified dates + 181 bps spread Reset on quarterly basis and payable annually with fixed spread of 181 bps)	34,039.48	-
	1,74,467.91	**1,61,446.54**

(₹ in Lakh)

Maturing after 3 years, Rate of interest (ROI) 6.70% to 8.95 % p.a.	As at 31 Mar 22	As at 31 Mar 21
ABHFL NCD A1 - FY 2015-16, ROI: 8.95% p.a; Maturity date: 20th March 2026	2,003.01	2,003.62
ABHFL NCD J1 - FY 2021-22, ROI: 6.70% p.a; Maturity date: 22nd January 2027	25,281.57	-
	27,284.58	**2,003.62**
Total Debt securities	**2,01,752.49**	**1,63,450.16**

(iii) The repayment terms of commercial papers are as under-

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Maturing up to 3 months*	17,362.05	9,978.34
	17,362.05	**9,978.34**

** The above is net of unamortised discounting charges on commercial paper amounting to ₹ 137.95 Lakh (31st March 2021: ₹ 21.66 Lakh)*

NOTE: 18 BORROWINGS OTHER THAN DEBT SECURITIES

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Secured		
Term loan from banks (refer foot note (i) below)	5,99,235.80	7,83,697.71
NHB Refinance (refer foot note (ii) below)	1,49,845.90	22,592.87
External Commercial Borrowing (ECB) (refer foot note (iii) below)	37,894.74	36,604.07
Loan repayable on demand from banks		
Working capital demand loan (refer foot note (iv) below)	9,000.00	-
Cash Credit (refer foot note (v) below)	-	1,301.92
Overdraft (refer foot note (vi) below)	22,242.16	16,537.67
	8,18,218.60	**8,60,734.24**
Unsecured		
Loan from related party		
Inter corporate borrowings (refer foot note (vii) below)	-	400.00
	-	**400.00**
Total (A)	**8,18,218.60**	**8,61,134.24**
Borrowings in India	7,80,323.86	8,24,530.17
Borrowings outside India	37,894.74	36,604.07
Total (B)	**8,18,218.60**	**8,61,134.24**

Foot notes:

(i) The term loans from banks are secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate of interest of term loans are as under-

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Maturing up to 3 years, rate of interest 5.58 % p.a. - 7.35 % p.a.	4,88,237.37	-
Maturing after 3 years, rate of interest 5.58 % p.a. - 7.45 % p.a.	1,10,998.43	-
Maturing up to 3 years, rate of interest 4.88 % p.a. - 8.75 % p.a.	-	5,17,522.04
Maturing after 3 years, rate of interest 5.50 % p.a. - 8.75 % p.a.	-	2,66,175.67
	5,99,235.80	**7,83,697.71**

The Company is adequately submitting quarterly statements of current assets to the banks which are as per the books of accounts maintained by the Company.

Term loans are used fully for the purpose for which they were obtained.

Notes to financial statements

for the year ended 31st March 2022

(ii) *The NHB Refinance is secured by way of exclusive on the receivables of the Company. The refinance facility of ₹ 1,49,845.90 Lakh (31st March 2021 - ₹22,592.87 Lakh) is further guaranteed by way of corporate guarantee issued by holding company. The repayment terms and rate of interest are as under-*

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Maturing up to 3 years, rate of interest 2.94% p.a. and 6.45% p.a.	64,145.25	-
Maturing after 3 years, rate of interest 2.94% p.a. and 6.45% p.a.	85,700.65	-
Maturing up to 3 years, rate of interest 8.20% p.a. and 8.30% p.a.	-	16,302.00
Maturing after 3 years, rate of interest 8.20% p.a. and 8.30% p.a.	-	6,290.87
	1,49,845.90	**22,592.87**

(iii) *The external commercial loan is secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate of interest are as under-*

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Maturing up to 3 years, rate of interest 7.79 %p.a.	37,894.74	36,604.07
	37,894.74	**36,604.07**

(iv) *The working capital loans are secured by way of first pari-passu charge on receivables of the Company. The repayment terms and rate of interest of working capital loans are as under-*

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Repayable on demand , rate of interest 6.85% to 6.90 % p.a.	9,000.00	-

(v) *The cash credit facilities are secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate of interest of cash credit are as under-*

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Repayable on demand , rate of interest 8.50% p.a.	-	1,301.92

(vi) *The overdraft on account of cheques issued but not presented as on the balance sheet date are backed by cash credit facilities which are secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate if interest is same as applicable to cash credit facilities.*

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Repayable on demand	22,242.16	16,537.67

(vii) *The intercorporate borrowings are unsecured borrowing taken from related parties. The repayment terms of loans from related party are as under-*

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Repayable on demand , rate of interest 4.00% p.a.	-	400.00

NOTE: 19 SUBORDINATED LIABILITIES

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Unsecured		
Sub ordinate debts - debentures (refer foot note below)	34,191.81	34,199.24
	34,191.81	**34,199.24**

The repayment terms and rate of interest (ROI) of subordinate debentures are as under-

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Maturing after 3 years, Rate of interest(ROI) 7.43% to 9.10 % p.a.		
ABHFL Sub Debt Series 'SD1' FY 2016-17, ROI: 9.10 % p.a; maturity date - 3 July 2026	1,594.96	1,595.45
ABHFL Sub Debt Series 'SD2' FY 2016-17, ROI: 9.10 % p.a; maturity date - 7 July 2026	1,061.71	1,062.07
ABHFL Sub Debt Series 'SD3' FY 2016-17, ROI: 9.10 % p.a; maturity date - 13 July 2026	1,590.21	1,590.80
ABHFL Sub Debt Series 'SD4' FY 2016-17, ROI: 8.99 % p.a; maturity date - 24 July 2026	2,640.32	2,643.33
ABHFL Sub Debt Series 'SDB1' FY 2017-18, ROI: 8.50 % p.a; maturity date - 14 May 2027	6,417.27	6,418.84
ABHFL Sub Debt Series 'SDC1' FY 2017-18, ROI: 8.50 % p.a; maturity date - 1 June 2027	7,988.77	7,990.76
ABHFL Sub Debt Series 'SDC1' FY 2019-20, ROI: 8.94 % p.a; maturity date - 8 June 2029	5,325.32	5,325.69
ABHFL Sub Debt Series 'SDJ1' FY 2020-21, ROI: 7.43 % p.a; maturity date - 15 January 2031	7,573.25	7,572.30
	34,191.81	**34,199.24**

NOTE: 20 LEASE LIABILITY

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Liability for lease payments	2,019.30	1,584.65
	2,019.30	**1,584.65**

NOTE: 21 OTHER FINANCIAL LIABILITIES

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Payable for salaries, bonus and other employee benefits	2,487.64	1,857.81
Payable for Capital expenditure	25.34	17.07
Other financial liabilities relating to customer accounts	6,440.06	8,512.00
	8,953.04	**10,386.88**

NOTE: 22 PROVISIONS

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Provision for employee benefits		
Compensated absences	367.66	299.46
Gratuity (refer note 47)	580.78	523.97
	948.44	**823.43**

Notes to financial statements

for the year ended 31st March 2022

NOTE: 23 OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Payable to government authorities	688.26	289.19
	688.26	**289.19**

NOTE: 24 EQUITY SHARE CAPITAL

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Authorised		
1000,000,000 (31st March 2021 : 1000,000,000) equity shares of ₹ 10 each	1,00,000.00	1,00,000.00
	1,00,000.00	**1,00,000.00**
Issued, subscribed and fully paid up shares		
501,197,682 (31st March 2021: 501,197,682) equity shares of ₹ 10 each, fully paid up	50,119.77	50,119.77
	50,119.77	**50,119.77**

A) Reconciliation of the Number of Shares Outstanding at the Beginning and at the End of the Year

(₹ in Lakh)

	Numbers	Amount
As at 1 Apr 2020	50,11,97,682	50,119.77
Add: shares issued during the year	-	-
As at 31 Mar 2021	50,11,97,682	50,119.77
Add: shares issued during the year	-	-
As at 31 Mar 2022	**50,11,97,682.00**	**50,119.77**

B) Shares held by Holding Company

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Aditya Birla Capital Limited, holding company	50,11,97,682	50,11,97,682

C) Details of Shareholders holding more than 5% Shares in the Company

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Aditya Birla Capital Limited, holding company		
Number of shares	50,11,97,682	50,11,97,682
% Holding	100%	100%

D) Shares held by Promoters at the End of the Year

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Aditya Birla Capital Limited, Promoter Company		
Number of shares	50,11,97,682	50,11,97,682
% Holding	100%	100%
% Change during the year	-	-

E) 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 dividend in Indian rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

F) During the past five years immediately preceding the current financial year, the Company has not issued any shares pursuant to any contract without payment being received in cash or by way of bonus shares and have also not engaged in any buyback of its own equity.

NOTE: 25 OTHER EQUITY

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Securities premium (refer foot note (i) below)	71,582.21	71,582.21
Special reserve u/s 29C of The National Housing Bank Act, 1987(refer foot note (ii) below)	543.34	328.85
Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 (refer foot note (iii) below)	10,521.97	6,790.61
Retained earnings (refer foot note (iv) below)	39,829.37	23,995.30
Cash flow hedge reserve (refer foot note (v) below)	(497.58)	(901.45)
	1,21,979.31	**1,01,795.52**

Foot notes:

(i) Securities Premium

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Balance at beginning of year	71,582.21	71,582.21
Addition: Received on issue of shares during the year	-	-
Deduction: Utilisation against share issue expense	-	-
Balance at end of year	**71,582.21**	**71,582.21**

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

(ii) Special reserve u/s 29C of The National Housing Bank Act, 1987 (refer note 3.14)

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Balance at beginning of year	328.85	328.85
Addition: Amount transferred from surplus balance in the Statement of Profit and Loss	214.49	-
Balance at end of year	**543.34**	**328.85**

As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. The amount transferred to special reserve u/s 29C of the NHB Act includes ₹ 3,731.36 Lakh (31st March 2021: ₹ 2,922.15 Lakh) for Special Reserve in terms of Section 36(1)(viii) of the Income-tax Act, 1961.

Notes to financial statements

for the year ended 31st March 2022

(iii) Reserve u/s 36(1)(viii) of the Income Tax Act, 1961

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Balance at beginning of year	6,790.61	3,868.46
Addition: Amount transferred from surplus balance in the Statement of Profit and Loss	3,731.36	2,922.15
Less: Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29C of the National Housing Bank Act, 1987	-	-
Balance at end of year	**10,521.97**	**6,790.61**

(iv) Retained Earnings

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Balance at beginning of year	23,995.30	13,119.42
Profit for the year	19,729.29	13,723.32
Remeasurement of defined employee benefit plans	50.63	74.71
Transfer to special reserve u/s 29C of The National Housing Bank Act, 1987	(214.49)	-
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961	(3,731.36)	(2,922.15)
Items of other comprehensive income recognised directly in retained earnings	-	-
Re-measurement gains/(losses) on defined benefit plans	-	-
Balance at end of year	**39,829.37**	**23,995.30**

(v) Cash Flow Hedge Reserve

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Balance at beginning of year	(901.45)	(732.46)
Net change during the year	403.87	(168.99)
Balance at end of year	**(497.58)**	**(901.45)**

NOTE: 26 INTEREST INCOME

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
- On financial assets measured at amortised cost		
Interest on loans and advances to customers	1,17,243.57	1,23,104.59
Other interest income	1,323.97	346.86
	1,18,567.54	**1,23,451.45**

NOTE: 27 NET GAIN ON FAIR VALUE CHANGES IN INVESTMENTS

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Net gain on financial instruments at fair value through profit or loss	234.19	803.29
Total Net gain on fair value changes	**234.19**	**803.29**
Fair Value changes:		
Realised	234.19	682.41
Unrealised	-	120.88
	234.19	**803.29**

NOTE: 28 NET GAIN/(LOSS) ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Reversal of expected credit loss on derecognition of financial instruments	1,844.92	694.01
Bad debts written off (net off of recoveries for write off of previous years)	(2,868.61)	(704.84)
	(1,023.69)	**(10.83)**

NOTE: 29 OTHER INCOME

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Interest on income tax refund	-	41.38
Profit on sale of property, plant and equipment	-	2.80
Profit on surrender of right to use asset	21.93	294.26
Income from rent concession due to COVID-19	-	37.58
Rental Income	86.67	59.26
	108.60	**435.28**

NOTE: 30 FINANCE COST

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
- On financial liabilities measured at amortised cost		
Interest on borrowings	54,723.81	71,609.14
Interest on debt securities	14,512.08	13,042.92
Interest on lease liability	139.71	176.37
Other interest expense	117.92	94.36
	69,493.52	**84,922.79**

NOTE: 31 IMPAIRMENT ON FINANCIAL INSTRUMENTS (MEASURED AT AMORTISED COST)

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
- On Financial Assets measured at amortised cost		
Loans (refer note 8.2.2)	6,446.77	8,740.25
	6,446.77	**8,740.25**

NOTE: 32 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Salaries, bonus and allowances	12,247.39	10,591.94
Contribution to provident and other funds (refer note 47)	513.39	416.72
Retirement benefit expense - Gratuity	126.34	126.30
Employee stock option expenses (refer note 41)	6.60	20.44
Staff welfare expenses	280.26	83.93
	13,173.98	**11,239.33**

Notes to financial statements

for the year ended 31st March 2022

NOTE: 33 OTHER EXPENSES

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Rental charges payable under operating leases (refer note 36)	586.76	637.27
Travelling and conveyance	363.77	208.90
Water and electricity	129.53	109.54
Repairs and maintenance	830.19	1,112.76
Insurance	282.65	236.02
Credit rating expenses	159.42	126.06
Legal and professional charges	1,259.91	868.80
Rates and taxes	30.69	31.14
Printing and stationery	107.21	63.82
Contract service charges	177.05	256.62
Advertisement expenses	81.82	281.66
Postage expenses	42.42	57.31
Miscellaneous expenses	1,106.72	832.28
	5,158.14	**4,822.18**

NOTE: 34 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Claims against the Company not acknowledged as debts on account of legal disputes ₹246.55 Lakh (31st March 2021: ₹8.10 Lakh). Unfavourable outcome of these legal cases if any do not have any material and adverse impact on the financial position of the Company as on the balance sheet date.

The Company is not exposed to any other contingent liabilities as on the balance sheet except as mentioned above for legal disputes.

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) on account of property, plant and equipment ₹400.25 Lakh (31st March 2021: ₹0.16 Lakh) and on account of intangible assets ₹208.01 Lakh (31st March 2021: ₹185.31 Lakh).

NOTE: 35 RELATED PARTY DISCLOSURES

I) List of related parties as per Ind AS -24 with whom transactions have taken place during the year.

(A) Where control exists

Aditya Birla Capital Limited (ABCL) (Holding Company)

Grasim Industries Limited (Ultimate Holding Company)

(B) Fellow Subsidiaries

Aditya Birla Finance Limited (ABFL)

Aditya Birla Capital Technology Services Limited (ABCTSL)

Aditya Birla Sun Life Insurance Company Limited (ABSLICL)

Aditya Birla Sun Life AMC Limited (ABSLAMCL)

Aditya Birla Money Limited (ABML)

Aditya Birla Health Insurance Limited (ABHI)

Aditya Birla Financial Shared Services Limited (ABFSSL)

Aditya Birla Insurance Brokers Limited (ABIBL)

Aditya Birla PE Advisors Private Limited (ABPEL)

Aditya Birla Wellness Private Limited (ABWPL)

Ultratech Cement Limited (UCL)

Aditya Birla Insulators (ABI)

(C) Key Management Personnel

Mr. Netrapal Singh	Chief Executive Officer
Mr. Tushar Kotecha	Chief Financial Officer (from 31st July 2019 to 27th December 2021)
Mr. Ashish Damani	Chief Financial Officer (w.e.f 28th December 2021)

II) Transactions with Related Parties

(a) Purchase and sale of services

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Referred in (A) above		
Other operating expenses		
Aditya Birla Capital Limited	319.01	279.54
Employees Stock option plan expenses		
Aditya Birla Capital Limited	6.60	20.44
Interest expenses		
Aditya Birla Capital Limited	0.61	53.70
Other Comprehensive Income - Gratuity (gain)/loss		
Aditya Birla Capital Limited	(0.30)	(2.90)
Recovery of other operating expenses		
Aditya Birla Capital Ltd	2.81	4.64
Referred in (B) above		
Other operating expenses		
Aditya Birla Finance Limited	1,561.51	1,507.82
Aditya Birla Money Limited	0.07	0.26
Aditya Birla Sun Life AMC Limited	6.16	1.27
Aditya Birla Capital Technology Services Limited	112.63	124.83
Aditya Birla Health Insurance Limited	-	0.12
Aditya Birla Financial Shared Services Limited	1,278.73	861.77
Aditya Birla PE Advisors Private Limited	-	0.89
Aditya Birla Insurance Brokers Limited	-	0.18
Aditya Birla Wellness Private Limited	0.08	0.47
Ultratech Cement Limited	10.45	0.23
Aditya Birla Sun Life Insurance Company Limited	5.05	-
Interest Expenses		
Aditya Birla Sun Life Insurance Company Limited	85.00	128.49
Other Comprehensive Income - Gratuity (gain)/loss		
Aditya Birla Financial Shared Services Limited	(12.07)	(41.79)
Recovery of other operating expenses		
Aditya Birla Finance Limited	239.26	365.21
Aditya Birla Insurance Brokers Limited	-	7.48

Notes to financial statements

for the year ended 31st March 2022

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Aditya Birla Sun Life AMC Limited	14.64	3.80
Ultratech Cement Limited	-	51.90
Aditya Birla Financial Shared Services Limited	2.81	4.64
Income		
Aditya Birla Health Insurance Limited	104.30	121.84
Aditya Birla Sun Life Insurance Company Limited	497.41	165.07
Referred in (C) above		
Managerial Remuneration	204.95	320.30
(Mr. Netrapal Singh -1st April 2020 to 31st March 2022)		

b) Outstanding balances arising from purchase and Sale of Services

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Referred in (A) above		
Payable		
Aditya Birla Capital Limited	26.26	28.41
Referred in (B) above		
Receivable (refer note 7)		
Aditya Birla Money Limited	1.50	-
Aditya Birla Sun Life AMC Limited	0.12	-
Aditya Birla Health Insurance Limited	29.97	67.79
Aditya Birla Sun Life Insurance Company Limited	21.98	119.60
Payable		
Aditya Birla Finance Limited	362.92	299.60
Aditya Birla Financial Shared Services Limited	91.19	126.35
Aditya Birla Money Limited	-	0.25
Aditya Birla Capital Technology Services Limited	23.92	22.40
Aditya Birla Wellness Private Limited	-	0.44
Aditya Birla Sun life Asset Management Company Limited	-	0.59
Ultratech Cement Limited	6.13	0.12
Other Balances (Receivables)		
Aditya Birla Financial Shared Services Limited	9.21	6.03
Aditya Birla Sun Life Insurance Company Limited	61.10	26.97
Aditya Birla Capital Technology Services Limited	0.10	0.49

c) Loans from Related Parties

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Referred in (A) above		
Aditya Birla Capital Limited		
Loan balance at the beginning of the year	400.00	656.00
Loan obtained (including inter corporate borrowings)	-	500.00
Loans repaid (including inter corporate borrowings)	400.00	756.00
Loan balance at the end of the year	-	400.00
Interest accrued on above	-	-

(₹ in Lakh)

Particulars	As at 31 Mar 22	As at 31 Mar 21
Referred in (B) above		
Aditya Birla Sun Life Insurance Company Limited		
Loan balance at the beginning of the year	1,000.00	1,500.00
Loan obtained (issue of debentures)	-	-
Loans repaid	-	500.00
Loan balance at the end of the year	1,000.00	1,000.00
Interest accrued but not due on above	74.29	74.29

d) Other Transactions

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Referred in (A) above		
Capital issued		
Aditya Birla Capital Limited		
Share capital issued during the year	-	-
Capital Outstanding		
Aditya Birla Capital Limited		
Equity share capital outstanding	50,119.77	50,119.77
Referred in (B) above		
Other transactions		
Aditya Birla Financial Shared Services Limited (Recovery of transfer employees)	13.56	0.50
Aditya Birla Financial Shared Services Limited (Sale of Fixed Assets)	-	2.55
Aditya Birla Sun Life Insurance Company Limited (Recovery of transfer employees)	-	12.65
Aditya Birla Money Limited (Recovery of transfer employees)	1.50	0.16
Aditya Birla Finance Limited (Sale of Fixed Assets)	0.45	2.44
Aditya Birla Finance Ltd (Purchase of Fixed Assets)	22.37	-
Aditya Birla Health Insurance Co Limited(Recovery of transfer employees)	7.70	-
Aditya Birla Sun life Insurance Company Limited(Security Deposit)	27.75	-
Aditya Birla Sun life Asset Management Company Limited(Security Deposit)	2.78	-
Aditya Birla Capital Technology Services Limited (Purchase of Fixed Assets)	19.84	30.18
Aditya Birla Money Limited (Purchase of Fixed Assets)	-	8.39
Aditya Birla Financial Shared Services Limited (Transfer of Employees)	-	4.69
Aditya Birla Finance Limited (Recovery of transfer employees)	72.12	72.52
Aditya Birla Insulators (Recovery of transfer employees)	-	0.71

Foot notes:

a) The related party relationships have been as identified by the management on the basis of the requirements of the Ind AS -24 'Related Party Disclosures' issued by the Ministry of Corporate Affairs.

b) The relationships as mentioned above except where control exists pertain to those related parties with whom transactions have taken place during the year.

c) There is no write off/write back of any related party balances during the year.

Notes to financial statements

for the year ended 31st March 2022

NOTE: 36 LEASING ARRANGEMENTS

Disclosure Pursuant to Indian Accounting Standard 116 - Leases is as under:

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key Sources of Estimation Uncertainty in the Application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

Operating Lease Commitments – Company as Lessee (refer note 33)

The Company has entered into lease agreements for premises at various locations for periods between 12 months to 60 months. The lease payments recognised in the statement of profit and loss are ₹586.76 Lakh (31st March 2021 ₹637.27 Lakh).

Following are the changes in the carrying value of right of use assets: (refer note 14)

(₹ in Lakh)

Category of ROU Asset - Leasehold premises	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Opening Balance	1,493.32	2,288.82
Additions	859.33	1,030.25
Reclassified from deferred lease expense	53.10	31.04
Deletions	(106.27)	(1,366.70)
Depreciation	(378.05)	(490.09)
Closing Balance	**1,921.43**	**1,493.32**

Amounts Recognised in Profit and Loss

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Depreciation expense on right-of-use assets	378.05	490.09
Interest expense on lease liabilities	139.71	176.37
Expense relating to short-term leases	308.42	354.01
Income from subleasing right-of-use assets	86.67	59.26

The break-up of current and non-current lease liabilities is as follows:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Current Lease Liabilities	445.73	357.69
Non-Current Lease Liabilities	1573.57	1226.96
Total	**2,019.30**	**1,584.65**

The movement in lease liabilities during the is as follows:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Opening balance	1,584.65	2,602.12
Additions	859.33	1,030.25
Additions through Business Combinations	-	-
Deletions	(128.20)	(1,698.53)
Finance Cost accrued during the period	139.71	176.37
Payment of Lease Liabilities	(436.19)	(525.56)
Closing balance	**2,019.30**	**1,584.65**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Less than one year	461.71	371.64
One to Five years	1,471.59	1,231.89
More than Five years	582.22	402.57
Total	**2,515.52**	**2,006.10**

Future expected cash outflows to which the lessee is potentially exposed and are not reflected in the measurement of lease liabilities:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Lessee utilises its extension option	-	-
Amount of residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	-
Total	**-**	**-**

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.

The Company has applied the practical expedient as given in para 46B of Ind AS 116 in relation to Rent concessions being given due to Covid-19 pandemic by the lessor.

Operating Lease Commitments – Company as Lessor

The Company is not involved in such activity during the current financial year as well as during previous financial year.

NOTE: 37 EARNINGS PER SHARE (EPS)

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Net profit for the year available for equity shareholders	19,729.29	13,723.32
Weighted average number of equity shares outstanding (numbers)	50,11,97,682	50,11,97,682
Basic and diluted earnings per share (₹)	3.94	2.74

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

Notes to financial statements

for the year ended 31st March 2022

NOTE: 38 MICRO, SMALL AND MEDIUM ENTERPRISES

(₹ in Lakh)

Particulars		Year Ended 31 Mar 22	Year Ended 31 Mar 21
i.	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	49.22	28.70
ii.	the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	-	-
iii.	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 MSMED Act, 2006;	-	-
iv.	the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
v.	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 MSMED Act, 2006.	-	-

The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company.

NOTE: 39 SEGMENT INFORMATION

Operating business segment results are reviewed regularly by the Company's Chief Operating Decision Maker (Board of Directors) to make decisions about resources to be allocated to the segments and assess their performance. Business segment is the primary segment comprising of 'Housing finance'. As the Company operates only in a single business segment, no segment information thereof is given as required under Ind AS 108.'

NOTE: 40 AUDITORS REMUNERATION (INCLUDED IN LEGAL AND PROFESSIONAL CHARGES - REFER NOTE 33)

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
As Auditor	23.61	27.61
For taxation matters	3.00	2.00
For other services	7.42	8.18
For reimbursement of expenses	0.07	0.66
	34.10	**38.45**

(In FY 2021-22, Auditor's remuneration "As Auditor" and "For other services" includes ₹4.12 Lakh to erstwhile auditors.)

NOTE: 41 EMPLOYEE STOCK OPTION PLAN (ESOP)

Pursuant to ESOP Plan being established by the holding company i.e. Aditya Birla Capital Limited, stock options were granted to the employees of the Company during the financial year 2017-18. Total cost incurred by the holding company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of ₹ 6.60 Lakh (31st March 2021 : ₹ 20.44 Lakh) has been charged to the Statement of Profit and Loss. The balance sum of ₹ 1.90 Lakh (31st March 2021 : ₹ 8.50 Lakh) will be charged to the Statement of Profit and Loss in future periods.

NOTE: 42 NATURE AND TERM OF OUTSTANDING DERIVATIVE CONTRACT

a) Cross Currency Interest Rate Swaps (CCIRS)

(₹ in Lakh)

Particulars		Year Ended 31 Mar 22	Year Ended 31 Mar 21
i)	Total notional principal amount of CCIRS agreement undertaken during the year	35,445.00	35,445.00
ii)	Total notional principal amount of CCIRS agreement outstanding as on end of the year	35,445.00	35,445.00
iii)	Maturity date of CCIRS	30th Oct 2022	31st Oct 2022
iv)	Hedge ratio	1:1	1:1
v)	Currency pair	USD/INR	USD/INR

b) The fair value mark to market (MTM) gains or losses in respect of CCIRS Agreement outstanding as at the Balance Sheet date is stated below:

(₹ in Lakh)

Hedging Instrument	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Cross currency interest rate swaps (CCIRS)	1,420.03	(306.73)

c) Movement in Hedge Reserve (excluding deferred tax)

(₹ in Lakh)

Cash Flow Hedge Reserve Account		31 Mar 22		
		Realised	Unrealised	Total
i)	Balance at the beginning of the year	-	(1,204.63)	(1,204.63)
ii)	Add: Changes in the fair value during the Year	2,229.19	1,722.23	3,951.42
iii)	Less: Amounts reclassified to statement of profit & loss	2,229.19	1,182.53	3,411.72
iv)	Balance at the end of the year	-	(664.93)	(664.93)

(₹ in Lakh)

Cash Flow Hedge Reserve Account		31 Mar 21		
		Realised	Unrealised	Total
i)	Balance at the beginning of the year	-	-978.81	(978.81)
ii)	Add: Changes in the fair value during the Year	2,022.62	(1,377.22)	645.40
iii)	Less: Amounts reclassified to statement of profit & loss	2,022.62	(1,151.40)	871.22
iv)	Balance at the end of the year	-	(1,204.63)	(1,204.63)

(₹ in Lakh)

Particulars		Year Ended 31 Mar 22	Year Ended 31 Mar 21
i)	Name of the Counter Party	State bank of India	State bank of India
ii)	Hedge Designation	Effective	Effective
iii)	Exchange rate (USD/INR)	70.89	70.89
iv)	Interest rate (p.a.)	7.79%	7.79%

Notes to financial statements

for the year ended 31st March 2022

NOTE: 43 DISCLOSURE AS PER INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (REGISTRATION OF CORPORATE AGENTS) REGULATIONS, 2015 :-

Detail of Income Received from Insurers:

(₹ in Lakh)

Name of Insurer	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Aditya Birla Health Insurance Co Ltd.	98.38	121.84
Liberty General Insurance Co. Ltd.	111.53	131.45
Reliance General Insurance Co. Ltd.	196.33	47.12
Aditya Birla Sun Life Insurance Co. Ltd.	156.38	108.07
Go Digit General Insurance Ltd.	16.11	-

NOTE: 44 FEES AND COMMISSION INCOME

Fees and commission Income includes brokerage of ₹578.74 Lakh (31st March 2021: ₹408.48 Lakh) received in respect of insurance/agency business undertaken by the Company. Out of this, ₹254.76 Lakh (31st March 2021: ₹229.91 Lakh) have been received from related parties.

NOTE: 45 STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility as per Sec 135 (5) of the Companies Act, 2013 was ₹279.68 Lakh (31st March 2021 : ₹177.98 Lakh).

(₹ in Lakh)

Name of Insurer	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Amount required to be spent by the Company during the year	279.68	177.98
Amount of expenditure incurred	218.83	177.98
Shortfall at the end of the year	60.85	-
Total of previous years shortfall	-	-
Reasons for shortfall*	Ongoing projects	Not Applicable
Nature of CSR activities	Healthcare, Education and Women Empowerment & Sustainable Livelihood	Healthcare, Education and Women Empowerment & Sustainable Livelihood
Details of related party transactions	Not Applicable	Not Applicable

** During the year, projects with duration of two years for the purpose of providing housing support to distressed women and for setting up hospital infrastructure for Navi Mumbai Municipal Corporation were adopted. Unspent amount on these projects as on 31st March 2022 was received by the Company for subsequent transfer to the "Unspent CSR A/c" as per provisions of Companies Act, 2013. The Company has transferred the same to Unspent CSR Account.*

NOTE: 46 ISSUANCE OF DEBT SECURITIES BY LARGE CORPORATE (REF : SEBI/HO/DDHS/CIR/P/2018/144 DATED 26.11.2018)

A. Initial disclosure to be made by an entity identified as a Large Corporate -

(₹ in Lakh)

Sr. No.	Particulars	Details
1	Name of the Company	Aditya Birla Housing Finance Limited
2	CIN	U65922GJ2009PLC083779
3	Outstanding borrowing of company as on 31st March 2022	* ₹10,06,700 Lakh
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	1. AAA by India Ratings & Research Private Ltd for NCD, Sub Debt & PPMLD (Principal Protected Market Linked Debenture), Bank Lines (Long Term). 2. AAA by ICRA Ltd for NCD, Sub Debt & Bank Lines (Long Term).
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	National Stock Exchange India Ltd (NSE)

** Principal Outstanding and Excluding commercial papers, cash credit, WCDL & inter corporate borrowings from Parent Company.*

B. Annual disclosure to be made by an entity identified as a Large Corporate -

1	Name of the Company :	Aditya Birla Housing Finance Limited
2	CIN :	U65922GJ2009PLC083779
3	Report filed for :	FY : 2021-2022
4	Details of the borrowings :	

(₹ in Lakh)

Sr. No.	Particulars	Details
I	2-year block period	(2021-2022), (2022-2023)
II	Incremental Borrowing in FY (a)	3,20,011
III	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	80,003
IV	Actual borrowings done through debt securities in FY21 (c)	84,000
V	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c)	Nil
VI	Reasons for short fall, if any, in mandatory borrowings through debt securities	None, as the Company has exceeded the mandatory incremental borrowing through issuance of debt securities.

NOTE: 47 EMPLOYEE BENEFIT PLANS

I) Defined Contribution Plans

Amount recognised as an expense and included in note 32 - "Contribution to provident and other funds" :

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Contribution to Govt. managed Employees Provident Fund	491.34	394.08
Contribution to Employee State Insurance Fund and others	22.05	22.64
	513.39	**416.72**

Notes to financial statements

for the year ended 31st March 2022

II) Defined Benefit Plans

The Company has a defined benefit gratuity plan (funded) to cater its liability under Payment of Gratuity Act, 1972 and long term compensated absences plan (unfunded) for leave entitlements to employees.

The details of the Company's defined benefit gratuity plan for its employees are given below:

a) Amount recognised in the Balance Sheet

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Present value of defined benefit obligation at the end of the year (refer note 22)	580.78	523.97
Fair value of plan assets at the end of the year (refer note 15)	577.14	502.92
Net liability at the end of the year	3.64	21.05

b) Components of Defined Benefit Costs recognised in Statement of Profit and Loss and Other Comprehensive Income

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Recognised in the statement of profit and loss		
Current service cost	115.29	101.49
Interest on defined benefit obligation	1.03	9.03
Past service cost	-	-
Administration expenses	-	-
(Gains)/loss on settlement	-	-
Total expense charged	**116.32**	**110.52**
Recognised in other comprehensive income		
Remeasurement of the net defined benefit liability due to		
- Changes in financial assumptions	(30.40)	12.58
- Changes in demographic assumptions	(11.49)	-
- Experience adjustments	15.02	(20.58)
- Actual return on plan assets less interest on plan assets	(28.43)	(47.15)
- Adjustments to recognise the effect of asset ceiling	-	-
Closing amount recognised in OCI	**(55.30)**	**(55.15)**

Current service cost and the net interest expense for the year are included in the 'Employee benefit expenses'.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Gratuity expense in the Statement of Profit and loss includes the charge of ₹7.56 Lakh (31st March 2021 : ₹13.26 Lakh) from Aditya Birla Financial Shared Services Limited and ₹2.46 Lakh (31st March 2021 : ₹2.52 Lakh) from Aditya Birla Capital Limited on account of shared employee cost.

Other comprehensive Income in the Statement of Profit and loss includes the charge/(credit) of ₹(12.06) Lakh (31st March 2021 : ₹(41.79) Lakh) from Aditya Birla Financial Shared Services Limited and ₹(0.30) Lakh (31st March 2021 : ₹(2.90) Lakh) from Aditya Birla Capital Limited on account of shared employee cost.

c) Reconciliation of Present Value of the Obligation

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Opening defined benefit obligation	523.97	441.01
Current service cost	115.29	101.49
Past service cost	-	-
Interest on defined benefit obligation	25.65	23.80
Remeasurements due to:		
- Actuarial loss/(gain) arising from change in financial assumption	(30.40)	12.57
- Actuarial loss/(gain) arising from change in demographic assumption	(11.49)	-
- Actuarial loss/(gain) arising on account of experience changes	15.02	(20.58)
Benefit paid	(57.26)	(34.32)
Liabilities assumed/(settled)	-	-
Closing defined benefit obligation	**580.78**	**523.97**

d) Reconciliation of Fair Value of the Plan Assets:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Opening fair value of the plan assets	502.92	273.70
Employer contributions	21.16	167.30
Interest on plan assets	24.63	14.77
Administration expenses	-	-
Remeasurements due to:		
- Actual return on plan assets less interest on plan assets	28.43	47.15
Benefits paid	-	-
Assets acquired/(settled)	-	-
Assets distributed on settlements	-	-
Closing fair value of plan assets	**577.14**	**502.92**

e) Disaggregation of Plan Assets

(₹ in Lakh)

	As at 31 Mar 22		
	Quoted value	Non quoted value	Total
Government debt instruments	-	61.41	61.41
Other debt instruments	-	4.62	4.62
Insurer managed funds	-	213.08	213.08
Others	-	298.03	298.03
Total	**-**	**577.14**	**577.14**

(₹ in Lakh)

Cash Flow Hedge Reserve Account	31 Mar 21		
	Quoted value	Non quoted value	Total
Government debt instruments	-	61.61	61.61
Other debt instruments	-	4.83	4.83
Insurer managed funds	-	202.22	202.22
Others	-	234.26	234.26
Total	**-**	**502.92**	**502.92**

Notes to financial statements

for the year ended 31st March 2022

g) Sensitivity Analysis of Principal Assumptions

(₹ in Lakh)

(in terms of percentage)	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Impact of increase in 50 bps on DBO		
Discount rate	-3.30%	-3.40%
Salary escalation rate	3.40%	3.60%
Attrition Rate	-10.20%	-15.20%
Impact of decrease in 50 bps on DBO		
Discount rate	3.50%	3.70%
Salary escalation rate	-3.20%	-3.40%
Attrition Rate	23.00%	30.90%

(₹ in Lakh)

(in terms of amount)	Year Ended 31 Mar 22	Year Ended 31 Mar 21
DBO due to Impact of increase in 50 bps		
Discount rate	561.82	505.91
Salary escalation rate	600.64	542.78
Attrition Rate	521.67	444.50
DBO due to Impact of decrease in 50 bps		
Discount rate	600.96	543.23
Salary escalation rate	561.93	506.14
Attrition Rate	714.34	686.09

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

h) Maturity Profile of Defined Benefit Obligation

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

(₹ in Lakh)

Maturity profile	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Expected benefits for year 1	119.81	95.61
Expected benefits for year 2	74.92	69.87
Expected benefits for year 3	61.40	55.09
Expected benefits for year 4	49.61	44.60
Expected benefits for year 5	39.66	35.23
Expected benefits for year 6	31.44	27.35
Expected benefits for year 7	25.91	21.18
Expected benefits for year 8	32.31	17.70
Expected benefits for year 9	25.63	24.06
Expected benefits for year 10 and above	446.33	393.60

The weighted average duration to the payment of these cash flows is 7 years (31st March 2021 : 7 years).

The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at Balance Sheet date.

Estimated amount of contribution expected to be paid to the gratuity fund during the period after the Balance Sheet date is ₹112.85 Lakh (31st March 2021: ₹139.87 Lakh).

NOTE: 48 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in Lakh)

Particulars		As at 31 Mar 21			As at 31 Mar 22		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS							
FINANCIAL ASSETS							
(a)	Cash and cash equivalents	55,695.10	-	55,695.10	37,737.34	-	37,737.34
(b)	Derivative financial instruments	1,420.03	-	1,420.03	-	-	-
(c)	Receivables	-	-	-			
	- Trade Receivables	1,224.70	-	1,224.70	250.45	-	250.45
	- Other Receivables	53.56	-	53.56	187.40	-	187.40
(d)	Loans	65,032.72	11,24,513.36	11,89,546.08	55,002.36	11,25,260.35	11,80,262.71
(e)	Investments	-	-	-	10,120.38	-	10,120.38
(f)	Other Financial assets	58.55	247.74	306.29	848.15	165.22	1,013.37
		1,23,484.66	**11,24,761.10**	**12,48,245.76**	**1,04,146.08**	**11,25,425.57**	**12,29,571.65**
NON- FINANCIAL ASSETS							
(a)	Current tax assets (Net)	-	232.75	232.75	-	156.86	156.86
(b)	Deferred tax Assets (Net)	-	5,372.56	5,372.56	-	3,931.01	3,931.01
(c)	Property, Plant and Equipment	-	830.69	830.69	-	658.84	658.84
(d)	Right to use of Assets	-	1,921.43	1,921.43	-	1,493.32	1,493.32
(e)	Intangible assets under development	-	61.42	61.42	-	119.55	119.55
(f)	Other Intangible assets	-	561.33	561.33	-	485.52	485.52
(g)	Other non-financial assets	1,804.61	39.55	1,844.16	1,130.28	31.14	1,161.42
		1,804.61	**9,019.73**	**10,824.34**	**1,130.28**	**6,876.24**	**8,006.52**
TOTAL ASSESTS		**1,25,289.27**	**11,33,780.83**	**12,59,070.10**	**1,05,276.36**	**11,32,301.81**	**12,37,578.17**

Notes to financial statements

for the year ended 31st March 2022

(₹ in Lakh)

Particulars	As at 31 Mar 21			As at 31 Mar 22		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES AND EQUITY						
LIABILITIES						
FINANCIAL LIABILITIES						
(a) Payables						
(I) Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	49.22	-	49.22	28.70	-	28.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,776.70	-	2,776.70	3412.38	-	3,412.38
(b) Derivative financial instruments	-	-	-	-	306.73	306.73
(c) Debt Securities	63,182.04	1,55,932.50	2,19,114.54	58,578.26	1,14,850.24	1,73,428.50
(d) Borrowings other than debt securities	1,47,284.69	6,70,933.91	8,18,218.60	1,14,120.79	7,47,013.45	8,61,134.24
(e) Subordinated Liabilities	1,855.95	32,335.86	34,191.81	1,835.39	32,363.85	34,199.24
(f) Lease Liability	445.73	1,573.57	2,019.30	357.69	1,226.96	1,584.65
(g) Other financial liabilities	8,953.04	-	8,953.04	10,386.88	-	10,386.88
	2,24,547.37	**8,60,775.84**	**10,85,323.21**	**1,88,720.09**	**8,95,761.23**	**10,84,481.32**
NON- FINANCIAL LIABILITIES						
(a) Current tax liabilities (Net)	11.11	-	11.11	68.94	-	68.94
(a) Provisions	948.44	-	948.44	823.43	-	823.43
(b) Other non-financial liabilities	688.26	-	688.26	289.19	-	289.19
	1,647.81	**-**	**1,647.81**	**1,181.56**	**-**	**1,181.56**
NET	**(1,00,905.91)**	**2,73,004.99**	**1,72,099.08**	**(84,625.29)**	**2,36,540.58**	**1,51,915.29**

NOTE: 49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

ABHFL's risk philosophy involves a competent and comprehensive risk management framework & robust policies and processes which minimise the element of uncertainty and help in developing and maintaining a healthy portfolio within its risk appetite and the regulatory framework. The Risk Management provides stability and balance ensuring that growth is backed by a robust portfolio. ABHFL is exposed to various types of risks such as credit risk, market risk (which includes liquidity risk and pricing risk), operational risk, legal risk, regulatory risk and competition risk.

ABHFL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with best practices. The Board of Directors have an oversight over the risk management framework applicable to the Company. The risk management oversight structure includes various Committees such as Risk Management Committee which consist of Board members and Senior Management. The Risk Management Committee ("RMC") which is chaired by an Independent Director conducts review at regular intervals to monitor compliance with risk policies, risk tolerance limits, review and analysis of risk exposure and provides oversight of risk across the organisation.

Market Risk

The Company does not have any investments in securities other than short term investments of excess funds in liquid schemes of mutual funds and hence, there is no material market risk. On liabilities front, the Company borrows through CPs (fixed rate, short duration), Term Loans (from Banks – at rates lined to their MCLR) and NCDs (fixed rate, long term).

The Company has a robust mechanism to take care of liquidity risks in form of free Bank lines (CC and TL). From time to time depending on markets, the Company also invests in liquid schemes of mutual funds which ensures availability of funds to meet its immediate liabilities.

Asset Liability Committee (ALCO) meets around 6 times a year to discuss market conditions and Asset Liability Management (ALM). There is a Risk Committee meeting every quarter and also a Board meeting every quarter where the risks are discussed and ALM is presented.

Interest Rate Risk

Interest rate risk is monitored through the IRS statement prepared every quarter. The Company has issued NCDs which are fixed rate instruments. The major portion of the borrowings are through term loans, which are a variable rate with annual reset, linked to the Bank's MCLR. ALCO has set a limit for the interest rate gap that is acceptable and the same is monitored by ALCO and Risk Committee. Most of the loans given by the Company are floating rate loans and hence, any change in interest rate can be passed on to the customers, thereby minimising the risk.

Credit Risk

Credit Risk is managed and controlled through a Credit Risk Management Framework comprising detailed risk evaluation of borrower and security. ABHFL has developed expertise to underwrite all kinds of customer segments (salaried, self-employed professionals, self-employed non-professionals) and our underwriting guidelines are benchmarked to the market and adequate internal controls have been put in place to maintain the quality of loans being approved. Distinct policies and processes are in place which are followed rigorously while selecting the borrowers and people who occupy key positions are professionally qualified (such as CA/MBA/ICWA). For each product, programs defining customer segments, underwriting standards, security structures, etc. are specified to ensure consistency of credit patterns. All the cases are approved by Credit Committees formulated at different levels with various approval limits. Collateral Risk refers to the risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a transaction with credit risk. ABHFL has dual external valuation process and the same is also evaluated internally to mitigate such risk. After sanctioning the loan, regular monitoring of the accounts is also done to sight irregularities if any and where required prompt action is initiated and a well defined collection process helps in ensuring minimum credit loss. As credit risk is one of the major risks faced by the Company, the policies and processes are reviewed periodically and, if need be, revised in order to keep them up-to-date.

Analysis of maximum exposure to credit risk and collateral and other credit enhancements

The following table shows the maximum exposure to credit risk, the total fair value of collateral and the net exposure to credit risk. The collateral value as at the time of on-boarding of the customer has been considered except for stage 3 (Latest Valuation) and loss cases (Nil value) for below disclosure.

(₹ in Lakh)

Particulars	Maximum exposure to credit risk	Fair value of collateral and other credit enhancements held (Mortgage)	Net exposure
As at 31 Mar 22	13,05,732.09	30,82,310.98	-
As at 31 Mar 21	12,53,058.41	24,67,141.72	-

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main type of collateral obtained is mortgages over residential/commercial properties.

Notes to financial statements

for the year ended 31st March 2022

The table below shows the value of the credit impaired asset (stage 3) and the value of the collateral available -

(₹ in Lakh)

Particulars	As at 31 Mar 22		As at 31 Mar 21	
	Credit Impaired	Security Held	Credit Impaired	Security Held
Loans - Maximum exposure (Stage 3)	**25,828.55**	**32,974.03**	23,051.34	27,650.87

Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Company manages its liquidity requirement by analysing the maturity pattern of Company's cash flows of financial assets and financial liabilities. The Asset Liability Management of the Company is periodically reviewed by its Risk Management Committee.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at respective balance sheet dates.

(₹ in Lakh)

Particulars	Liabilities			Assets	
	Borrowings from banks	Market borrowings#	Other financial liabilities	Advances*	Other financial assets
Less than 1 year	1,47,284.70	65,038.00	4,399.49	68,862.98	58,451.94
More than 1 year	6,70,933.91	1,88,268.35	9,398.77	11,20,683.11	247.74
Total	**8,18,218.61**	**2,53,306.35**	**13,798.26**	**11,89,546.09**	**58,699.68**

(₹ in Lakh)

Particulars	Liabilities			Assets	
	Borrowings from banks	Market borrowings#	Other financial liabilities	Advances*	Other financial assets
Less than 1 year	1,13,891.94	60,819.02	14,185.65	55,943.11	49,143.72
More than 1 year	7,46,842.30	1,47,185.57	1,533.69	11,24,319.60	165.22
Total	**8,60,734.24**	**2,08,004.59**	**15,719.34**	**11,80,262.71**	**49,308.94**

$ Erstwhile disclosure pertaining to Advances of FY 2020-21 were at behaviour pattern (basis actuarial valuation) of receipts from advances which are now considered at contractual inflows.

The above table includes future contractual cash flows recognised as at balance sheet date in different buckets and does not include other future contracted cash flows (such as interest which are not accrued as at Balance Sheet date).

 # Net of unamortised discounting charges on commercial paper amounting to ₹ 137.95 Lakh (31st March 2021: ₹ 21.66 Lakh)

** Advances includes loan and advances to the customers.*

Operational and Business Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Foreign Currency Exchange Rate Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates.

The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange.

The total foreign currency exposure as at 31st March 2022 is USD 500 Lakh (31st March 2021: $500 Lakh) of which unhedged foreign currency exposure as at 31st March 2022 is Nil (31st March 2021: Nil)

Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

NOTE: 50 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of its Regulator, NHB. The Company monitors capital using, among other measures, a capital adequacy ratio which is a ratio of weighted assets to total owned capital derived as per the NHB requirements. As per the NHB guidelines Company being a Housing Finance Company is required to maintain minimum of 15% of capital adequacy ratio (31st March 2021 - 14%). Company has complied in full with all its externally imposed capital requirements over the reported period

The Company also manages its leverage position on periodic basis by monitoring debt equity ratio to aligning itself with market and peers.

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Capital adequacy ratio :	23.94%	21.73%
Tier I CRAR	19.44%	17.09%
Tier II CRAR	4.50%	4.64%
Debt equity ratio :	6.23	7.04
Liquidity Coverage Ratio	121.84%	$

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2022 and 31st March 2021.

$ Liquidity Coverage Ratio requirement is effective from FY 2021-2022 vide RBI/2020-21/60 DOR.NBFC (HFC).CC.No. 118/03.10.136/2020-21 hence no disclosure in comparative period FY 2020-2021.

Notes to financial statements

for the year ended 31st March 2022

NOTE: 51 FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values, that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

(₹ in Lakh)

Particulars	Carrying Value		Fair Value	
	As at 31 Mar 22	As at 31 Mar 21	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Financial Assets at Amortised Cost				
Loans #	11,89,546.08	11,80,262.71	11,89,546.08	11,80,262.71
Security deposits	295.08	271.47	306.95	282.66
	11,89,841.16	**11,80,534.18**	**11,89,853.03**	**11,80,545.37**
Financial Assets at FVTPL				
Investments - mutual fund	-	10,120.38	-	10,120.38
	-	**10,120.38**	**-**	**10,120.38**
Financial Assets at Fair Value				
Derivative financial instruments	1,420.03	-	1,420.03	-
	1,420.03	**-**	**1,420.03**	**-**
Financial Liabilities at Amortised Cost				
Debt Securities	2,01,752.49	1,63,450.16	2,09,805.49	1,75,086.27
Sub debts*	34,191.81	34,199.24	34,617.06	35,450.58
Commercial papers	17,362.05	9,978.34	17,362.05	9,978.34
Borrowings other than debt securities#	8,18,218.60	8,61,134.24	8,18,218.60	8,61,134.24
	10,71,524.95	**10,68,761.98**	**10,80,003.20**	**10,81,649.43**
Financial Liabilities at Fair Value				
Derivative financial instruments	-	306.73	-	306.73
		306.73	**-**	**306.73**

 # Loans to customers and borrowings other than debt securities are primarily at floating rate of interest hence carrying value approximates the fair value.

**Includes subordinate debts subscribed by Aditya Birla Sunlife Insurance Company Limited of face value ₹ 1,000 Lakh (31st March 2021 : ₹1,000 Lakh) with fair value ₹1,094.31 Lakh (31st March 2021 : ₹ 1,116.83 Lakh) included in level 2 below.*

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest accrued up to reporting period are included in both "Carrying value" and "Fair value".

The Company has availed the exemption granted under para 29(a) Ind AS 107-Financial Instruments: Disclosures, with regard to disclosure of financial instruments where the carrying amount approximates the fair value and accordingly, have not provided the disclosure of financial instruments falling under this category, except in case of loans to customers and borrowings other than debt securities.

Valuation Methodologies of Financial Instruments not Measured at Fair Value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, trade payables, other financial assets and financial liabilities. Disclosures of financial assets and financial liabilities where the carrying amount approximates fair value is not required and hence not given.

Loans and advances to customers

Since the mortgage lending by the Company is primarily bearing variable rate of interest, the carrying amount net of ECL is considered as the most comparable price and approximates fair value.

Debt securities, security deposits and other borrowings

The fair values of the Company's interest-bearing debt securities and security deposits are determined by using discounted cash flow (DCF) method using discount rate that reflects the issuer's market borrowing rate as at the end of the reporting period.

Since entity's other borrowings are primarily bearing variable rate of interest, the carrying amount of such borrowings is considered as the most comparable price and approximates fair value.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

(₹ in Lakh)

	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 31 Mar 22					
Financial Assets at Amortised Cost					
Loans	11,89,546.08	-	-	11,89,546.08	11,89,546.08
Security deposits	295.08	-	-	306.95	306.95
	11,89,841.16	**-**	**-**	**11,89,853.03**	**11,89,853.03**
Financial Assets at FVTPL					
Investments - mutual fund	-	-	-	-	-
	-	-	-	-	-
Financial Assets at Fair Value					
Derivative financial instruments	1,420.03	-	1,420.03	-	1,420.03
	1,420.03	**-**	**1,420.03**	**-**	**1,420.03**
Financial Liabilities at Amortised Cost					
Debt securities	2,01,752.49	-	2,09,805.49	-	2,09,805.49
Sub Debts	34,191.81	-	34,617.06	-	34,617.06
Commercial papers	17,362.05	-	17,362.05	-	17,362.05
Borrowings other than debt securities	8,18,218.60	-	-	8,18,218.60	8,18,218.60
	10,71,524.95	**-**	**2,61,784.60**	**8,18,218.60**	**10,80,003.20**
Financial Liabilities at Fair Value					
Derivative financial instruments	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
As at 31 Mar 2021					
Financial Assets at Amortised Cost					
Loans	11,80,262.71	-	-	11,80,262.71	11,80,262.71
Security deposits	271.47	-	-	282.66	282.66
	11,80,534.18	**-**	**-**	**11,80,545.37**	**11,80,545.37**
Financial Assets at FVTPL					
Investments - mutual fund	10,120.38	-	10,120.38	-	10,120.38
	10,120.38	-	10,120.38	-	10,120.38

Notes to financial statements

for the year ended 31st March 2022

(₹ in Lakh)

	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets at Fair Value					
Derivative financial instruments	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
Financial Liabilities at Amortised Cost					
Debt securities	1,63,450.16	-	1,75,086.27	-	1,75,086.27
Sub Debts	34,199.24	-	35,450.58	-	35,450.58
Commercial papers	9,978.34	-	9,978.34	-	9,978.34
Borrowings other than debt securities	8,61,134.24	-	-	8,61,134.24	8,61,134.24
	10,68,761.98	**-**	**2,20,515.19**	**8,61,134.24**	**10,81,649.43**
Financial Liabilities at Fair Value					
Derivative financial instruments	306.73	-	306.73	-	306.73
	306.73	**-**	**306.73**	**-**	**306.73**

NOTE: 52 DETAILS OF STRUCK OFF COMPANIES*

Name of struck off Company	Nature of Transaction	Balance outstanding	Whether it is related party?
Maark Vision Architects Private Limited	Loan to Customer (Receivable)	325.41	No
Sandhya Hotels Private Limited	Loan to Customer (Receivable)	523.99	No

*(*based on information available as on the date of reporting.)*

NOTE: 53 OTHER DISCLOSURES

I. The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered such as-

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

b) There are no transactions pertaining to surrender/disclosure of income which have not been recorded in the books.

c) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

d) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

e) The Company has not entered into any scheme of arrangement.

f) No Registration or satisfaction of charges are pending to be filed with ROC.

g) The provision relating to compliance with number of layers of companies prescribed under clause (87) of section 2 of the Companies Act is not applicable to the Company.

II. No dividend is declared & paid during the current financial year.

III. a) To the best of our knowledge & belief, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) To the best of our knowledge & belief, no funds (which are material either individually or in aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE: 54 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in these financial statements.

NOTE: 55

Disclosure of details as required under amended guidelines on Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide circular dated 9th February 2017 has been given under Annexure 1 to these financial statements.

The accompanying notes are an integral part of the financial statements.

In terms of our report attached
For **Khimji Kunverji & Co LLP**
Chartered Accountants
ICAI Firm Registration No: : 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No.: 033494

Place: Mumbai
Date : 25th April 2022

For and on behalf of the Board of Directors
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Ashish Damani
Chief Financial Officer

Swati Singh
Company Secretary

Place: Mumbai
Date : 25th April 2022

Notes to financial statements

for the year ended 31st March 2022

1 DISCLOSURE OF DETAILS AS REQUIRED UNDER ANNEXURE IV OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021 ISSUED BY RESERVE BANK OF INDIA VIDE CIRCULAR DATED 17TH FEBRUARY 2021.

1.1 Capital:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
CRAR (%)	23.94%	21.73%
CRAR - Tier I capital (%)	19.44%	17.09%
CRAR - Tier II Capital (%)	4.50%	4.64%
Amount of subordinated debt raised as Tier- II Capital	34,191.81	34,199.24
Amount raised by issue of perpetual debt instruments	-	-

1.2 Reserve fund u/s 29C of the National Housing Bank Act, 1987:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Balance at the Beginning of the Year		
i) Statutory reserves u/s 29C of the National Housing bank Act, 1987	328.85	328.85
ii) Amount of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of the National Housing Bank Act, 1987	6,790.61	3,868.46
Total	**7,119.46**	**4,197.31**
Addition/appropriation/withdrawal during the year		
Add:		
i) Amount transferred u/s 29C of the National Housing Bank Act, 1987	214.49	-
ii) Amount of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of the National Housing Bank Act, 1987	3,731.36	2,922.15
Less:		
i) Amount appropriated from the statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
Balance at the End of the Year		
i) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	543.34	328.85
ii) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	10,521.97	6,790.61
Total	**11,065.31**	**7,119.46**

1.3 Investments:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
1.3.1 Value of Investments		
i) Gross value of investments		
	-	**10,120.38**
- In India	-	-
- Outside India		
ii) Provisions for depreciation	-	-
- In India	-	-
- Outside India		
iii) Net value of investments	-	10,120.38
- In India	-	-
- Outside India		

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
1.3.2 Movement of Provisions held towards Depreciation on Investments	-	-
i) Opening balance	-	-
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off/Written-back of excess provisions during the year	-	-
iv) Closing balance		

1.4 Derivatives:

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
1.4.1 Forward rate agreement (FRA)/Interest rate swap (IRS)		
i) The notional principal of swap agreements	35,445.00	35,445.00
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	NA	NA
iv) Concentration of credit risk arising from the swaps $	Refer foot note $	Refer foot note $
v) The fair value of the swap book	1,420.03	(306.73)

$ Counter-party for all Swaps entered into by the Company are Scheduled Commercial Banks.

1.4.2 Exchange traded Interest Rate (IR) Derivative

Company has not entered into any Exchange traded interest rate (IR) derivative during the current as well as previous financial year, hence the disclosure under this clause is not applicable.

1.4.3 Disclosures on Risk Exposure in Derivatives

i) **Qualitative Disclosure**

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivate contracts such as cross currency interest rate swaps to hedge its exposure to movements in foreign exchange and interest rates. The use of these derivative contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The Board constituted Risk Management Committee (RMC) of the Company manages risk on the Company's derivative portfolio. All derivative transactions that are entered into by the Company are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

To hedge its risks on the principal and/or interest amount for foreign currency borrowings on its balance sheet, the Company has currently used cross currency interest rate swaps (CCIRS). The same is also used to hedge its LIBOR risk for foreign currency borrowings.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Derivative assets and liabilities are recognised on the balance sheet at fair value. Fair value of derivatives is ascertained from the mark to market and accrual values received from the counter-party banks. Changes in the fair value of derivatives other than those designated as hedges are recognised in the Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Notes to financial statements

for the year ended 31st March 2022

ii) Quantitative Disclosure

(₹ in Lakh)

Particulars	Cross Currency interest rate
(i) Derivatives (Notional Principal Amount)	Derivatives
(ii) Marked to Market Positions [1]	35,445.00
(a) Assets (+)	1,420.03
(b) Liability (-)	-
(iii) Credit Exposure [2]	Nil
(iv) Unhedged Exposures	Nil

Company has entered into a cross currency interest rates swaps hence the name of the column has been amended to that extent and the existing columns (currency derivatives and interest rate derivatives) as per NHB circulars requirements have not been given as they are not applicable.

1.5 Securitisation :

1.5.1 Since the Company has not sponsored any securitisation transactions during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.5.2 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

Since the Company has not sold any financial assets to securitisation or reconstruction company for asset reconstruction during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.5.3 Details of Assignment Transactions undertaken by HFCs (portfolio acquired)

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
i) No. of accounts	-	-
ii) Aggregate value (net of provisions)of accounts assigned	-	-
iii) Aggregate consideration paid	-	-
iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
v) Aggregate gain/loss over net book value	-	-

1.5.4 Details of Non-Performing Financial Assets Purchased/Sold

A. Details of Non-Performing Financial Assets Purchased:

Since the Company has not purchased any non-performing financial assets during the current as well as previous financial year, the disclosure under this clause is not applicable.

B. Details of Non-Performing Financial Assets Sold:

Since the Company has not sold any non-performing financial assets during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.6 Exposure

(₹ in Lakh)

Direct exposure to	Year Ended 31 Mar 22	Year Ended 31 Mar 21
1.6.1 Exposure to Real Estate Sector		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	10,22,228.11	10,04,785.59

Notes to financial statements

for the year ended 31st March 2022

(₹ in Lakh)

Direct exposure to	Year Ended 31 Mar 22	Year Ended 31 Mar 21
ii) **Commercial Real Estate -**		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;"	1,90,614.27	1,94,171.57
iii) **Investments in Mortgage Backed Securities (MBS) and Other Securitised Exposures -**		
Residential	-	-
Commercial real estate	-	-
1.6.2 Indirect Exposure		
Fund base and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

1.6.3 Exposure to Capital Market

Since the Company does not have any exposure to capital market during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.6.4 Details of Financing of Parent Company Products

Since the Company has not entered into any transaction for financing the parent company products during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.6.5 Single Borrower Limit (SBL)/Group Borrower Limit (GBL)

The Company has not exceeded Single Borrower Limit (SBL)/Group Borrower Limit (GBL) during the current as well as previous financial year.

1.6.6 Unsecured Advances

The exposure of the Company towards unsecured advances in the current year is ₹ 758.56 Lakh, previous year is ₹1,418.98 Lakh.

1.6.7 Exposure to group Companies Engaged in Real Estate Business

(₹ in Lakh)

Description	Amount	% of owned fund
(i) Exposure to any single entity in a group engaged in real estate business	Nil	Nil
(ii) Exposure to all entities in a group engaged in real estate business	Nil	Nil

1.7 Miscellaneous

1.7.1 Registration obtained from other Financial Sector Regulators -

Regulator	Registration No
Insurance Regulatory and Development Authority: As corporate agent (Composite)	CA0623

1.7.2 Disclosure of Penalties Imposed by NHB and other Regulators -

A penalty amount of ₹ Nil is imposed by NHB during the current financial year [31st March 2021: ₹0.12 Lakh (incl. GST of ₹0.02 Lakh)]. The Company has paid the said penalty in previous year.

1.7.3 Related Party Transactions

Details of all material transactions with related parties are disclosed in note no 35. The policy on related party transaction is set out in Director's report.

Notes to financial statements

for the year ended 31st March 2022

1.7.4 Group Structure

For diagrammatic representation of group structure please refer 'annexure a' to these notes.

1.7.5 Rating assigned by Credit Rating Agencies and Migration of Rating during the Year

Instrument	Rating agency	Rating assigned
Bank lines programme	India Ratings	IND AAA Outlook Stable
	ICRA	[ICRA] AAA (stable)/ICRA A1+
Non-convertible debenture programme	India Ratings	IND AAA; Outlook Stable
	ICRA	[ICRA] AAA with Stable Outlook
Subordinated debt programme	India Ratings	IND AAA; Outlook Stable
	ICRA	[ICRA] AAA with Stable Outlook
Principal Protected Market Linked Debenture - (PP-MLD)	India Ratings	IND- PPMLD AAA emr' Outlook Stable
Commercial paper programme	India Ratings	IND A1+
	ICRA	[ICRA] A1+

There were no changes in any of the ratings or outlook during the year.

1.7.6 Remuneration of Directors

Details of remuneration of directors are disclosed as part of the Director's Report.

1.7.7 Management

Refer to the Management Discussion and Analysis Report for the relevant disclosures.

1.7.8 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

There are no prior period items that have impact on the current as well as previous year's profit and loss.

1.7.9 Revenue Recognition

There have been no instances during current as well as previous financial year in which revenue recognition has been postponed pending the resolution of significant uncertainties.

1.7.10 Accounting Standard 21 - Consolidated Financial Statements (CFS)

These details are not applicable since the Company does not have any subsidiary/associate.

1.8 Additional Disclosures

1.8.1 Provisions and Contingencies

(₹ in Lakh)

	Break up of 'Provisions and Contingencies' shown under the head expenditure in statement of profit and loss	Year Ended 31 Mar 22	Year Ended 31 Mar 21
i)	Provisions for depreciation on investments	-	-
ii)	Provision made towards income tax (including tax on other comprehensive income)	5,748.69	3,882.82
iii)	Provision towards Stage 3 assets	279.23	3,296.99
iv)	Provision towards Stage 1 & Stage 2 assets*	4,322.62	4,749.25
v)	Other provision and contingencies		
	- Provision for employee benefits - gratuity (net of fund assets)	58.67	26.46
	- Provision for employee benefits - leave encashment	105.90	(15.35)

**Provision for Stage 1 & Stage 2 assets includes charge of CRE of ₹548.26 Lakh (31st March 2021 ₹73.66 Lakh), CRE - RH of ₹(119.82) Lakh (31st March 2021 ₹284.51 Lakh) and Others of ₹950.78 Lakh (31st March 2021 ₹785.08 Lakh).*

(₹ in Lakh)

Break up of Loan & Advances and Provisions Thereon	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Housing Loans		
Standard assets		
- Total outstanding amount	7,66,352.46	7,53,853.23
- Provisions made	9,427.37	7,098.52
Sub standard assets		
- Total outstanding amount	15,195.52	12,431.35
- Provisions made	3,890.04	2,728.54
Doubtful I		
- Total outstanding amount	4,869.14	5,475.38
- Provisions made	1,539.06	2,105.25
Doubtful II		
- Total outstanding amount	5,721.25	1,698.85
- Provisions made	1,750.48	656.54
Doubtful III		
- Total outstanding amount	76.78	-
- Provisions made	18.41	-
Loss		
- Total outstanding amount	119.74	421.38
- Provisions made	119.74	421.38
Non-Housing Loans		
Standard assets		
- Total outstanding amount	4,04,194.21	4,09,906.12
- Provisions made	3,452.29	2,445.38
Sub standard assets		
- Total outstanding amount	12,260.19	9,392.56
- Provisions made	1,809.26	1,124.78
Doubtful I		
- Total outstanding amount	1,716.73	4,274.30
- Provisions made	455.51	1,444.34
Doubtful II		
- Total outstanding amount	2,075.62	1,301.28
- Provisions made	658.45	467.01
Doubtful III		
- Total outstanding amount	144.41	-
- Provisions made	59.36	-
Loss		
- Total outstanding amount	116.33	202.71
- Provisions made	116.33	202.71
Total		
- Total outstanding amount	12,12,842.38	11,98,957.16
- Provisions made	23,296.30	18,694.45

1.8.2 Draw Down from Reserves

There were no draw down from Reserves during the current as well as previous financial year.

Notes to financial statements

for the year ended 31st March 2022

1.8.3 Concentration of Public Deposits, Advances, Exposures and NPA

i) **Concentration of Public Deposits**

Since the Company is not a public deposit taking/holding HFC , the above disclosure is not applicable to the Company.

ii) **Concentration of Loans & Advances**

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Total loans & advances to twenty largest borrowers	43,002.64	44,242.60
Percentage of loans & advances to twenty largest borrowers to total advances of the Company	3.55%	3.69%

iii) **Concentration of all Exposure (including off-balance sheet exposure)**

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Total exposure to twenty largest borrowers/customers	54,835.53	55,459.10
Percentage of exposure to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	4.20%	4.43%

iv) **Concentration of NPAs**

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Total exposure to top ten NPA accounts	6,569.63	6,779.61

v) **Sector-wise NPAs**

Sector	Percentage of NPAs to total advances in that sector
I. Housing Loans :-	
a) Individuals	3.24%
b) Builders/project loans	0.16%
c) Corporates	29.78%
d) Others (specify)	0.00%
II. Non -Housing Loans :-	
a) Individuals	3.45%
b) Builders/project loans	0.00%
c) Corporates	9.64%
d) Organisation	0.00%

vi) **Movement of NPAs**

(₹ in Lakh)

Particulars	Year Ended 31 Mar 22	Year Ended 31 Mar 21
(I) Net NPAs to net advances (%)	2.68%	2.21%
(II) Movement of NPAs (Gross)		
a) Opening balance	35,197.81	15,630.85
b) Additions during the year	16,214.23	26,093.64
c) Reductions during the year	9,116.33	6,526.68
d) Closing balance	42,295.71	35,197.81

(₹ in Lakh)

Particulars		Year Ended 31 Mar 22	Year Ended 31 Mar 21
(III)	Movement of Net NPAs		
a)	Opening balance	26,047.26	10,647.05
b)	Additions during the year	10,982.24	19,895.51
c)	Reductions during the year	5,150.41	4,495.30
d)	Closing balance	31,879.09	26,047.26
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	9,150.55	4,983.80
b)	Provisions made during the year	5,231.99	6,198.13
c)	Write-off/write-back of excess provisions	3,965.92	2,031.38
d)	Closing balance	10,416.62	9,150.55

vii) Overseas Assets

The Company does not have any overseas assets during the current as well as previous financial year.

viii) Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any off- balance sheet SPVs during the current as well as previous financial year.

1.9 Disclosure of Complaints

1.9.1 Customers Complaints

Particulars		Year Ended 31 Mar 22	Year Ended 31 Mar 21
i)	No of complaints pending as at the beginning of the year	11	7
ii)	No of complaints received during the year	547	823
iii)	No of complaints redressed during the year	523	819
iv)	No of complaints pending as at the end of the year	35	11

1.10 Asset Liability Management (Maturity pattern of Certain Items of Assets and Liabilities)

(₹ in Lakh)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings*	Foreign Currency Liabilities	Advances**	Investments	Foreign Currency Assets
1 day to 7 days	-	13,519.58	-	-	5,797.78	-	-
8 to 14 days	-	3,892.38	24,226.22	-	7,119.83	-	-
15 days to 30/31 days (one month)	-	7,784.76	3,054.30	-	1,993.46	-	-
Over one months to 2 months	-	6,393.58	443.38	-	3,899.12	-	-
Over 2 months to 3 months	-	5,943.72	28,891.77	-	3,248.70	-	-
Over 3 months to 6 months	-	13,862.99	5,367.29	-	10,128.52	-	-
Over 6 months to 1 year	-	57,992.95	3,055.03	37,894.74	36,675.57	-	-
Over 1 year to 3 years	-	4,74,272.87	1,28,944.18	-	2,44,733.28	-	-
Over 3 years to 5 years	-	1,42,291.13	33,455.49	-	1,01,689.14	-	-
Over 5 years	-	54,369.91	25,868.69	-	7,74,260.69	-	-
Total	**-**	**7,80,323.87**	**2,53,306.35**	**37,894.74**	**11,89,546.09**	**-**	**-**

** The above amount is net of unamortised discounting charges on commercial paper amounting to ₹137.95 Lakh .*

*** Advances includes loan and advances in the nature of loans and excludes advances recoverable in cash or kind or for value to be received and advance payment of taxes and other Deposits.*

Notes to financial statements

for the year ended 31st March 2022

Foot Note:

Non-Performing Asset (NPA) *in these notes have been derived basis definition in the Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.*

On 12th November 2021, Reserve Bank of India issued circular requiring changes to and clarifying certain aspects of Income Recognition and Asset Classification Norms. Non-performing asset shall be classified at the day-end of that calendar date. The same may be upgraded to standard asset only if entire arrears are paid. The same have been classified as non-performing asset (Sub-standard category: loan principal outstanding ₹ 5,522.30 Lakh ; total outstanding ₹ 5,727.83 Lakh). For the purpose of Ind AS reporting and expected credit loss calculations, the same have been reported under respective stage (Stage 1/Stage 2) basis their DPD bucket.

Accordingly, assets, where the terms of the agreement regarding interest and/or principal have been re-negotiated or rescheduled after release of any instalment of loan (excluding asset covered under Resolution Framework for COVID-19-related Stress) have been classified as non-performing asset (Sub-standard category: loan principal outstanding ₹ 10,480.23 Lakh ; total outstanding ₹ 10,620.65 Lakh). Such assets have been classified under Stage 2 category (as request to restructure is an indication of significant increase in credit risk) for the purpose of Ind AS reporting and expected credit loss calculations.

Further, a few assets, which are adversely affected by a potential threat of non-recoverability have also been classified as non-performing asset (loss category, loan principal outstanding ₹ 117.89 Lakh ; total outstanding ₹ 118.68 Lakh). Since these accounts have been performing satisfactorily, for the purpose of Ind AS reporting, the same have been reported under respective stage (Stage 1/Stage 2) basis their DPD bucket. However, as an abundant precaution, these accounts have been fully provided for.

2 Disclosure of details relating to Principal Business Criteria as per Paragraph 4.1.17 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India vide circular dated February 17, 2021.

Criteria	Year Ended 31 Mar 22	Year Ended 31 Mar 21
Percentage of total assets towards housing finance	63.23%	62.76%
Percentage of total assets towards housing finance for individuals	59.07%	58.54%

3 Disclosure of details relating to Guidelines on maintenance of Liquidity Coverage Ratio (LCR) as per Paragraph 3.1.2 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India vide circular dated February 17, 2021 alongwith Para 15 B of Master Direction - Non-Banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Liquidity Coverage Ratio : The LCR of the Company as on 31st March 2022 is 122% vis-à-vis 172% as on 31 December 2021.

(₹ in Lakh)

Sr. No.	Particulars	31 Mar 22		31 Mar 21	
		Total Unweighted Value 3 (Average)	Total Unweighted Value 4 (Average)	Total Unweighted Value 3 (Average)	Total Unweighted Value 4 (Average)
	Total High Quality Liquid Assets (HQLA)				
1	Total High Quality Liquid Assets (HQLA)	23,735.43	23,735.43	14,000.00	14,000.00
	Cash Outflows	-	-	-	-
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	31,339.00	36,039.85	3,880.00	4,462.00
5	Additional requirements, of which	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	-	-	9,305.00	10,700.75
6	Other contractual funding obligations	14,176.72	16,303.22	15,120.49	17,388.56
7	Other contingent funding obligations	22,242.16	25,578.48	-	-
8	**Total Cash Outflows**	**67,757.88**	**77,921.56**	**28,305.49**	**32,551.31**

(₹ in Lakh)

Sr. No.	Particulars	31 Mar 22 Total Unweighted Value 3 (Average)	31 Mar 22 Total Unweighted Value 4 (Average)	31 Mar 21 Total Unweighted Value 3 (Average)	31 Mar 21 Total Unweighted Value 4 (Average)
	Cash Inflow	-	-	-	-
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	14,053.95	10,540.46	13,296.02	9,972.01
11	Other cash inflows	85,000.00	63,750.00	1,60,000.00	1,20,000.00
12	**Total Cash Inflows**	**99,053.95**	**74,290.46**	**1,73,296.02**	**1,29,972.01**
		Total Adjusted Value			
13	**Total HQLA**	**23,735.43**	**23,735.43**	**14,000.00**	**14,000.00**
14	**Total Net Cash Outflows**	**(31,296.07)**	**19,480.39**	**(1,44,990.53)**	**8,137.83**
15	Liquidity Coverage Ratio (%)		**121.84%**		**172.04%**

Foot Notes:

1 *In computing the above information, certain estimates/assumptions have been made by the Company's management which have been relied upon by the Auditors.*

2 *Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).*

3 *Weighted values must be calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.*

Qualitative Disclosure:

(a) The main drivers of their LCR results and the evolution of the contribution of inputs to the LCR's calculation over time : RBI had introduced the liquidity coverage ratio (LCR) to ensure that NBFC has an adequate stock of unencumbered high-quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. At 31st March 2022, the applicable minimum LCR required to be maintained by NBFC is 50%. The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk. The ALCO meets at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

(b) **Intra-period changes as well as changes over time:** The Company has started maintaining LCR w.e.f 1st December 2021. The details for the month ended 31st December 2021 and year ended 31st March 2022 are disclosed above.

(c) **The composition of HQLAs:** The Company, for the year ended 31 March 2022, had HQLA of ₹23,735.43 Lakh vis-à-vis 14,000.00 Lakh for the month ended 31st December 2021.

(₹ in Lakh)

High-Quality Liquid Assets (HQLA)	As at 31 Mar 22	As at 31 Mar 21
Total	**23,735.43**	**14,000.00**
Cash	23,735.43	14,000.00

(d) **Concentration of funding sources:**

As at 31 March 2022

Name of the Source	% of Total Borrowings
Banks	69.04%
Corporate	0.60%
Insurance	0.77%
Mutual Fund	12.78%
PF	2.30%
Public Financial Institution	14.51%
Total	**100.00%**

Notes to financial statements

for the year ended 31st March 2022

(e) **Currency mismatch in the LCR :** The Company has taken foreign currency borrowings. The Company has entered into cross currency swap and forward contracts to hedge the foreign currency risk on such borrowings.

(f) **Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile:** All inflows/outflows considered relevant has been considered for LCR calculation.

4 DISCLOSURE OF DETAILS AS REQUIRED UNDER ANNEXURE III OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021 ISSUED BY RESERVE BANK OF INDIA VIDE CIRCULAR DATED 17TH FEBRUARY 2021.

Schedule to the Balance Sheet

(₹ in Lakh)

Particulars Liabilities side		Amount outstanding	Amount overdue
(1)	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures : Secured	2,01,752.49	-
	: Unsecured	34,191.81	-
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	-	-
(c)	Term Loans (includes NHB Refinance & External Commercial Borrowing)	7,86,976.44	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial Paper	17,362.05	-
(f)	Public Deposits*	-	-
(g)	Other Loans (Working capital demand loan & Overdraft)	31,242.16	-
	** Please see Note 1 below*		
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
(a)	In the form of Unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-

(₹ in Lakh)

Assets side		Amount outstanding
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
(a)	Secured	12,12,083.82
(b)	Unsecured	758.56

(₹ in Lakh)

Assets side	Amount outstanding
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors	-
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors	-
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards asset financing activities	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break-up of Investments	
Current Investments	
1 Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2 Unquoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Long Term investments	
1 Quoted	-
(i) Share	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2 Unquoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

Notes to financial statements

for the year ended 31st March 2022

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:
(Please see Note 2 below)

(₹ in Lakh)

Category			Amount net of provisions		
			Secured	Unsecured	Total
1	Related Parties **				
	(a)	Subsidiaries	-	-	-
	(b)	Companies in the same group	-	-	-
	(c)	Other related parties	-	-	-
2	Other than related parties		11,89,265.60	280.48	11,89,546.08
Total			**11,89,265.60**	**280.48**	**11,89,546.08**

(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)

(₹ in Lakh)

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		-	-
Total			**-**	**-**

*** As per applicable Accounting Standard (Please see Note 3)*

(8) Other information

(₹ in Lakh)

Particulars			Amount
(i)	Gross Non-Performing Assets		
	(a)	Related parties	-
	(b)	Other than related parties	42,295.71
(ii)	Net Non-Performing Assets		
	(a)	Related parties	-
	(b)	Other than related parties	31,879.09
(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 *As per applicable Accounting Standards 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.*

5 DISCLOSURE OF DETAILS AS REQUIRED UNDER OTHER GUIDELINES OF HFCS (NHB) DIRECTIONS, 2010 AND RESERVE BANK OF INDIA CIRCULARS.

5.1 Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets :

We have not disbursed any loans against the collateral of gold jewellery during the relevant financial year and in previous year.

5.2 Disclosure related to information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries as prescribed under the said Directions :

We do not have any joint venture or overseas subsidiaries during the relevant financial year and in previous year.

5.3 Disclosure pursuant to RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

(₹ in Lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	11,06,703.29	5,135.26	11,01,568.03	6,704.91	(1,569.65)
	Stage 2	63,843.38	7,223.69	56,619.69	4,473.80	2,749.89
Subtotal		**11,70,546.67**	**12,358.95**	**11,58,187.72**	**11,178.71**	**1,180.24**
Non-Performing Assets (NPA)						
Substandard (Re-structured)	Stage 2	10,620.65	1,150.11	9,470.54	1,593.53	(443.42)
Substandard	Stage 1	376.13	2.70	373.43	56.43	(53.73)
	Stage 2	5,351.70	585.13	4,766.57	802.96	(217.83)
	Stage 3	11,107.23	3,961.36	7,145.87	1,582.60	2,378.76
Doubtful - up to 1 year	Stage 3	6,585.87	1,994.57	4,591.30	1,604.20	390.37
1 to 3 years	Stage 3	7,796.87	2,408.93	5,387.94	3,144.17	(735.24)
More than 3 years	Stage 3	221.19	77.77	143.42	173.30	(95.53)
Subtotal for doubtful		14,603.93	4,481.27	10,122.66	4,921.67	(440.40)
Loss (potential threat of non-recoverability)	Stage 1	118.68	118.68	-	118.71	(0.03)
Loss	Stage 3	117.39	117.39	-	113.18	4.21
Subtotal for NPA		**42,295.71**	**10,416.64**	**31,879.07**	**9,189.08**	**1,227.56**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	488.16	(488.16)	-	488.16
	Stage 2	-	32.55	(32.55)	-	32.55
	Stage 3	-	-	-	-	-
Subtotal						
Total	**Stage 1**	11,07,198.10	5,744.80	11,01,453.30	6,880.05	(1,135.25)
	Stage 2	79,815.73	8,991.48	70,824.25	6,870.29	2,121.19
	Stage 3	25,828.55	8,560.02	17,268.53	6,617.45	1,942.57
	Total	**12,12,842.38**	**23,296.30**	**11,89,546.08**	**20,367.79**	**2,928.51**

Notes to financial statements

for the year ended 31st March 2022

5.4 Details of resolution plan implemented under the Resolution Framework for COVID-19-related stress as per RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 (Resolution Framework 1.0) and Resolution for COVID-19 related stress of Individuals and Small Businesses dated May 05, 2021 (RBI Resolution Framework - 2.0) are given below:

(₹ in Lakh)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans~	71,496.86	3,146.70	-	2,615.52	66,214.03
Corporate persons*	2,523.25	-	-	-	2,531.80
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**74,020.11**	**3,146.70**	**-**	**2,615.52**	**68,745.83**

** As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

5.5 Disclosure of Frauds as per NHB (ND)/DRS/Policy Circular No.92/2018-19 dated 05 February, 2019

During financial year ended 31st March 2022, there were no instances of fraud detected and reported where amount has been involved. [31st March 2021: ₹140.69 Lakh (3 cases)].

5.6 Disclosure on liquidity risk under RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020

i. Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in Lakh)

Sl. No.	No. of Significant Counterparties	Amount	% of total Deposits	% of Total Liabilities*
1	19	9,48,789.98	NA	87.29%

ii. Top 20 large deposits – Not Applicable

iii. Top 10 Borrowings

(₹ in Lakh)

Amount	% of Total Liabilities*
7,46,473.65	68.67%

iv. Funding Concentration based on significant instrument/product

(₹ in Lakh)

Sr. No.	Name of the instrument	Amount	% of Total Liabilities*
1	Term Loans	7,49,081.70	68.91%
2	NCD	2,01,752.49	18.56%
3	ECB	37,894.74	3.49%
4	Sub-Debt	34,191.81	3.15%
5	Working capital/short term facilities	31,242.16	2.87%
6	CP	17,362.05	1.60%

v. **Stock Ratios**

(₹ in Lakh)

Sr. No.	Particulars	31-Mar-22
1	Commercial Papers to Total Liabilities*	1.60%
2	Commercial Papers to Total Assets	1.38%
3	NCDs (Original Maturity <1 ys) to Total Assets	Nil
4	NCDs (Original Maturity <1 ys) to Total Liabilities	Nil
5	Other Short-Term Liabilities** to Total Assets	16.59%
6	Other Short-Term Liabilities to Total Liabilities	19.22%

**Total Liabilities does not include Net Worth.*

*"** Other Short Term Liabilities excludes Commercial Paper as they are already considered in 1 & 2."*

**** Significant Counterparties and Top 10 Borrowings are as per actual outstanding*

vi. **Institutional set-up for liquidity risk management**

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

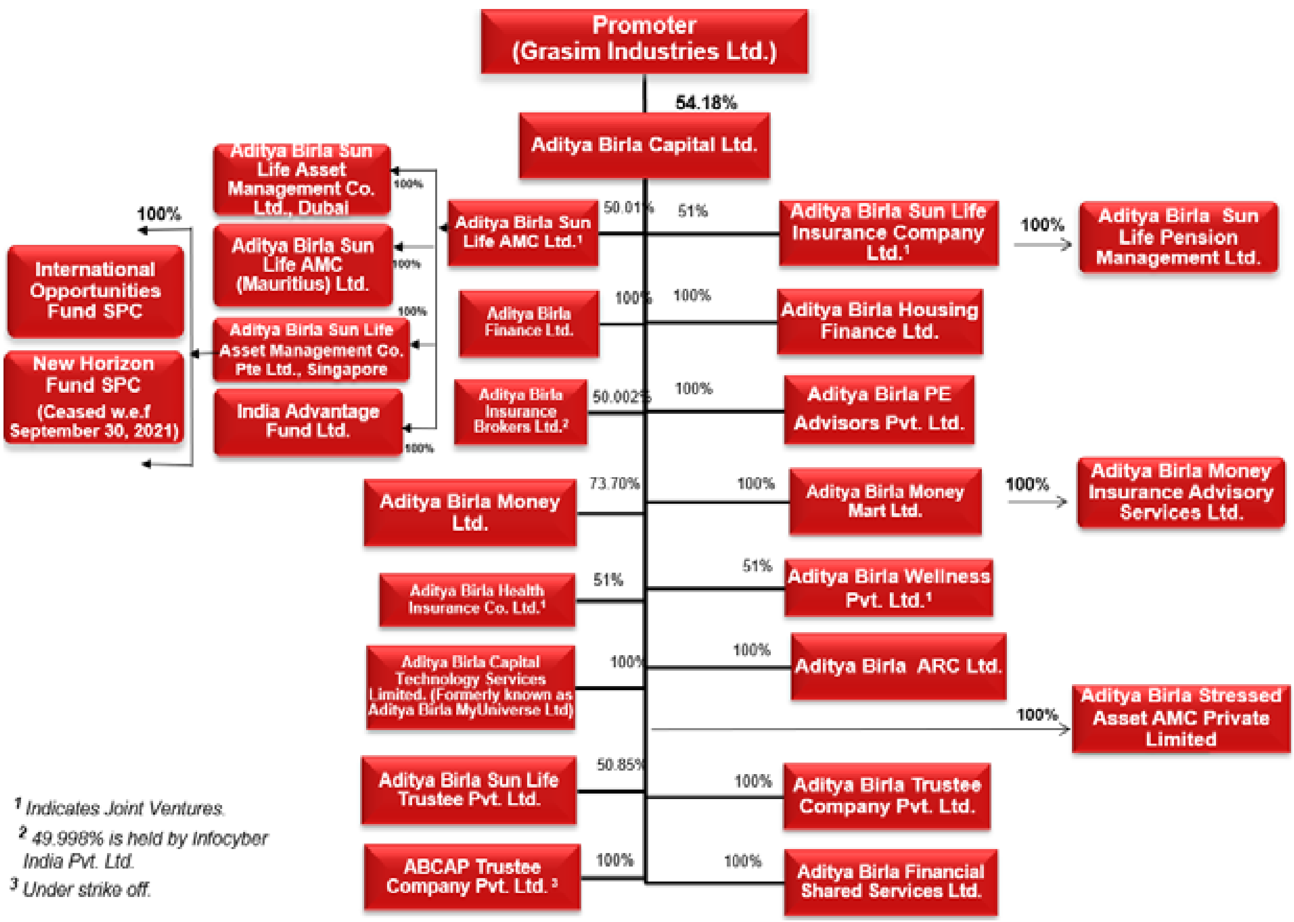
Notes to financial statements

for the year ended 31st March 2022

Annexure a

1 DISCLOSURE OF DETAILS AS REQUIRED UNDER ANNEXURE IV OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021 ISSUED BY RESERVE BANK OF INDIA VIDE CIRCULAR DATED 17TH FEBRUARY 2021.

The diagrammatic representation of group structure is shown as below (refer note 1.7.4):



[1] Indicates Joint Ventures.

[2] 49.998% is held by Infocyber India Pvt. Ltd.

[3] Under strike off.

Notes

Aditya Birla Housing Finance Ltd.

(A part of Aditya Birla Capital Ltd.)
One World Centre, Tower 1, 18th Floor, Jupiter Mill Compound,
841, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013.
T: +91 22 4356 7100 | F: +91 22 4356 7266 | Toll-free number: 1800-270-7000
E: care.finance@adityabirlacapital.com | W: https://abfl.adityabirlacapital.com

ADITYA BIRLA
CAPITAL