HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

*Housing Development Finance Corporation Limited ("**Company**") was incorporated on October 17, 1977 under the Companies Act, 1956.*
Registered Office: Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020
CIN: L70100MH1977PLC019916**; Telephone No.**: +91 22 6176 6000; **Email**: investorcare@hdfc.com; **Website**: www.hdfc.com

Our Company is issuing (i) 56,818,181 equity shares of our Company of face value of ₹ 2 each ("**Equity Shares**") at a price of ₹ 1,760 per Equity Share, including a premium of ₹ 1,758 per Equity Share ("**Equity Issue Price**"), aggregating to ₹ 100,000 million, (ii) 36,930 5.40% secured redeemable non-convertible debentures of face value of ₹ 1,000,000 ("**NCD Issue Price**") each due on August 11, 2023 ("**NCDs**") aggregating to ₹ 36,930 million, (iii) 17,057,400 warrants for a period not exceeding 36 months, each exchangeable for 1 Equity Share ("**Warrants**" and together with the NCDs and Equity Shares, "**Eligible Securities**"), which comprises an issue price of ₹ 180 per Warrant ("**Warrant Issue Price**") and an exchange price of ₹ 2,165 per Warrant ("**Warrant Exercise Price**"), assuming full exchange of Warrants into Equity Shares aggregating to ₹ 39,999.60 million ("**Issue**"). For details, see section, "*Summary of the Issue*" on page 34.

Please note that submitting a Bid for Eligible Securities should not be taken to be indicative of the number of Eligible Securities that will be Allotted to a successful Bidder. Allotment of Eligible Securities will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers and specifically in case of Allotment of NCDs, in accordance with the procedure prescribed under the SEBI EBP Circulars.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTIONS 42 AND 71 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED ("PAS RULES"), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED ("SEBI DEBT REGULATIONS"), HOUSING FINANCE COMPANIES ISSUANCE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS (NHB) DIRECTIONS, 2014, AS AMENDED ("NCD DIRECTIONS") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER ("COMPANIES ACT"). THE ISSUANCE OF NCDS PURSUANT TO THIS ISSUE WILL BE UNDERTAKEN THROUGH THE ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF DEBT SECURITIES ON A PRIVATE PLACEMENT BASIS IN ACCORDANCE WITH SEBI CIRCULAR DATED JANUARY 5, 2018 BEARING REFERENCE NUMBER SEBI/HO/DDHS/CIR/P/2018/05, AND SEBI CIRCULAR DATED AUGUST 16, 2018 BEARING REFERENCE NUMBER SEBI/HO/DDHS/CIR/P/2018/122, ("SEBI EBP CIRCULARS"), TOGETHER WITH THE "OPERATING GUIDELINES FOR ELECTRONIC BIDDING PLATFORM" ISSUED BY NSE VIDE THEIR CIRCULAR DATED SEPTEMBER 28, 2018 ("EBP GUIDELINES", TOGETHER WITH THE "SEBI EBP CIRCULARS" REFERRED TO AS THE "NCD OPERATIONAL GUIDELINES"). OUR COMPANY INTENDS TO USE THE EBP PLATFORM FOR INVITING BIDS AND MAKING DISCLOSURES REQUIRED UNDER THE SEBI DEBT REGULATIONS AND THE SEBI EBP CIRCULARS.

1,734,608,807 Equity Shares are currently listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", together with BSE, "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE on August 7, 2020 was ₹ 1777.95 and ₹ 1,777.70 per Equity Share, respectively. Our outstanding non-convertible debentures are listed on the wholesale debt market ("**WDM**") segment of the Stock Exchanges. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**") for listing of the Eligible Securities and the Equity Shares to be issued upon exchange of the Warrants pursuant to the Issue have been received from both BSE and NSE on August 5, 2020. The issuance of NCDs is being made in compliance also with the requirements of the NCD Directions. Applications shall be made for obtaining the final listing and trading approvals for the Eligible Securities and the Equity Shares proposed to be issued upon exchange of the Warrants pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Eligible Securities and the Equity Shares to be issued upon exchange of the Warrants for trading on the Stock Exchanges, pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Eligible Securities. NSE pursuant to its letter dated July 30, 2020, has granted an exemption from the strict applicability of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") in respect of the listing of the Warrants being offered on the Stock Exchanges.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.

The information (except for the Preliminary Placement Document itself and this Placement Document, as would be uploaded) on the website of our Company or our Subsidiaries or any website directly or indirectly linked to such websites (except for the Preliminary Placement Document and this Placement Document) or the websites of the BRLMs and their respective affiliates does not form part of the Preliminary Placement Document and this Placement Document, and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue. A copy of the Preliminary Placement Document, (which included disclosures prescribed under Form PAS-4 (as defined hereinafter), and Regulation 21 read with Schedule I of SEBI Debt Regulations) has been delivered to the Stock Exchanges and uploaded on the website of the EBP Platform. A copy of this Placement Document (which will include disclosures prescribed under Form PAS-4 and Regulation 21 read with Schedule I of the SEBI Debt Regulations) has been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. The Preliminary Placement Document and this Placement Document have not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), National Housing Bank ("**NHB**"), the Stock Exchanges, the EBP Provider, the RoC or any other regulatory or listing authority, and is intended only for use by Eligible QIBs (as defined hereinafter). The Preliminary Placement Document has not been, and this Placement Document shall not be, filed as a prospectus with the RoC, and the Preliminary Placement Document was not, and this Placement Document will not, be circulated or distributed to the public in India or any other jurisdiction, and this Issue shall not constitute a public offer in India or any other jurisdiction. The placement of Eligible Securities proposed to be made pursuant to this Issue is meant solely for Eligible QIBs on a private placement basis and is not an offer to the public or to any other class of investors. This Placement Document has been uploaded on the EBP Platform only to comply with the NCD Operational Guidelines.

THIS ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS AND SECTIONS 42 AND 71 OF THE COMPANIES ACT, 2013 AND THE RULES FRAMED THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. SOLELY FOR THE PURPOSE OF ISSUANCE OF EQUITY SHARES AND WARRANTS IN ACCORDANCE WITH THE PROVISIONS OF THE SEBI ICDR REGULATIONS, THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES AND WARRANTS. SOLELY FOR THE PURPOSE OF ISSUANCE OF THE NCDS, THE PRELIMINARY PLACEMENT DOCUMENT WAS UPLOADED ON THE EBP PLATFORM AND COULD BE RELIED UPON ONLY BY ELIGIBLE QIBS REGISTERED WITH THE EBP PLATFORM. THIS PLACEMENT DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC, OR TO ANY OTHER PERSON OR CLASS OF INVESTORS, WITHIN OR OUTSIDE INDIA, OTHER THAN TO ELIGIBLE QIBs.

YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON, OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER, OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THIS ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, 2013, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN ELIGIBLE SECURITIES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" ON PAGE 56 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE CONSEQUENCES OF AN INVESTMENT IN THE ELIGIBLE SECURITIES ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE ELIGIBLE SECURITIES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORIZED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Eligible Securities to be issued pursuant to this Issue shall only be made pursuant to the Preliminary Placement Document, together with the Application Form(s) (solely in case of subscription to the Equity Shares or Warrants), this Placement Document and the Confirmation of Allocation Note (solely in case of subscription to the Equity Shares or Warrants) (each as defined herein), based on the type of Eligible Security proposed to be issued by our Company. For details, see "*Issue Procedure*" on page 303. The distribution of this Placement Document or the disclosure of its contents without our Company's prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Eligible Securities is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The NCDs being offered by way of this Issue have been rated by CRISIL as 'CRISIL AAA/Stable' and by ICRA as '[ICRA]AAA' indicating highest degree of safety regarding timely servicing of financial obligations. The credit rating letters each dated July 31, 2020 issued by CRISIL and ICRA are enclosed herewith as Annexure to this Placement Document. The rating is not a recommendation to buy, sell or hold NCDs and investing Eligible QIBs should take their own decision. The rating may be subject to revision or withdrawal at anytime by the assigning rating agencies on the basis of new information, and each rating should be evaluated independently of any other rating.

The Eligible Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares and NCDs forming a part of the Eligible Securities are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("**Rule 144A**") and referred to in this Placement Document as a "**U.S. QIB**") in transactions exempt from the registration requirements of the Securities Act, (b) outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). The Warrants and Equity Shares issued in exchange thereof are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S. **The Warrants in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to any persons in any jurisdiction outside India.** The Eligible Securities are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 331 and 341, respectively.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the websites of the Book Running Lead Managers or any of their respective Affiliates does not constitute nor form a part of this Placement Document and Bidders should not rely on such information contained in, or available through, any such websites.

This Placement Document is dated August 10, 2020.

BOOK RUNNING LEAD MANAGERS				
KOTAK MAHINDRA CAPITAL COMPANY LIMITED	AXIS CAPITAL LIMITED	BNP PARIBAS	DSP MERRILL LYNCH LIMITED	CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED
CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED	GOLDMAN SACHS (INDIA) SECURITIES PRIVATE LIMITED	HDFC BANK LIMITED*	HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED	ICICI SECURITIES LIMITED
IIFL SECURITIES LIMITED	JEFFERIES INDIA PRIVATE LIMITED	JM FINANCIAL LIMITED	J.P. MORGAN INDIA PRIVATE LIMITED	MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED
MOTILAL OSWAL INVESTMENT ADVISORS LIMITED	NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED	SBI CAPITAL MARKETS LIMITED	UBS SECURITIES INDIA PRIVATE LIMITED	

**In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 174(2) of the SEBI ICDR Regulations, HDFC Bank Limited will be involved only in marketing of the Issue.*

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Group and the Eligible Securities which is material in the context of the Issue. The statements contained in this Placement Document relating to our Group and the Eligible Securities are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company and the Eligible Securities are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Group and the Eligible Securities to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Managers, having made reasonable enquiries, have not separately verified all of the information contained in this Placement Document (financial, legal or otherwise) except the details of their respective names, contact details and SEBI registration numbers, as included. Accordingly, neither the Book Running Lead Managers nor any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Book Running Lead Managers, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Group and the Eligible Securities. Each person receiving this Placement Document acknowledges that such person has neither relied on the Book Running Lead Managers nor on any of its shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Group and the merits and risks involved in investing in the Eligible Securities.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by, or on behalf of, our Company or by, or on behalf, of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Eligible Securities to be issued pursuant to the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Eligible Securities have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Within the United States, this Placement Document is being provided only to persons who are U.S. QIBs. Distribution of this Placement Document to any person other than the offeree specified by the BRLMs or their respective representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or redistribution of this Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

For a description of these and certain further restrictions on offers, sales and transfers of each of the Eligible Securities and distribution of this Placement Document, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 331 and 341, respectively. Subscribers of the Eligible Securities will be deemed to make the representations, warranties, acknowledgements and agreements set forth in the sections

"*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 3, 331 and 341 respectively, of this Placement Document.

The distribution of this Placement Document or the disclosure of its contents (except its disclosure on the website of the EBP Platform for the purpose of inviting subscription to the NCDs) without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Equity Shares or Warrants (in consultation with the Book Running Lead Managers or their representatives), and those retained by Eligible QIBs to advise them with respect to their purchase of the Eligible Securities is unauthorised and prohibited. Each prospective investor, by accessing the Preliminary Placement Document on the EBP Platform in order to subscribe to the NCDs or accepting delivery of the Preliminary Placement Document in order to subscribe to the Equity Shares or Warrants, agreed to observe the foregoing restrictions and to not make copies of the Preliminary Placement Document or any documents referred to in the Preliminary Placement Document.

The distribution of this Placement Document and the issue of the Eligible Securities may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Eligible Securities or distribution of this Placement Document in any jurisdiction, other than India or as set out in this Placement Document, where action for that purpose is required. Accordingly, the Eligible Securities may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Eligible Securities may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, Bidders must rely on their own examination of our Group and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any investor or subscriber of the Eligible Securities regarding the legality of an investment in the Eligible Securities by such investor, subscriber under applicable legal, investment or similar laws or regulations.

Each subscriber to the Eligible Securities in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations and Sections 42 and 71 of the Companies Act, 2013, and as set out under this Placement Document, that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities including the Eligible Securities.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The information on our Company's website, www.hdfc.com any website directly or indirectly linked to the website of our Company or on the websites of the Book Running Lead Managers or its respective affiliates, does not constitute or form part of this Placement Document. Bidders should not rely on such information contained in, or available through, such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information relating to investors in certain other jurisdictions, please see sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 331 and 341, respectively, of this Placement Document.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the Bidders in the Issue.

By Bidding for, and by subscribing to, any Eligible Securities in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and each of the Book Running Lead Managers, as follows:

- You are an Eligible QIB i.e. QIBs, as defined in regulation 2(1)(ss) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, and (b) restricted from participating in the Issue under the SEBI ICDR Regulations and/or other applicable laws and have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities. In case you intend to subscribe to NCDs, you (a) are a person resident in India under the FEMA (except Eligible FPIs), or (b) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA (except Eligible FPIs). Additionally, in case you intend to subscribe to Warrants, you (a) are a person resident in India under the FEMA, or (b) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA. Eligible QIBs who are acquiring the Equity Shares and have a valid and existing registration under applicable laws and regulations of India, if so required, undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you are in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act, SEBI Debt Regulations, the NCD Directions and all other applicable laws, including any reporting obligations;

- You have made, or are deemed to have made, as applicable, the representations set forth under sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 331 and 341, respectively, of this Placement Document;

- With respect to your Bid for Warrants, you are a resident of India and are not a non-resident, including a foreign portfolio investor (as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019) ("**FPI**");

- You are aware that in terms of the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to 100%, being the sectoral cap applicable to the sector in which our Company operates. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. You confirm that you are not an FVCI;

- You are eligible to invest and hold the Equity Shares of our Company in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.

- If you are Allotted any Eligible Securities in the Issue, you shall not, for a period of one year from the date of Allotment, sell the Eligible Securities so Allotted except on the floor of the Stock Exchanges. Please see the section "*Transfer Restrictions and Purchaser Representations*" on page 341;

- You are aware that the Preliminary Placement Document and this Placement Document have not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC, NHB, PFRDA or any other regulatory or listing authority and is intended only for use by Eligible QIBs and that the Preliminary Placement Document and this Placement Document have not been filed as a prospectus under the Companies Act. The Eligible Securities will not be offered to the public or any class of investors, other than Eligible QIBs;

- You are entitled to subscribe to, and acquire, the Eligible Securities you have submitted a Bid in relation to, under applicable law and you have fully observed such law and you have the necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out, or referred to, in this Placement Document), and complied with all necessary formalities and that you will honour such obligations;

- Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue, and that your participation in the Issue is on the basis that you are not, and will not, up to the date of Allotment, be a client of the Book Running Lead Managers. None of the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue, and are not in any way acting in a fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are, therefore, unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and accordingly, you acknowledge that you have been advised not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information relating to our Company and the Issue that was not publicly available;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Group's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. None of our Company, the Book Running Lead Managers or any of our Shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that: (i) the Eligible Securities are being offered only to Eligible QIBs; (ii) the Warrants are being offered only to Eligible QIBs who are persons resident in India and are not being offered to the general public; (iii) the Equity Shares and NCDs forming a part of the Eligible Securities are being offered and sold (a) in the United States only to persons reasonably believed to be U.S. QIBs in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States in reliance on Regulation S; and (iv) the Allotment of the Eligible Securities shall be on a discretionary basis by our Company, in consultation with the Book Running Lead Managers;

- You are aware that the pre-Issue and post-Issue shareholding pattern of our Company in the format prescribed in the SEBI Listing Regulations will be filed by our Company with the Stock Exchanges. If you are allotted more than 5% of the Eligible Securities offered in the Issue, our Company shall be required to disclose your name and the number of the Eligible Securities Allotted to you to the Stock Exchanges, and the Stock Exchanges will make the same available on their respective websites and you consent to such disclosures;

- You are aware that the EBP Platform shall disclose the details of the Bids received in relation to the subscription to the NCDs on its website in the format prescribed under the SEBI EBP Circulars.

- Solely for the purpose of an invitation to subscribe to the Equity Shares and Warrants, you were provided a serially numbered copy of the Preliminary Placement Document. Solely for the purpose of invitation to subscribe to the NCDs, a copy of the Preliminary Placement Document had been uploaded on the website of the EBP Platform. You agree and undertake that you have read the Preliminary Placement Document and this Placement Document in their entirety, including, in particular, the section "*Risk Factors*" on page 56 of this Placement Document;

- In making your investment decision, you have (i) relied on your own examination of our Group and the terms of the Issue which include the terms of the NCDs set out in the section titled "*Terms of the NCDs"* on page 278 and the section titled *"Terms of the Warrants"* on page 286, including the merits and risks involved, (ii) made your own assessment of our Group, the Eligible Securities and the terms of the Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, the Book Running Lead Managers or any other party, (iii) consulted your own independent counsel and advisors, or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters, (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, the Book Running Lead Managers or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Eligible Securities, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- You are seeking to subscribe to / acquire the Eligible Securities in the Issue for your own investment and not with a view of sale or distribution;

- Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Eligible Securities (including but not limited to the Issue and the use of the proceeds from the Eligible Securities). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates when evaluating the tax consequences in relation to the Eligible Securities (including, but not limited to, the Issue and the use of the proceeds from the Eligible Securities). You waive, and agree not to assert any claim against our Company or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates with respect to the tax aspects of the Eligible Securities or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Eligible Securities. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You, and any accounts for which you are subscribing for the Eligible Securities, (i) are each able to bear the economic risk of your investment in the Eligible Securities, (ii) will not look to our Company and / or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Eligible Securities, (iv) have no need for liquidity with respect to your investment in the Eligible Securities, and (v) you are seeking to subscribe to the Eligible Securities for your own investment and not with a view to resell or distribute them and have no reason to anticipate any change in your circumstances, financial or otherwise, which may cause or require you to sell all or some of the Eligible Securities in the near future. You acknowledge that an investment in the Eligible Securities involves a high degree of risk and that the Eligible Securities are, therefore, a speculative investment. You are seeking to subscribe to the Eligible Securities in the Issue for your own investment and not with a view to resell or distribute the Eligible Securities received pursuant to the Issue, prior to the listing of such Eligible Securities on the Stock Exchanges;

- If you are acquiring the Eligible Securities to be issued pursuant to the Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Eligible Securities for each such managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such managed account, reading the reference to "you" to include such accounts;

- You agree that in terms of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details such as your name, address and number of Eligible Securities Allotted), and you consent to such disclosure being made by us, under the Companies Act;

- You are aware that, solely in relation to the issuance of NCDs pursuant to this Issue, our Company shall disclose details of each Successful Bidder upon the closure of the Issue to the EBP Platform, which shall include certain details such as your name, category of investor, amount invested, etc. and you consent to such disclosure being made by us, under the NCD Operational Guidelines;

- You have no rights under a shareholders' agreement or voting agreement, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Eligible Securities;

- You will have no right to withdraw or revise downwards your Bid after the Issue Closing Date or the Bid Closing Date, as applicable. Further, in case of subscription to the NCDs, our Company may withdraw the Issue in accordance with the procedure set out in the section titled *"Issue Procedure"* on page 303;

- You are eligible to apply for and hold the Eligible Securities Allotted to you, together with any Eligible Securities held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Eligible Securities shall not exceed the level permissible as per any applicable laws;

- The Bid made by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**");

- To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue. For the purposes of this representation:
  (a) the expression 'belong to the same group' shall mean entities where (a) any of them controls, directly

or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

(b) 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations.

- You shall not undertake any trade in the Eligible Securities credited to your beneficiary account until such time that the final listing and trading approvals for such Eligible Securities are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Eligible Securities and the Equity Shares to be issued upon exercise of the Warrants pursuant to the Issue, were made and approval has been received from each of the Stock Exchanges, and (ii) the applications for the final listing and trading approvals will be made only after Allotment. There can be no assurance that the final approvals for listing and trading of the Eligible Securities will be obtained in time or at all. Neither our Company nor the Book Running Lead Managers nor any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally agreed to manage the Issue and use their best efforts, as agents of our Company, to procure subscriptions for the Eligible Securities on the terms and conditions set forth therein;

- The contents of this Placement Document are exclusively the responsibility of our Company, and neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Eligible Securities is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Eligible Securities, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Company or any of their respective affiliates or any other person, and neither the Book Running Lead Managers nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Eligible Securities purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company or any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are not acquiring or subscribing for the Eligible Securities as a result of any "general solicitation or general advertising" (within the meaning of Regulation D under the Securities Act) in the United States, or any directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the Securities Act provided by Regulation S or another available exemption from registration under the Securities Act and the Eligible

Securities may not be eligible for resale under Rule 144A thereunder. You understand and agree that the Eligible Securities are transferable only in accordance with the restrictions described under "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 331 and 341, respectively;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts at Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to, and including, the Allotment, listing and trading of the Eligible Securities offered by way of the Issue;

- You agree to indemnify and hold our Company, the Book Running Lead Managers and their respective directors, officers, employees and controlling persons affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Eligible Securities by, or on behalf of, the managed accounts;

- Our Company, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given by you to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable;

- You will make all the necessary filings with appropriate regulatory authorities, as required pursuant to applicable laws; and

- You understand that: (i) the Equity Shares to be issued pursuant to the Issue and the Equity Shares issued upon conversion of the Warrants issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company; (ii) the NCDs shall rank *pari passu inter se* and without any preference or priority among themselves. Subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, the NCDs shall also, as regards the principal amount of the NCDs, interest, early redemption amount and all other monies secured in respect of the NCDs, rank *pari passu* with all other present direct and secured obligations of our Company; and (iii) the Warrants shall rank *pari passu* and without any preference or priority among themselves and shall also rank *pari passu* with all other present and future direct, unsubordinated, unconditional and unsecured obligations of our Company (subject to any obligations preferred under mandatory provisions of the law prevailing from time to time).

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by the Board and subject to compliance with such other conditions as may be specified from the SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI, including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control), is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. For details regarding foreign investment in HFCs, see '*Regulations and Policies - Foreign Investment in HFCs*' on page 257.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and do not constitute any obligations of or claims on the BRLMs.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMERS

Disclaimer Clause of the Stock Exchanges

As required for the purpose of subscription to the Eligible Securities, a copy of the Preliminary Placement Document has been and a copy of this Placement Document will be submitted to each of the Stock Exchanges. Further, for the purpose of subscription to the NCDs, a copy of the Preliminary Placement Document was uploaded on the website of the EBP Platform. The Stock Exchanges/EBP Platform do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Eligible Securities issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges/ the EBP Provider. Every person who desires to apply for or otherwise acquire any Eligible Securities may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges/ the EBP Provider whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

Additional Disclaimer Clause from NSE

As required, a copy of this Placement Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/24337 dated August 05, 2020 or hosting the same on the website of NSE in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time, should not in any way be deemed or construed that the Placement document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the NHB

Our Company has a valid certificate of registration dated July 31, 2001, issued by the NHB under Section 29A of the NHB Act. However, the NHB does not accept any responsibility for or guarantee the present position as to the financial soundness of our Company or for the correctness of any of the statements or representations made or opinion expressed by our Company and for repayment of deposits / discharge of liabilities by our Company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "subscriber", “recipient", "investors", "prospective investors" and "potential investor" are to the Bidders in the Issue, references to the "Company", "Issuer" are to "Housing Development Finance Corporation Limited" and references to “Group”, “our Group”, "we", "us" or "our" are to our Company, together with its Subsidiaries and Associates.

Currency and Units of Presentation

In this Placement Document, references to

- "₹", "Rs.", "Rupees", "INR", or "Indian Rupees" are to Indian Rupees, the official currency of the Republic of India;
- "USD" or "US$" or "U.S. dollar" are to United States Dollars, the official currency of the United States of America.

All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GOI", "Central Government" or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100,000", and the word “million” means “10 lakh” and the word "crore" means "10 million" or "100 lakh" and the word "billion" means "1,000 million" or "100 crore".

Except as otherwise set out in this Placement Document, all figures set out in this Placement Document have been rounded off to the extent of two decimal places and all figures, in percentage terms, have been rounded off to one decimal place.

Financial Data and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms "Fiscal" or "Fiscal year", when used in this Placement Document, refer to the 12 month period ending, or as of March 31 of that year (as the case may be).

Our Company publishes its financial statements in Indian Rupees. The following have been included in this Placement Document:

(i) Audited consolidated financial statements of our Company as at and for the financial year ended March 31, 2018 prepared in accordance with the Generally Accepted Accounting Principles in India (“**Indian GAAP**”) and the guidelines issued by the National Housing Bank, to the extent applicable and as at and for the financial years ended March 31, 2019 and March 31, 2020 have been prepared in accordance with the Indian Accounting Standards (the “**Ind AS**”), the Companies Act, 2013 and the guidelines issued by the National Housing Bank, to the extent applicable, including the notes thereto and reports thereon (“**Audited Consolidated Financial Statements**”);

(ii) Audited standalone financial statements of our Company as at and for the financial year ended March 31, 2018 prepared in accordance with the Indian GAAP and the guidelines issued by the National Housing Bank, to the extent applicable and as at and for the financial years ended March 31, 2019 and March 31, 2020 prepared in accordance with Ind AS, the Companies Act, 2013 and the guidelines issued by the National Housing Bank, to the extent applicable, including the notes thereto and reports thereon (“**Audited Standalone Financial Statements**”);

(iii) Unaudited consolidated financial results of our Company for the quarter ended June 30, 2020 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations and related review report thereon ("**Unaudited Consolidated Financial Results**"); and

(iv) Unaudited standalone financial results of our Company for the quarter ended June 30, 2020 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations and related review report thereon ("**Unaudited Standalone Financial Results**").

The accompanying Unaudited Standalone Financial Results and Unaudited Consolidated Financial Results follow the recognition and measurement criteria laid down in Indian Accounting Standards (Ind AS) 34 – "Interim Financial Reporting" which is prescribed under section 133 of the Companies Act, 2013 but does not contain selected explanatory notes. The Unaudited Standalone Financial Results and Unaudited Consolidated Financial Results do not include all notes of the type normally included in the annual standalone and consolidated financial statements. The accounting policies adopted are consistent with those of the year ended March 31, 2020. The Unaudited Standalone Financial Results and Unaudited Consolidated Financial Results are prepared only to comply with the requirements of Regulation 33 of the SEBI Listing Regulations.

Our Company was required to prepare financial statements in accordance with Ind AS for Fiscal 2019 (together with the corresponding/ comparative financial statements under Ind AS for Fiscal 2018). Our historical financial statements for Fiscal 2018 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2019 and Fiscal 2020 are not comparable with our historical Indian GAAP financial statements for Fiscal 2018. Our Ind AS financial statements for Fiscal 2019, also includes reconciliation statements of the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101 –First time adoption of Indian Accounting Standards. Given that our Audited Standalone Financial Statements and Audited Consolidated Financial Statements are not comparable with the historical Indian GAAP standalone and consolidated financial statements for Fiscal 2018, unless otherwise indicated, all financial information included in the various sections in this Placement Document are derived from our Ind AS financial statements. Our figures for Fiscal 2018 included herein are derived from the corresponding / comparative Ind AS financial statements presented in the Audited Consolidated Financial Statements for Fiscal 2019. Further, figures for Fiscal 2019 included herein are derived from the corresponding / comparative Ind AS financial statements presented in the Audited Consolidated Financial Statements for Fiscal 2020 (figures for Fiscal 2019 have been regrouped to make them comparable with figures for Fiscal 2020).

Indian GAAP differs in certain material respects from Ind AS which is applicable to our Company for financial periods commencing April 1, 2018. Given that Ind AS differs in many respects from Indian GAAP, the financial information as of and for the Fiscals 2020 and 2019 (including the audited comparative financial information for the Fiscal 2018 prepared under Ind AS) is not comparable with the financial information as of and for the Fiscal 2018 prepared in accordance with Indian GAAP.

Our Company's Audited Standalone Financial Statements as at and for the years ended March 31, 2018, 2019 and 2020 report the financial statements and results of operations relating to the principal business segments of our Company, comprising our Company's mortgage lending business, which includes the main business of providing loans for the purchase, construction, development and repair of houses, apartments and commercial property in India. Our Company's Audited Consolidated Financial Statements as at and for the years ended March 31, 2018, 2019 and 2020 report the financial statements and results of operations relating to our Company's, its Subsidiaries' five segments comprising loans, life insurance, general insurance, asset management and others (which includes project management, investment consultancy and property related services) and its Associates.

Unless the context otherwise requires, all financial data in this Placement Document are derived from our Financial Information audited by our statutory auditors, BSR & Co. LLP, Chartered Accountants.

The degree to which the financial statements prepared in accordance with Indian GAAP and Ind AS included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In this Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Our Company's website, and the websites of our Subsidiaries and Associates, shall not form any part of the Placement Document.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to the business of our Company and the Group, as the case may be, consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise statistical information included in this Placement Document pertaining to the various sectors in which we operate has been reproduced from trade, industry and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties that would render the reproduced information inaccurate or misleading.

In this context, please note that we have relied on CRISIL Research Report. This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Information included in this Placement Document from the CRISIL Research Report is subject to the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible, for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Housing Development Finance Corporation Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Neither our Company nor the Book Running Lead Managers have independently verified this data, nor do we or the Book Running Lead Managers make any representation regarding the accuracy of such data. Similarly, while our Company believes it's internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the Book Running Lead Managers can assure potential investors as to their accuracy. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 56. Thus, neither our Company nor the Book Running Lead Managers can assure you of the correctness, accuracy and completeness of such data. Accordingly, investment decisions should not be based solely on such information.

AVAILABLE INFORMATION

Our Company has agreed that, for so long as any Equity Shares forming part of the Eligible Securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, our Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3- 2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

FORWARD-LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'will likely result' 'is likely', 'are likely', 'believe', 'expect', 'expected to', 'will continue', 'will achieve', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. By their nature, market risks disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- The impact of the outbreak of COVID-19;
- our ability to compete in the competitive housing finance industry;
- access to loans and domestic and international capital markets for our funding, and our ability to access funding at acceptable rates;
- volatility in interest rates;
- Performance of strategic investments, acquisitions and joint ventures, in line with our expectations;
- Ability to successfully sustain our growth;
- Costs associated with expansion of our products and services to new customer segments in India;
- Ability to manage difficulties in expanding our business into new regions and markets;
- Effectiveness of our distribution arrangements with commercial banks and NBFCs; and
- Market and liquidity risk in relation to equity investment.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Business*" and on pages 56, 141, 194 and 222, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither we nor the Book Running Lead Managers undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition of our Group could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company with limited liability incorporated under the laws of India. Most of the Directors and key managerial personnel of our Company named herein are residents of India and all or a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India predicated upon civil liabilities of our Company or such directors and executive officers under laws other than Indian laws, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any multilateral international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Section 14 of the Civil Procedure Code, provides that a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom of Great Britain and Northern Ireland, United Arab Emirates, Republic of Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. Our Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI and the Financial Benchmark India Private Limited. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

As of August 7, 2020, the exchange rate (RBI reference rate) was ₹ 74.96 to US$ 1.00.

(₹ per US$)

	Period End	Average(1)	High(2)	Low(3)
Fiscal Year Ended				
March 31, 2020	75.39	70.88	76.15	68.37
March 31, 2019	69.17	69.89	74.39	64.93
March 31, 2018	65.04	64.45	65.76	63.35
Quarter Ended				
June 30, 2020	75.53	75.86	76.81	75.12
March 31, 2020	75.39	72.36	76.15	70.81
December 31, 2019	71.27	71.23	72.05	70.68
September 30, 2019	70.69	70.34	72.19	68.37
Months Ended				
July, 2020	74.77	74.99	75.58	74.68
June, 2020	75.53	75.73	76.21	75.33
May, 2020	75.64	75.66	75.93	75.39
April, 2020	75.12	76.24	76.81	75.12
March, 2020	75.39	74.35	76.15	72.24
February, 2020	72.19	71.49	72.19	71.14

Source: *www.rbi.org.in and www.fbil.org.in*

Notes:

- *If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.*
- *The RBI reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise implies or requires, the terms and abbreviations stated hereunder shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines, charter documents and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements thereto, as of the date of this Placement Document. Notwithstanding the foregoing, terms used in the sections "*Taxation*", "*Legal Proceedings*", "*Industry Overview*" and "*Financial Statements*" beginning on pages 353, 373, 194 and 385, respectively, shall have the meanings given to such terms in such sections.

Company related terms

Term	Description
"Issuer", "HDFC", "Corporation" or "Company"	Housing Development Finance Corporation Limited, a public limited company incorporated on October 17, 1977 under the Companies Act, 1956 and having its registered office at Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.
Articles or Articles of Association	Articles of association of our Company, as amended from time to time.
"Associates"	Associates of our Company as of the date of this Placement Document, in accordance with the Companies Act, 2013, namely: 1. HDFC Bank Limited*; 2. Magnum Foundations Private Limited; 3. True North Ventures Private Limited; and 4. Good Host Spaces Private Limited. **In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 174(2) of the SEBI ICDR Regulations, HDFC Bank Limited will be involved only in marketing of the Issue.*
"Audit and Governance Committee"	The audit committee constituted by the Board of our Company.
"Audited Consolidated Financial Statements"	Audited consolidated financial statements of our Company as at and for the financial year ended March 31, 2018 prepared in accordance with the Generally Accepted Accounting Principles in India ("**Indian GAAP**") and the guidelines issued by the National Housing Bank, to the extent applicable and as at and for the financial years ended March 31, 2019 and March 31, 2020 have been prepared in accordance with the Indian Accounting Standards (the "**Ind AS**"), the Companies Act, 2013 and the guidelines issued by the National Housing Bank, to the extent applicable, including the notes thereto and reports thereon.
"Audited Standalone Financial Statements"	Audited standalone financial statements of our Company as at and for the financial year ended March 31, 2018 prepared in accordance with the Indian GAAP and the guidelines issued by the National Housing Bank, to the extent applicable and as at and for the financial years ended March 31, 2019 and March 31, 2020 prepared in accordance with Ind AS, the Companies Act, 2013 and the guidelines issued by the National Housing Bank, to the extent applicable, including the notes thereto and reports thereon.
"Board of Directors" or "Board"	The board of directors of our Company including any duly constituted committee thereof.
"Clearing Corporation"	Indian Clearing Corporation Limited.
"Committee of Directors"	The duly constituted committee of the Board of Directors of our Company on June 8, 2020, consisting Mr. Deepak S. Parekh, Mr. Jalaj Dani, Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan.
"Committee of Directors – QIP 2020"	The duly constituted committee of the Board of Directors of our Company on July 30, 2020 consisting of Mr. Deepak S. Parekh, Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan.
"Compliance Officer"	The compliance officer of our Company in terms of SEBI Listing Regulations and SEBI Insider Trading Regulations, being Mr. Ajay Agarwal.
"Corporate Office"	The corporate office of our Company located at HDFC House, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020.
"Corporate Social Responsibility Committee"	The corporate social responsibility committee constituted by the Board of our Company.
"Director(s)"	Director(s) of our Company.

Term	Description
"Eligible Employees"	Eligible employees mean, for the time being considered by the compensation committee on the recommendation by the management for the grant of options, on the basis of criteria prescribed under the relevant employee stock option scheme and is otherwise eligible for all the benefits under the relevant employee stock option scheme and shall exclude (i) an employee who is a promoter or belongs to the promoter group (as defined under the SEBI regulations); (ii) a director who either by himself or through his relative (as defined under the Companies Act, 2013) or through any body corporate, directly or indirectly holds, more than 10% of outstanding equity shares of the Company; and (iii) an independent director.
"Equity Share(s)" or "Shares"	The equity shares of our Company, each having a face value of ₹2 each
"ESOP Guidelines"	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
"ESOS 2011"	Employee Stock Option Scheme, 2011.
"ESOS 2014"	Employee Stock Option Scheme, 2014.
"ESOS 2017"	Employee Stock Option Scheme, 2017.
"ESOS 2020"	Employee Stock Option Scheme, 2020.
"Executive Director(s)"	The whole-time directors of our Company as per the Companies Act, 2013
"Financial Information"	Our Audited Standalone Financial Statements and our Audited Consolidated Financial Statements
"Group", "our Group", "we", "us" or "our"	Our Company, together with our Subsidiaries and Associates.
"HDFC AMC"	HDFC Asset Management Company Limited.
"HDFC Bank"	HDFC Bank Limited.
"HDFC ERGO"	HDFC ERGO General Insurance Company Limited.
"HDFC Life"	HDFC Life Insurance Company Limited (*formerly HDFC Standard Life Insurance Company Limited*).
"Independent Director"	A non – executive, independent Director as per the Companies Act, 2013 and the SEBI Listing Regulations.
"Key Managerial Personnel"	Key Managerial Personnel of our Company as of the date of this Placement Document, defined under the Companies Act, 2013.
"Loans"	Loans to individuals, corporate bodies, others and staff loans before Impairment loss allowance (Expected Credit Loss).
"Loans Sold"	Loans that have been assigned or securitized by our Company.
"Memorandum" or "Memorandum of Association"	Memorandum of association of our Company, as amended from time to time.
"Net Loans"	Gross loans to individuals, corporate bodies, others and staff loans less Impairment loss allowance (Expected Credit Loss).
"Nomination and Remuneration Committee"	The nomination and remuneration committee constituted by the Board of our Company.
"Registered Office"	The registered office of our Company located at Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.
"RoC" or "Registrar of Companies"	Registrar of Companies, Maharashtra situated at Mumbai.
"Senior Management"	Senior Management Personnel of our Company, namely: 1. Mr. Conrad D'Souza; 2. Mr. Suresh Menon; 3. Ms. Madhumita Ganguli; 4. Mr. Mathew Joseph; 5. Mr. R. Arivazhagan; and 6. Mr. Rajeev Sardana.
"Shareholder(s)"	The holder(s) of Equity Shares of our Company, unless otherwise specified in the context thereof.
"Statutory Auditors"	Current statutory auditors of our Company, being B S R & Co. LLP, Chartered Accountants.
"Subsidiaries"	Subsidiaries of our Company as of the date of this Placement Document, in accordance with the Companies Act, 2013, namely: 1. HDFC Asset Management Company Limited; 2. HDFC Capital Advisors Limited; 3. HDFC Credila Financial Services Private Limited; 4. HDFC Education and Development Services Private Limited; 5. HDFC ERGO General Insurance Company Limited*; 6. HDFC ERGO Health Insurance Limited*;

Term	Description
	7. HDFC Holdings Limited; 8. HDFC International Life and Re Company Limited; 9. HDFC Investments Limited; 10. HDFC Life Insurance Company Limited; 11. HDFC Pension Management Company Limited; 12. HDFC Property Ventures Limited; 13. HDFC Sales Private Limited; 14. HDFC Trustee Company Limited; 15. HDFC Venture Capital Limited; 16. HDFC Ventures Trustee Company Limited; 17. Griha Investments, Mauritius; and 18. Griha Pte Ltd., Singapore.
"Unaudited Consolidated Financial Results"	Unaudited consolidated financial results of our Company for the quarter ended June 30, 2020 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations and related review report thereon.
"Unaudited Standalone Financial Results"	Unaudited standalone financial results of our Company for the quarter ended June 30, 2020 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations and related review report thereon.

**The board of directors of HDFC ERGO Health Insurance Limited and HDFC ERGO General Insurance Company Limited have, pursuant to resolutions, each dated January 15, 2020, approved a scheme of arrangement and amalgamation for the merger of HDFC ERGO Health Insurance Limited with and into HDFC ERGO General Insurance Company Limited. For details, refer to 'Capital Structure – Acquisitions or Amalgamations' on page 100.*

Issue related terms

Term	Description
"Allocated" or "Allocation"	The allocation of Equity Shares, NCDs and Warrants to Eligible QIBs in the following manner: (i) as regards subscription to the Equity Shares or Warrants, on the basis of the Equity Application Form or Warrant Application Form submitted by the Eligible QIBs; and (ii) as regards the subscription to the NCDs, on the basis of the Bid submitted by the Eligible QIBs on the EBP Platform in accordance with the NCD Operational Guidelines, by our Company in consultation with the Book Running Lead Managers and in compliance with Chapter VI of the SEBI ICDR Regulations, the SEBI Debt Regulations and the NCD Operational Guidelines, as applicable.
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, the issue and allotment of the Eligible Securities pursuant to the Issue.
"Allottees"	Eligible QIBs to whom the Eligible Securities are issued and Allotted.
"Application Form(s)"	The serially numbered Equity Application Form and the serially numbered Warrant Application Form, which were submitted by an Eligible QIB for issuance of Equity Shares and Warrants.
"Bid(s)"	Indication of interest of an Eligible QIB, including all revisions and modifications thereto, (i) as provided in the Equity Application Form and the Warrant Application Form to subscribe for Equity Shares and Warrants respectively; and (ii) as submitted on the EBP Platform (including any modifications or revisions thereof) to subscribe for NCDs pursuant to the Issue. The term "Bidding" shall be construed accordingly. The Issue for the sole purpose of subscription to the NCDs will be through open bidding on the EBP Platform in line with the NCD Operational Guidelines.
"Bid Amount"	The aggregate amount paid by the Eligible QIBs in the Issue: (i) on submission of the Equity Application Form and the Warrant Application Form to subscribe for Equity Shares and Warrants respectively; and (ii) on the Pay-in Date to the Designated Bank Account in accordance with the NCD Operational Guidelines to subscribe for the NCDs pursuant to the Issue.
"Bidder"	Any prospective investor, being an Eligible QIB, who made a Bid pursuant to the terms of

Term	Description
	the Preliminary Placement Document and in accordance with (i) the Equity Application Form and the Warrant Application Form to subscribe for Equity Shares and Warrants respectively; and (ii) the NCD Operational Guidelines to subscribe for the NCDs.
"Book Running Lead Managers" or "Lead Managers" or "BRLMs"	Book Running Lead Managers to the Issue, namely Kotak Mahindra Capital Company Limited, Axis Capital Limited, BNP Paribas, DSP Merrill Lynch Limited, Citigroup Global Markets India Limited, Credit Suisse Securities (India) Private Limited, Goldman Sachs (India) Securities Private Limited, HDFC Bank Limited*, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, IIFL Securities Limited, Jefferies India Private Limited, JM Financial Limited, J.P. Morgan India Private Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, Nomura Financial Advisory and Securities (India) Private Limited, SBI Capital Markets Limited and UBS Securities India Private Limited. **In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 174(2) of the SEBI ICDR Regulations, HDFC Bank Limited will be involved only in marketing of the Issue.*
"CAN" or "Confirmation of Allocation Note"	Note or advice or intimation to the Successful Bidders confirming the Allocation of Eligible Securities to such Bidders after the determination of the Equity Issue Price, NCD Issue Price and Warrant Issue Price. Further, notification to the Successful Bidders confirming the Allocation of NCDs by the EBP through the EBP Platform will be construed as CAN for the purposes of NCDs.
"Closing Date"	The date on which Allotment of the Eligible Securities pursuant to the Issue shall be made, *i.e.* on August 11, 2020, consistent with the provisions of the Companies Act and rules made thereunder, the SEBI ICDR Regulations, the SEBI Debt Regulations, the SEBI EBP Circulars, the NCD Directions and other applicable law.
"Debenture Trustee"	IDBI Trusteeship Services Limited.
"Debenture Trustee Agreement"	The agreement dated August 5, 2020 entered into between the Debenture Trustee and our Company, setting out the terms of engagement of the Debenture Trustee for the purpose of the Issue.
"Debenture Trust Deed"	The debenture trust deed dated August 5, 2020, in terms of which the principal amount of the NCDs and all other monies payable in respect of the NCDs are secured only by way of Negative Lien on the Assets, to the extent of Asset Cover, in favour of the Debenture Trustee except to the extent of the charge created in favour of its depositors of the Company pursuant to the regulatory requirement under Section 29B of the NHB Act.
"Designated Bank Account"	The bank account designated by the Clearing Corporation for the purpose of receipt of the Bid Amount by the Eligible QIBs intending to subscribe to the NCDs.
"Designated Date"	The designated date shall mean the date on which the Securities are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Securities from the Stock Exchanges or the date on which the Form PAS-3 is filed by our Company with the RoC, whichever is later.
"EBP Platform"	Electronic Book Provider mechanism for issuance of debt securities on a private placement basis provided by the EBP Provider, as guided by the SEBI and governed in accordance with the NCD Operational Guidelines.
"EBP Provider"	NSE.
"Eligible FPI"	FPIs that are eligible to participate in the issuance of the Equity Shares and NCDs issued pursuant to this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices.
"Eligible Securities"	Equity Shares and/or NCDs and/or Warrants, as the case may be, to be issued pursuant to the Issue.
"Eligible QIBs"	(i) for Equity Shares, qualified institutional buyers, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which: (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; or (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue, (ii) for NCDs, qualified institutional buyers, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which has complied with the requirements prescribed under the SEBI EBP Circular and which (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; and (b) have not been prohibited or debarred by any

Term	Description
	regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue, (c) are not entities not being a person resident in India under the FEMA (as defined below), except Eligible FPIs, or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA, except Eligible FPIs; and (iii) for Warrants, qualified institutional buyers, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue, (c) are not entities not being a person resident in India under the FEMA, or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA.
"Equity Application Form"	The form (including any revisions thereof) pursuant to which an Eligible QIB submitted a Bid for the Equity Shares during the Issue Period.
"Equity Cash Escrow Account"	Equity Cash Escrow Account shall mean the non-interest bearing, no-lien, escrow bank account without any cheque book or overdraft facilities, opened in the name "*HDFC Limited- QIP Equity Shares Escrow Account*" with the Escrow Agent for the purposes of receiving monies with regard to subscription of the Equity Shares in relation to the Issue.
"Equity Floor Price"	The floor price of ₹ 1,838.94 per Equity Share with respect to Equity Shares to be issued in this Issue which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations.
"Escrow Account(s)"	The Escrow Account shall mean with regard to (a) any money received towards the subscription of the Equity Shares in the Issue, the Equity Cash Escrow Account; or (b) any money received towards the subscription of the Warrants, the Warrant Escrow Account. Escrow Accounts shall mean the Equity Cash Escrow Account and the Warrant Escrow Account, as applicable.
"Escrow Agent" / "Escrow Bank"	HDFC Bank Limited* **In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 174(2) of the SEBI ICDR Regulations, HDFC Bank Limited, as a BRLM will be involved only in marketing of the Issue.*
"Escrow Agreement"	Agreement dated August 5, 2020, entered into amongst our Company, the Escrow Bank and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders, in respect of issuance and allotment of the Equity Shares and the Warrants.
"Exercise Right"	The right of the Warrant holder to subscribe, at the option of the Warrant holder, by way of exchange of each Warrant at any time during the Warrant Exercise Period at the Warrant Exercise Price, in the manner set forth in, and on the terms and conditions of the Warrants, to 1(one) fully paid Equity Shares. For details, see '*Terms and Conditions of Warrants*' on page 286.
"Equity Issue Price"	₹ 1,760 per Equity Share.
"Floor Price"	Equity Floor Price or Warrant Floor Price, as the case may be.
"Issue"	The issue, offer and Allotment of the Eligible Securities to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013, PAS Rules, SEBI Debt Regulations and NCD Directions. The issuance of NCDs pursuant to this Issue will be undertaken through the Electronic Book Mechanism in accordance with the NCD Operational Guidelines.
"Issue Closing Date"	August 10, 2020, which was the last date up to which the Equity Application Form and the Warrant Application Form were accepted for the purpose of subscription to the Equity Shares or Warrants.
"Issue Opening Date"	August 5, 2020, the date on which the acceptance of the Equity Application Form and Warrant Application Form commenced by our Company or the Book Running Lead Managers on behalf of our Company.
"Issue Period"	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Bidders submitted their Bids for the purpose of subscription to the Equity Shares or Warrants, including any revision and/ or modification thereof.
"Issue Price"	Equity Issue Price, NCD Issue Price and Warrant Issue Price, as the case may be.
"Issue Size"	Issue of (i) 56,818,181 Equity Shares at Equity Issue Price aggregating to ₹ 100,000 million,

Term	Description
	(ii) 36,930 NCDs at the NCD Issue Price aggregating to ₹ 36,930 million, and (iii) 17,057,400 Warrants at the Warrant Issue Price and Warrant Exercise Price, assuming full conversion of the Warrants at the Warrant Exercise Price during the Warrant Exercise Period aggregating to ₹ 39,999.60 million.
"Mutual Fund"	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
"NCD Holder"	Any person who is Allotted or subsequently acquires NCDs.
"NCDs" or "Non-Convertible Debentures"	36,930 5.40% secured redeemable non-convertible debentures of face value of ₹ 1,000,000 each due on August 11, 2023.
"NCD Issue Price"	₹ 1,000,000 per NCD, being at par with the face value of the NCDs.
"NCD Operational Guidelines"	SEBI circular January 5, 2018 bearing reference number SEBI/HO/DDHS/CIR/P/2018/05, and SEBI circular dated August 16, 2018 bearing reference number SEBI/HO/DDHS/CIR/P/2018/122, together with the EBP Guidelines.
"Negative Lien"	The Assets, to the extent of the Asset Cover, would be exclusively earmarked for the payments required to be made under the Debentures and to the Debenture Trustee for the benefit of the Debenture Holders and the Debenture Trustee shall have a legal claim under the Debentures and interest on the Assets to the extent of the Asset Cover.
"Net Proceeds"	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue.
"NSE"	National Stock Exchange of India Limited.
"Pay-in Date"	In case of subscription to the NCDs, the date on which the Bid Amount is required to be remitted to the Designated Bank Account in accordance with the NCD Operational Guidelines.
"Placement Agreement"	Agreement dated August 5, 2020 entered into amongst our Company and the Book Running Lead Managers.
"Placement Document"	This placement document dated August 10, 2020 issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations, the SEBI Debt Regulations, the NCD Operational Guidelines and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder.
"Preliminary Placement Document"	The preliminary placement document dated August 5, 2020, issued in accordance with Chapter VI of the SEBI ICDR Regulations, the SEBI Debt Regulations, the NCD Operational Guidelines and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder.
"QIP"	This qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and the applicable sections of the Companies Act.
"Refund Amount"	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares or Warrants or who have not been Allotted NCDs for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue, in accordance with the procedure stipulated in the section titled "*Issue Procedure*" on page 303.
"Relevant Date"	(i) August 5, 2020, in case of Allotment of Equity Shares issued under this Issue, the date of the meeting in which the Board or the Committee of Directors – QIP 2020 decided to open this Issue; and (ii) August 5, 2020, in case of Allotment of Warrants, the date of the meeting in which the Board or the Committee of Directors – QIP 2020 decided to open this Issue.
"Rule 144A"	Rule 144A under the Securities Act.
"Share Transfer Agent to the Issue"	Housing Development Finance Corporation Limited.
"Successful Bidders"	The Bidders who have: (i) in case of subscription to the Equity Shares or Warrants, Bid at or above the Issue Price, duly paid the Bid Amount with the Application Form and who are Allocated Equity Shares or Warrants pursuant to the Issue; and (ii) in case of subscription to the NCDs, are Allocated the NCDs by the EBP Platform.
"U.S. QIB"	A "qualified institutional buyer" as defined in Rule 144A.
"Warrants"	Warrants being offered by way of this Issue each of which are exchangeable for 1 (one) Equity Share, during the Warrant Exercise Period at the Warrant Exercise Price.
"Warrant Application Form"	The application form (including any revisions thereof) pursuant to which an Eligible QIB submitted a bid for the Warrants during the Issue Period.
"Warrant Escrow Account"	The non-interest bearing, no-lien, escrow bank account without any cheque book or overdraft facilities, opened in the name "*HDFC Limited –Warrant Escrow Account*" with the Escrow Agent for the purposes of receiving monies with regard to subscription of the Warrants.
"Warrant Exercise Period"	The period of 36 months from the date of Allotment, during which the Warrants may be

Term	Description
	exercised *i.e.*, at any time during normal business hours up to 5.00 p.m., in Mumbai on or after the date of Allotment, *i.e.*, August 11, 2020, until August 10, 2023.
"Warrant Exercise Price"	₹ 2,165 per Warrant.
"Warrant Floor Price"	The floor price of ₹ 1,838.94 with respect to Equity Shares to be issued pursuant to exchange of Warrants which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations.
"Warrant Issue Price"	₹ 180 per Warrant.
"Working Day"	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India or a trading day of the Stock Exchanges, as applicable.

Industry related terms

Term	Description
"ALM"	Asset and liability management.
"ALM Guidelines"	Guidelines for Asset Liability Management System for HFCs issued *vide* circular NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010.
"AMC"	Asset management companies.
"AML"	Anti-money laundering.
"ATM"	Any Time Machine.
"AUM" or "Assets Under Management	Loans plus outstanding Loans Sold.
"Bankruptcy Code"	The Insolvency and Bankruptcy Code, 2016.
"Book value per share"	Shareholders' funds divided by number of outstanding shares as at the end of financial year.
"CAGR"	Compounded annual growth rate calculated as 1/nth root of (Ending value divided by beginning value) less one, where n is the count of years being considered.
"CAR"	Capital adequacy ratio.
"CIBIL"	Transunion CIBIL Limited (formerly, Credit Information Bureau (India) Limited).
"Cost to Income Ratio" or "Cost to Net Interest Income"	Operating expenses divided by Net Interest Income.
"CPLR"	Corporate Prime Lending Rate.
"CRAR"	Capital to risk-weighted asset ratio.
"CRISIL"	Credit Rating Information Services of India Limited.
"CRISIL Research Report" or "CRISIL Report"	CRISIL Research Report on NBFC Report 2019 and Housing Finance Report July 2020.
"CRE"	Commercial Real Estates.
"CRE-RH"	Commercial real estates residential housing.
"CRE – Others"	Commercial real estates residential housing – Others.
"Dividend percentage" or "dividend %"	Dividend per share divided by face value of the share.
"DRTs"	Debts Recovery Tribunals.
"DRT Act"	The Recovery of Debts and Bankruptcy Insolvency Resolution and Bankruptcy of Individuals and Partnership Firms Act, 1993.
"DTL"	Deferred tax liability.
"ECB"	External Commercial Borrowing.
"EMI"	Equated monthly installments.
"ESIRDA"	The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016.
"Fair Practices Code"	The Guidelines on Fair Practices Code for HFCs.
"Gross NPAs"	Gross non-performing assets in terms of the definition in the prudential norms applicable to HFCs issued by the National Housing Bank.
"Gross NPA %"	Gross NPA divided by gross advances.
"HFC"	Housing Finance Companies.
"HOFINET"	The Housing Finance Information Network.
"ICRA"	ICRA Limited.
"IFI"	Indian Financial Institution.
"Interest expense"	Interest spent.
"Interest income"	Interest earned.
"Interest coverage ratio"	Profit before tax for the year/period plus finance costs divided by finance cost

Term	Description
“IRDA”	The Insurance Regulatory and Development Authority of India
“IT”	Information technology
“KYC”	Know your customer
“LTV”	Loan to value.
“MBS”	Mortgage backed securities.
“MFI”	Micro Finance Institution.
“MTN Programme”	Medium Term Note Programme.
“NABARD”	National Bank for Agricultural and Rural Development.
“NBFC”	Non-banking financial company registered with the RBI.
“NBFC- D”	Deposit taking Non-Banking Financial Company.
“NBFC – MFI”	Non-Banking Financial Company – Micro Finance Institution.
“Net advances”	Gross advances less provisions against NPAs.
“Net interest income or NII”	Total revenue less finance cost.
“Net NPAs”	Gross Non-Performing assets less provisions made against the NPAs.
“Net NPA %”	Net NPAs divided by Net Advances.
“NHB”	National Housing Bank.
“NHB Act”	National Housing Bank Act, 1987.
“National Housing Bank Directions” or “NHB Directions” or “NHB Directions 2010” or “Directions”	Housing Finance Companies (National Housing Bank) Directions, 2010.
“NOF”	Net owned funds.
“NPA”	Non-performing asset.
“POS”	Principal only swaps.
“PMLA”	The Prevention of Money Laundering Act, 2002.
“PFRDA”	Pension Fund Regulatory and Development Authority.
“PSL”	Priority sector loan.
“RBI”	Reserve Bank of India.
“Recovery Agents Guidelines”	Guidelines formulated by NHB for Recovery Agents engaged by HFCs.
“Refinance Scheme”	Refinance Scheme for Housing Finance Companies, 2003.
“RPLR”	Retail Prime Lending Rate.
“SARFAESI Act”	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
"Securities Act"	The United States Securities Act of 1933, as amended.
“SFB”	Small Finance Bank.
“SEBI (ESOP) Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
“SFB Guidelines”	Guidelines issued by the RBI for licensing small finance banks in the private sector.
“SME”	Small and medium enterprises.
“Tier I Capital”	As per the NHB Directions, means an owned fund as reduced by investment in shares of other housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.
“Tier II Capital”	As per the NHB Directions, Tier II Capital includes the following: (i) preference shares (other than those compulsorily convertible into equity); (ii) revaluation reserves at discounted rate of fifty five percent; (iii) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (iv) hybrid debt; and (v) subordinated debt to the extent the aggregate does not exceed Tier-I capital.
“VaR”	Value-at-risk.

Conventional and general terms / Abbreviations

Term	Description
"AGM"	Annual general meeting.
"AIF(s)"	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
"AS"	Accounting Standards prescribed under the Companies Act.
"AY"	Assessment year.
"BSE"	BSE Limited.
"CCI"	Competition Commission of India.
"CDSL"	Central Depository Services (India) Limited.
"CIN"	Corporate Identity Number.
"CNX NIFTY"	CRISIL NSE Index.
"CSR"	Corporate social responsibility.
"Civil Procedure Code"	The Code of Civil Procedure, 1908.
"Companies Act, 1956"	The *erstwhile* Companies Act, 1956, along with the rules made thereunder.
"Companies Act"	Companies Act, 2013 and the rules, regulations, modifications, clarifications and amendments thereunder, to the extent notified.
"Competition Act"	The Competition Act, 2002.
"Consolidated FDI Policy"	Consolidated FDI policy issued by the Department of Industrial Policy and Promotion by circular D/o IPP F. No. 5(1)/2017-FC-1 of 2017, with effect from August 28, 2017.
"Depositories Act"	The Depositories Act, 1996.
"Depository"	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018.
"Depository Participant"	A depository participant as defined under the Depositories Act.
"DIN"	Director Identification Number.
"EGM"	Extraordinary general meeting.
"EHSMS"	Environmental, Health and Safety Management System.
"FDI"	Foreign direct investment.
"FDI Policy"	Consolidated FDI policy issued by the Department of Industrial Policy and Promotion by circular D/o IPP F. No. 5(1)/2017-FC-1 of 2017, with effect from August 28, 2017.
"FEMA"	The Foreign Exchange Management Act, 1999 and the regulations issued thereunder.
"FEMA Rules"	The Foreign Exchange Management (Non Debt Instruments) Rules, 2019 and any notifications, circulars or clarifications issued thereunder.
"Financial year" or "Fiscal Year" or "FY" or "Fiscal"	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year.
"Form PAS-4"	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014.
"FPI"	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
"FVCI"	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
"GAAR"	General Anti-Avoidance Rules.
"GDP"	Gross domestic product.
"GIR"	General index registrar.
"GoI"/ "Government"	Government of India, unless otherwise specified.
"HFC Corporate Governance Directions"	Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.
"HUF"	Hindu undivided family.
"ICAI"	The Institute of Chartered Accountants of India.
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board
"Ind AS"	Indian accounting standards converged with IFRS, as notified by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Rules, 2015 in its general statutory rules dated February 16, 2015.
"Indian GAAP"	Generally accepted accounting principles in India, including the accounting standards specified under the Companies (Accounts) Rules, 2014.
"IPC"	The Indian Penal Code, 1860.
"IT"	Information technology.
"Lac"/ "lakh"	Lakhs.
"NCD Directions"	Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement

Term	Description
	Basis (NHB) Directions, 2014.
"NRI" or "Non-Resident Indian"	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
"NSDL"	National Securities Depository Limited.
"NSE"	National Stock Exchange of India Limited.
"p.a."	Per annum.
"PAS Rules"	Companies (Prospectus and Allotment of Securities) Rules, 2014.
"RBI"	Reserve Bank of India.
"RBI Act"	The Reserve Bank of India Act, 1934.
"Regulation S"	Regulation S under the Securities Act.
"RoC"	Registrar of Companies, Maharashtra at Mumbai.
"₹" / "Rs." / "Rupees" / "INR"	Indian Rupees, the legal currency of the Republic of India.
"SCR (SECC) Rules"	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.
"SCRA"	Securities Contracts (Regulation) Act, 1956.
"SCRR"	Securities Contracts (Regulation) Rules, 1957.
"SEBI"	Securities and Exchange Board of India.
"SEBI Act"	The Securities and Exchange Board of India Act, 1992.
"SEBI FII Regulations"	The *erstwhile* Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
"SEBI FPI Regulations"	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
"SEBI Insider Trading Regulations"	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
"SEBI Listing Regulations"	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
"SEBI ICDR Regulations"	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
"SEBI Takeover Regulations"	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.
"SENSEX"	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies.
"SEZ"	Special economic zone.
"Stock Exchanges"	BSE and NSE, taken together.
"STT"	Securities transaction tax.
"Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.
"U.S.$ ", "U.S. dollar", or "USD"	United States Dollar, the legal currency of the United States.
"USA" "U.S. ", or "United States"	The United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia).
"VCF"	Venture capital fund.
"Wilful Defaulter"	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations.

Unless the content otherwise requires, the words and expressions used but not defined in this Placement Document will have the same meaning as assigned to such terms under the Companies Act, SEBI ICDR Regulations, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms specifically defined in this Placement Document, shall have the meanings given to such terms in the sections where specifically defined.

SUMMARY OF BUSINESS

The following information should be read together with the more detailed financial and other information included in this Placement Document, including the information contained in the section titled "Risk Factors" beginning on page 56 of this Placement Document.

*Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Research – NBFC Report released in India on September 15, 2019 and September 16, 2019, the CRISIL Housing Finance Report, released in India in July 2020 (the "**Reports**") and other publicly available information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Reports and included herein with respect to any particular year refers to such information for the relevant calendar year.*

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Housing Development Finance Corporation Limited on a standalone basis, while any reference to "we", "us", "our" or "our Group" is a reference to Housing Development Finance Corporation Limited on a consolidated basis.

Overview

Our Company was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956. Our Company has its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020, India and corporate office at HDFC House, H.T. Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai 400 020, India. Our Company is registered with CIN L70100MH1977PLC019916. Our Company's initial public offering was undertaken in 1978 and its equity shares are listed and traded on BSE and NSE and our Company's Synthetic INR denominated bonds are listed on the London Stock Exchange.

Our Company's non-convertible debentures and commercial paper are listed on the wholesale debt market segments of BSE and/or NSE.

Our Company is the first specialised mortgage finance company to be set up in India. *(Source: the Reports).* Our Company's principal business is providing finance to individuals, developers and corporates for the purchase, repair, construction, and development of residential and commercial properties in India.

Our Company's product range includes loans for purchase and construction of residential units, home improvement loans, home extension loans, non-residential premises loans and loans against property, while its flexible repayment options include Step Up Repayment Facility ("**SURF**") and Flexible Loan Instalment Plan ("**FLIP**"). Our Company also has specialized products such as 'HDFC Reach' which addresses the housing needs of the informal sector and micro entrepreneurs and 'HDFC Rural Loans' which focuses on customers with rural incomes or acquiring homes in rural and peripheral areas. Our Company offers housing finance solutions for customers across all income ranges.

Our Company is predominantly a retail mortgage finance company, however over the years, it has evolved as a financial conglomerate with interests beyond mortgages. Our Company is the holding company for investments in its associate and subsidiary companies and through them, our Company has diversified into different sectors such as, banking, insurance, asset management, education finance and property funds.

Some of the key wholly-owned subsidiaries of our Company are: HDFC Sales Private Limited ("**HSPL**"), a financial services distribution company, HDFC Credila Financial Services Private Limited ("**HDFC Credila**"), a dedicated education loan company, HDFC Property Ventures Limited ("**HDFC Property**") and HDFC Capital Advisors Limited ("**HDFC Capital Advisors**"), both of which are investment advisors and asset managers. Our Company is a majority shareholder with a shareholding of 50.1 per cent. in HDFC Life Insurance Company Limited ("**HDFC Life**"), a life insurance firm that ranks first in new business premium amongst private players. Our Company has a shareholding of 52.7 per cent in HDFC Asset Management Company Limited ("**HDFC AMC**"), one of India's largest asset management companies and a shareholding of 50.5 per cent in HDFC Ergo General Insurance Company Limited ("**HDFC Ergo**"), one of the top three private players in general insurance in India. Our Company, together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited has a 21.2 per cent shareholding in HDFC Bank one of India's leading private sector banks. The shareholding of our Company in the above mentioned subsidiaries and associate are as on June 30, 2020.

Distribution channels form an integral part of our Company's distribution network with home loans being distributed through HSPL, HDFC Bank and third party direct selling associates. As of March 31, 2020, our Company's network comprised 584 outlets, which included 205 offices of its wholly-owned distribution subsidiary, HSPL. HDFCs have opened all their offices, however due to the Covid-19 pandemic, local authority directions have meant some offices must be closed. On average on or around 40 offices are temporarily shut at one time across India as various locations enter in and out of lockdown. Our Company also has an online digital platform for loans available on www.hdfc.com.

Our Company's business is conducted through its branches in India and its representative offices overseas where our Company offers its products to non-resident Indians ("**NRIs**") for residential premises in India. Our Company's representative offices overseas are in London, Singapore and Dubai and our Company also has service associates in the Middle East.

As at June 30, 2020, 70 per cent. of our Company's share capital was held by foreign investors, 19 per cent. by domestic institutional investors including insurance companies, mutual funds, financial institutions and banks, 9 per cent. by individuals and 2 per cent. by private companies. The market capitalisation of our Company as at June 30, 2020 stood at US$ 40.00 billion.

As of Fiscal 2020, our Company's capital adequacy ratio was 17.6 per cent. and Tier 1 Capital stood at 16.4. per cent. As of June 30, 2020, our Company's capital adequacy ratio was 17.3 per cent and Tier 1 Capital stood at 16.2 per cent. The National Housing Bank ("**NHB**") requires housing finance companies ("**HFCs**") to have a minimum capital adequacy ratio of 13 per cent of which the minimum Tier 1 capital is 10 per cent. for Fiscal 2020. These minimum capital requirements will be progressively increased to 14 per cent. by March, 31 2021 and 15 per cent by March, 31 2022 for the overall capital adequacy requirement based on the directions issued by NHB.

A snapshot of the business of our Company as of March 31, 2020 is as follows:

Assets Under Management	₹ 5,167.73 billion US$ 68.29 billion
Individual Loans Originated CAGR (five years)............................	18 per cent.
Cumulative Housing Units Financed	7.7 million
Total loan write offs since inception (of cumulative disbursements)	14 basis points
Unrealised gains on listed investments in subsidiary & associate companies	₹ 1,544.61 billion US$ 20.41 billion

Competitive Strengths

We believe that the following are the strengths of our Company that give our Company a competitive advantage as a provider of housing finance in the Indian market:

- amongst the lowest levels of non-performing assets ("**NPAs**") in the industry due to:
  - prudence in lending;
  - efficient recovery mechanisms; and
  - efficient and robust operating process;
- well diversified assets and liabilities mix;
- low average loan to value and instalment to income ratios;
- steady level of loan prepayments;

- pan-Indian presence; and
- quality underwriting with experience of over 40 years

Our Company's corporate strengths are:

- strong brand and a large customer base of home loan customers and depositors. Retail Loans customers comprise resident individuals and non- resident Indians ("**NRI**s"). Non Individuals borrowers include corporates and developers;
- cumulatively financed over 7.7 million housing units since our Company's incorporation;
- stable and experienced management, with the average tenor of senior management of our Company being over 30 years;
- low cost income ratio (cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income), and does not factor in expenses towards CSRE and ESOS): as of March 31, 2020, the cost income ratio was 9.0 per cent.;
- high service standards and quality customer service;
- access to diversified funding sources, including retail deposits; and
- diverse presence across segments of financial services through its subsidiaries and associates.

Objectives and Strategies

Objectives

Our Company's primary objective is to enhance the residential housing stock in India through the provision of housing finance on a systematic and professional basis and to promote home ownership throughout India. Our Company has contributed to increasing flow of resources to the housing sector by integrating the housing finance sector with the overall domestic financial markets.

Our Company's primary business objectives are to:

- maintain its position as the leading housing finance institution in India;
- develop close relationships with individual households and enhance its customer relationships;
- transform ideas for housing finance into viable and creative solutions;
- grow through diversification by leveraging its client base;
- grow the Loans in a prudent and sustainable manner;
- maintain asset quality;
- minimise the cost to income ratio for operational efficiencies;
- diversify its funding profile;
- create long-term shareholder value; and

- maintain adequate levels of capital to fund capital requirements of its subsidiaries and associates, and seek inorganic growth opportunities.

Strategy

The significantly low mortgage penetration in India implies room for ample growth. Mortgages represented 10 per cent. of nominal GDP in India as of March 31, 2020, compared to 18 per cent. in China and 67 per cent. in the United Kingdom. (*Source: HOFINET & the Reports*).

Our Company's growth strategies are based on the following principles:

- *Create long-term shareholder value*: Our Company seeks to continue creating long-term shareholder value through the mortgage finance business as well as through its investments in subsidiaries and associates. Our Company believes there could be inorganic growth opportunities and will continue to invest in its subsidiary and associate companies to support their expansion plans.

- *Grow the Loans in a prudent and sustainable manner*: our Company will continue growing Loans keeping in mind the need to preserve asset quality. The total growth of Assets Under Management for Fiscal 2020 was 12 per cent.; individual Loans grew 14 per cent., and growth in individual Loans gross of Loans Sold during the preceding 12 months grew 21 per cent., and growth in Loans gross of Loans Sold during the preceding 12 months was 17 per cent. As at June 30, 2020 growth in Assets Under Management was 12 per cent.;the growth in individual Loans, after adding back Loans Sold in the preceding 12 months was 17 per cent., and the growth in total loans after adding back Loans Sold was 16 per cent.

- *Maintain low gross Non-Performing Assets:* as of Fiscal 2020, our Company's gross non-performing Loans stood at 1.99 per cent, which is amongst the lowest across the financial sector in India. Our Company has always been prudent in its provisioning norms. The NHB by its prudential norms requires our Company to carry a provision of ₹ 42 billion. The impairment loss allowance (expected credit loss) carried by our Company stood at ₹ 110 billion which is more than twice the amount of the required provision.

- *Maintain a low cost to income ratio by improving operational efficiency*: our Company aims to have a cost income ratio of under 10.0 per cent. A reflection of operational efficiency is best depicted in the cost to income ratio cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income), and does not factor in expenses towards CSRE and ESOS) that stood at 9.0 per cent for Fiscal 2020. Our Company has always been prudent and careful in managing its administration expenses and has capitalised on technology through various digitalisation initiatives to bring in overall cost efficiencies in the operations of the business.

  Analysts, investors, management and other interested parties frequently use cost to income ratio as a performance measure, and our management believes that providing this non-GAAP financial measure allows investors to make additional comparisons between our operating results and those of other companies and to understand our ongoing operations. Non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. Accordingly, these non-GAAP financial measures should be carefully evaluated.

Housing for All

The Government of India has introduced various schemes to encourage homeownership, through its flagship programme “Pradhan Mantri Awas Yojana – Housing for All by 2022” ("**PMAY**"). One of the key components under the PMAY is the Credit Linked Subsidy Scheme ("**CLSS**") where the Government of India gives first-time homebuyers from economically weaker sections, low income group and middle-income groups an upfront interest subsidy from on the purchase of a home. The upfront interest subsidy scheme is beneficial as it helps reduce the equated amount of the monthly instalment. Our Company has the largest number of home loan customers who have used the benefits under the CLSS.

Key Features of the CLSS

	Demographic		
	Economically Weaker/ Low Income Group	**Middle Income Group I**	**Middle Income Group II**
Household Income p.a.	Up to ₹ 600,000	₹ > 600,000 up to 1,200,000 (US$ 8,000 to 15,900)	> ₹ 1,200,000 to 1,800,000 (> US$ 15,900 to 23,000)
Property size (up to sq mtrs)	60	160	200
Eligible Loan amount	₹ 600,000 (US$ 8,000)	₹ 900,000 (US$ 11,900)	₹ 1,200,000 (US$ 15,900)
Maximum amount of loan qualifying for subsidy	6.50%	4%	3%
Subsidy under CLSS[(1)]	₹ 267,280 (US$ 3,500)	₹, 235,068 (US$ 3,100)	₹ 230,156 (US$3,000)

(1) NPV discount rate at 9 per cent. for 20 years.

Our Company has pursued its efforts towards lending to the Economically Weaker Section, Low Income Group and Middle Income Group segments.

In Fiscal 2020 our Company's loan approvals and thrust towards affordable housing was as follows:

	Individual Loans approved for Fiscal (percentages)			
	2019		**2020**	
	per cent in Value Terms	**per cent in Number Terms**	**per cent in Value Terms**	**per cent in Number Terms**
High Income Group	36	16	36	17
Middle Income Group	46	47	46	47
Low Income Group	16	30	16	30
Economically Weaker Section	2	7	2	6
Total	**100**	**100**	**100**	**100**

As of June 30, 2020, 37 per cent. of home Loans approved in volume terms and 19 per cent. in value terms have been to customers from the Economically Weaker Section and Low Income Groups.

The household income definitions are as follows:

- *Economically Weaker Section: Up to ₹ 0.3 million p.a*
- *Low Income Group: Above ₹ 0.3 million to ₹ 0.6 million p.a.*
- *Middle Income Group: Above ₹ 0.6 million to ₹ 1.8 million p.a.*
- *High Income Group: Above ₹ 1.8 million p.a.*

SUMMARY OF THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "*Terms and Conditions of NCDs*", "*Terms and Conditions of Warrants*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Securities*" on pages 278, 286, 91, 329, 303 and 348, respectively. For a discussion of factors that you should consider before investing in the Equity Shares, NCDs and Warrants, see "*Risk Factors*" on pages 80, 85 and 86, respectively.

Our Company is issuing 56,818,181 Equity Shares at Equity Issue Price aggregating to ₹ 100,000 million, 36,930 NCDs at the NCD Issue Price aggregating to ₹ 36,930 million and 17,057,400 Warrants at the Warrant Issue Price and Warrant Exercise Price, assuming full conversion of the Warrants at the Warrant Exercise Price during the Warrant Exercise Period aggregating to ₹ 39,999.60 million.

Equity Shares	
Issuer	Housing Development Finance Corporation Limited.
Equity Issue Price	₹ 1,760 per Equity Share.
Face Value	₹ 2 per Equity Share.
Equity Floor Price	₹ 1,838.94 per Equity Share. In terms of the SEBI ICDR Regulations, the Equity Issue Price cannot be lower than the Equity Floor Price.
Equity Issue Size	Issue of 56,818,181 Equity Shares, aggregating to ₹ 100,000 million. A minimum of 10% of the Equity Issue Size *i.e.*, 5,681,819 Equity Shares was available for Allocation to Mutual Funds only and the balance 51,136,362 Equity Shares was available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of resolutions passed by the Board and the Committee of Directors	Resolutions dated June 8, 2020 and July 30, 2020 passed by the Board of Directors and resolution dated June 19, 2020 passed by the Committee of Directors.
Date of Shareholders' Resolution passed by way of postal ballot	July 21, 2020 passed by the Shareholders' of our Company by way of postal ballot. Further, the borrowing limits of ₹ 5,000,000 million have been duly authorised by a resolution passed by the equity shareholders of our Company at the 41st annual general meeting held on July 30, 2018.
Eligible investors	The list of Eligible QIBs to whom the Preliminary Placement Document and Equity Application Form were delivered, which was determined by our Company in consultation with the Book Running Lead Managers. Please see sections "*Issue Procedure – Issue procedure for Equity Shares and Warrants - Eligible QIBs*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 316, 331 and 341, respectively, of this Placement Document.
Dividend	Please see sections "*Dividends*", "*Description of the Securities*" and "*Taxation*" on pages 140, 348 and 353, respectively.
Indian Taxation	Please see section "*Taxation*" on page 353.
Equity Shares issued and outstanding immediately prior to the Issue	1,734,608,807 Equity Shares.
Equity Shares issued and outstanding immediately after the Issue*	1,791,426,988 Equity Shares.
Issue Procedure	This Issue of Equity Shares is being made only to Eligible QIBs in reliance on

	Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 303.	
Listing and trading	In-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Eligible Securities and the Equity Shares to be issued upon exercise of the Warrants pursuant to the Issue have been received from both BSE and NSE on August 5, 2020. Our Company will make applications to each of the Stock Exchanges after Allotment and after credit of Equity Shares to the relevant beneficiary accounts with the Depository Participants, to obtain final listing and trading approval for the Equity Shares.	
Transferability Restrictions	The Equity Shares to be issued pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the recognized Stock Exchanges. The Equity Shares are also subject to certain other restrictions on transferability. Please see the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 331 and 341, respectively.	
Use of Proceeds	Please see the section "*Use of Proceeds*" on page 91 for information regarding the use of net proceeds from the Issue.	
Closing Date	The date on which Allotment of the Equity Shares shall be made, *i.e.* on August 11, 2020.	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company and the Equity Shares issued pursuant to exchange of Warrants, including rights in respect of dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Issue Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see sections "*Dividends*" and "*Description of the Securities*" on pages 140 and 348, respectively.	
Security Codes for the Equity Shares	ISIN	INE001A01036
	BSE Code	500010
	NSE Code	HDFC

** Not accounting for Equity Shares to be issued on exchange of the Warrants issued pursuant to this Issue.*

Secured redeemable non-convertible debentures	
Issuer	Housing Development Finance Corporation Limited.
Type of instrument	Secured redeemable non-convertible debentures of the face value of ₹ 1,000,000 each.
Nature of Instrument	Secured.
Seniority	Senior.
Face Value	₹ 1,000,000 per NCD.
NCD Issue Price	₹ 1,000,000 per NCD.
NCD Issue size	₹ 20,000 million. ^
Security Name	HDFC NCD Issue August 2023.
Eligible Investors for NCDs	Eligible QIBs who are (a) are not excluded pursuant to Regulation 179 of the

	SEBI ICDR Regulations; and (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue, (c) are not entities not being a person resident in India under the FEMA (as defined below), except Eligible FPIs, or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA, except Eligible FPI. Further, Eligible QIBs which are (a) an entity not being a person resident in India under the FEMA, except FPIs; or (b) 'owned' or 'controlled' by non-residents/ persons resident outside India, as defined under the FEMA, are not eligible to Bid for NCDs, except FPIs.
Objects of the Issue	Please see the section "*Use of Proceeds*" on page 91 for information regarding the use of net proceeds from the Issue.
Details of the utilization of the proceeds	Please see the section "*Use of Proceeds*" on page 91 for information regarding the use of net proceeds from the Issue.
Minimum Bid and in multiples of, thereafter	10 NCD(s) of ₹ 1,000,000 and in multiple of 1 NCD thereafter.
Redemption Date	August 11, 2023.
Redemption Amount	₹ 1,000,000 per NCD.
Redemption Premium /Discount	None.
Interest on Application Money	Interest shall be payable on the application money for the NCDs in respect of all valid applications, including refunds (subject to deduction of income tax under the provisions of the I.T Act, or any other statutory modification or re-enactment thereof, as applicable) to all applicants from the date of electronic transfer of funds up to one day prior to the Closing Date. This interest shall be calculated on an actual-by-365 days a year basis. The interest on application money shall be paid along with the refund orders where entire subscription amount is refunded and where an applicant is allotted lesser NCDs than applied for, the interest on application money shall be paid along with the refund of excess amount paid on application.
Default Interest Rate	In the Event of Default in the regular payments in respect of the NCDs on the due dates as stated in the section titled "*Terms and Conditions of NCDs – Interest Rate"* on page 280, additional interest of 2% per annum payable monthly shall become due and payable over the monies due for the period of default.
Tenor	36 months from the deemed date of Allotment/Closing Date.
Security	Please see section entitled "*Terms and Conditions of NCDs- Security*" on page 282.
Ranking	The NCDs constitute direct and secured obligations of our Company and shall rank *pari passu inter se* and without any preference or priority among themselves. Subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, the NCDs shall also, as regards the principal amount of the NCDs, interest, early redemption amount and all other monies secured in respect of the NCDs, rank *pari passu* with all other present, direct, unconditional, secured and unsubordinated obligations of our Company.
Governing law and jurisdiction	The NCDs are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the exclusive jurisdiction of district courts/tribunals of Mumbai.
Mode of Issue	Private placement as part of a QIP, with the NCDs being issued along with Warrants.
Listing	Our Company has received in-principle approvals for the listing of the NCDs on the WDM segment of Stock Exchanges from both BSE and NSE on August 5, 2020.

	The NCDs shall be listed on the WDM of BSE and NSE, within 15 (fifteen) days from the Closing Date.
Rating of the Instrument	Rated by CRISIL as AAA with Stable Outlook and ICRA as AAA with Stable Outlook.
Option to retain oversubscription (Amount)	₹ 50,000 million.*
Coupon Rate	5.40% p.a.
Bid Opening Date	August 10, 2020.
Bid Closing Date	August 10, 2020.
Manner of Bidding	Open, in accordance with the SEBI EBP Circulars.
Manner of Allotment	Uniform yield allotment, in accordance with the SEBI EBP Circulars.
Step up/ Step down Coupon Rate	None.
Coupon Payment Frequency	Annual.
Coupon Payment Dates	August 11^{th} every year till Redemption Date.
Coupon Type	Fixed.
Coupon Reset Process	None.
Day Count Basis	Actual/ Actual.
Discount at which security is issued and the effective yield as a result of such discount	None.
Put date	N.A.
Put price	N.A.
Call date	N.A.
Call price	N.A.
Put notification time	N.A.
Call notification time	N.A.
Pay-in date	August 11, 2020
Deemed date of this allotment/Closing Date	August 11, 2020.
Issuance mode of the instrument	In dematerialized form only.
Trading mode of the instrument	In dematerialized form only.
Settlement mode of the instrument	RTGS/NEFT/Fund Transfer.
Manner of Settlement	Clearing Corporation Mechanism.
Settlement Cycle	T+1, where T is Bid Closing Date.
Depository	NSDL and CDSL.
Business day convention	If the Interest Payment Date or the Maturity Date or early redemption date falls on a day which is not a Business Day, then the following shall be applicable: (a) In the event that any Interest Payment Date falls on a day which is not a Business Day, the interest payable on such date shall be paid on the immediately succeeding Business Day; (b) In the event that the Maturity Date falls on a day which is not a Business Day, the redemption amount shall be paid along with the accrued Interest on the immediately preceding Business Day. It is hereby clarified that the future Interest Payment Date would remain as per the schedule originally stipulated at the time of issuing the NCDs.
Record date	15 days prior to each Interest Payment Date/Maturity Date.
Transaction documents	Our Company has arranged to execute/ executed/ shall execute the documents including but not limited to the following in connection with the Issue: (i) Consent letter from July 31, 2020 to act as Debenture Trustee for the Issue;

	(ii) Rating Letter by CRISIL and ICRA; (iii) Tripartite Agreement among our Company, the registrar and NSDL and CDSL for offering Depository option to the Investors; (iv) Listing agreement between our Company and the Stock Exchanges; (v) Agreement executed dated June 30, 2016 between our Company and the EBP Provider; (vi) Debenture Trustee Agreement; and (vii) Debenture Trust Deed. Any other documents as customary to the nature of such instruments as mutually agreeable to our Company and the Debenture Trustee.
Other Terms	With reference to the Notification bearing No. RBI/2011-12/423 A.P. (DIR Series) Circular No. 89 dated March 1, 2012 issued by Reserve Bank of India, Foreign Exchange Department, Central Office, Mumbai – 400 001 in respect of investment by Foreign Institutional Investors (now, FPIs) in 'to be listed' debt securities, our Company confirms that the NCDs will be listed within 15 days from the Closing Date. In case the NCDs are not listed within 15 days from the Closing Date, for any reason, to the extent that the NCDs are issued to FPIs, our Company would immediately redeem the debentures from such FPIs).
Conditions precedent to disbursement	None.
Condition subsequent to disbursement	None.
Events of default	See "*Terms and Conditions of NCDs- Events of Default*" on page 281.
Delay in Listing	See "*Terms and Conditions of NCDs - Interest*" on page 280.
Provisions related to cross default clause	N.A.
Role and responsibilities of Debenture Trustee	As per the SEBI (Debenture Trustee) Regulations, 1993, as amended, the Debenture Trustee Agreement and the Debenture Trust Deed.
Transferability Restriction	The NCDs to be issued and Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details on further transfer restrictions, see "*Transfer Restrictions and Purchaser Representations*" on page 341.
Use of Proceeds	Please see the section "*Use of Proceeds*" on page 91 for information regarding the use of net proceeds from the Issue.
ISIN	Our Company is in the process of obtaining ISIN.
Arrangers authorised for the Issue, if any	Kotak Mahindra Bank Limited, Axis Bank Limited, ICICI Bank Limited, JM Financial limited and Morgan Stanley India Company Limited.

^ *In addition to the base Issue size of ₹ 20,000 million, our Company had the option to retain oversubscription of up to ₹ 50,000 million. Pursuant to the Issue, our Company has decided to retain an oversubscription of ₹ 16,930 million. Pursuant to this, the total NCD Issue size aggregates to ₹ 36,930 million.*

******Pursuant to the Issue, our Company has decided to retain an oversubscription of ₹ 16,930 million. Pursuant to this, the total NCD Issue size aggregates to ₹ 36,930 million.*

Disclosures pertaining to Wilful Default

No bank or financial institution has declared our Company, our directors as a Wilful Defaulter.

No bank or financial institution has declared our Company or our directors as a Wilful Defaulter. Further details are set out below:

(a) *Name of the bank declaring the entity as a wilful defaulter*: NA;
(b) *The year in which the entity is declared as a wilful defaulter*: NA;
(c) *Outstanding amount when the entity is declared as a wilful defaulter*: NA;
(d) *Name of the entity declared as a wilful defaulter*: NA;
(e) *Steps taken, if any, for the removal from the list of wilful defaulters*: NA;

(f) *Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions*: NA;
(g) *Any other disclosure as specified by the Board*: NA.

Banking Details:

Name of the Bank	HDFC Bank Limited.
IFSC	HDFC0000060.
Current Account No	NSCCL/NSE Clearing Ltd as mentioned in the NSE EBP portal.
Name of the Beneficiary	NSE Clearing Limited.

Company	Housing Development Finance Corporation Limited.
Face value (per security)	₹ 1,000,000 per NCD.
Issue Date/Date of Allotment*	August 11, 2020.
Redemption date	August 11, 2023.
Coupon Rate	5.40% p.a.
Frequency of the Interest Payment with specified dates	Annually August 11th every year till Redemption Date.
Day Count Convention	Actual/ Actual.

*Our Company reserves the right to change the NCD timetable.

Cash flows in respect of NCDs of face value of ₹ 1,000,000

Cash Flows	Date	No. of days in Coupon Period	Amount (in ₹)
1st Coupon	Wednesday, August 11, 2021	365	54,000
2nd Coupon	Thursday, August 11, 2022	365	54,000
3rd Coupon	Friday, August 11, 2023	365	54,000
Principal	Friday, August 11, 2023		1,000,000
Total			1,162,000

The above table is illustrative and indicative. The actual dates and maturity amount will be in accordance to and in compliance with the provisions of SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013, and further circulars issued from time to time, giving effect to the business day convention set out above.

Warrants	
Issuer	Housing Development Finance Corporation Limited.
Type of instrument	Warrants of our Company that entitle the Warrant holder to apply for one Equity Share for one Warrant held at the Warrant Exercise Price at any time during the Warrant Exercise Period.
Warrant Issue Price	₹ 180 per Warrant.
Warrant Exercise Price	₹ 2,165 per Warrant.
Warrant Exercise Ratio	One Equity Share for one Warrant.
Warrant Floor Price	The floor price with respect to Equity Shares to be issued pursuant to exchange of Warrants, calculated in accordance with Regulation 176 under Chapter VI of the SEBI ICDR Regulations, is ₹ 1,838.94. In terms of the SEBI ICDR Regulations, the sum of the Warrant Issue Price and the Warrant Exercise Price cannot be lower than the Warrant Floor Price.
Eligible investors for Warrants	Eligible QIBs which are eligible to participate in the Issue and who are (i) not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (ii) not restricted from participating in the Issue under applicable law,

Warrants	
	including the SEBI ICDR Regulations. Further, Eligible QIBs which are (a) an entity not being a person resident in India under the FEMA; or (b) 'owned' or 'controlled' by non-residents/ persons resident outside India, as defined under the FEMA, are not eligible to Bid for Warrants. The list of Eligible QIBs to whom the Preliminary Placement Document and Warrant Application Form were delivered, as determined by the Book Running Lead Managers in consultation with our Company. For details, see "*Issue Procedure – Qualified Institutional Buyers*" on page 316.
Minimum subscription	600 Warrants or in multiples thereof.* **The minimum trading lot shall be ₹ 100,000.*
Warrant Exercise Period	The period of 36 months from the date of Allotment, during which the Warrants may be exercised *i.e.*, at any time during normal business hours up to 5.00 p.m., in Mumbai on or after the date of Allotment, *i.e.*, August 11, 2020, until August 10, 2023.
Adjustments to Warrant Exercise Price and quantum of Warrants	See "*Terms and Conditions of Warrants - Adjustments to Warrant Exercise Price and quantum of Warrants*" on page 291.
Equity Shares issued and outstanding immediately prior to this Issue	1,734,608,807 Equity Shares.
Equity Shares to be issued on exercise of Warrants*	17,057,400 Equity Shares.
Equity Shares issued and outstanding immediately pursuant to exchange of Warrants during the Warrant Exercise Period#	1,808,484,388 Equity Shares.
Ranking	The Warrants constitute direct, unsubordinated, unconditional and unsecured obligations of our Company and shall, at all times, rank *pari passu* and without any preference or priority among themselves and shall also rank *pari passu* with all other present and future direct, unsubordinated, unconditional and unsecured obligations of our Company (subject to any obligations preferred under mandatory provisions of the law prevailing from time to time). The Equity Shares to be issued upon exchange of Warrants shall be subject to the provisions of our Company's Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The Shareholders will be entitled to participate in dividends and other corporate benefits in compliance with the Companies Act. Shareholders may attend and vote in Shareholders' meetings on the basis of one vote for every Equity Share held. See "*Description of the Securities*" on 343.
Governing law	Indian law.
Form of issuance	In dematerialized form only.
Listing	Our Company has received in-principle approvals for the listing of the Warrants on the Stock Exchanges and Equity Shares to be allotted on exercise of Warrants, from both BSE and NSE on August 5, 2020.
Trading	The trading of the Warrants would be in dematerialized form.
Depositories	NSDL and CDSL.
Transferability restrictions	The Warrants to be issued and Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the

Warrants	
	Stock Exchanges. For details on further transfer restrictions, see "*Transfer Restrictions and Purchaser Representations*" on page 341. The Warrants will not be issued to, or subsequent to receipt of listing and trading approvals from the Stock Exchanges, subject to applicable law, the Warrants cannot be transferred to persons not resident in India in terms of applicable FEMA Rules (including FPIs) or entities which are 'owned' or 'controlled' by non-residents/persons resident outside India.
Use of proceeds	For details regarding use of net proceeds of this Issue, see "*Use of Proceeds*" on page 91.
Closing Date	The date on which Allotment of the Warrants offered pursuant to this Issue shall be made, *i.e.*, on August 11, 2020.
ISIN	Our Company is in the process of obtaining ISIN.

#*Assuming Allotment of Equity Shares pursuant to the Issue and that all Warrants have been exercised during the Warrant Exercise Period at Warrant Exercise Price.*

SELECTED FINANCIAL INFORMATION

Our selected financial information for Fiscal 2020 has been derived from, and should be read in conjunction with, our audited financial statements for this period included in this Placement Document. Our selected financial information for Fiscal 2019 has been derived from, and should be read in conjunction with, the corresponding / comparative Ind AS financial statements presented in the audited consolidated financial statements for Fiscal 2020 (figures for Fiscal 2019 have been regrouped to make them comparable with figures for Fiscal 2020). Our selected financial information for Fiscal 2018 has been derived from, and should be read in conjunction with, the corresponding / comparative Ind AS financial statements presented in the audited financial statements for Fiscal 2019. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 141, for further discussion and analysis of the Audited Consolidated Financial Statements of our Company.

For consistency with the Audited Standalone Financial Statements and Audited Consolidated Financial Statements, the following financial information is presented in Crore [₹]. One crore is equivalent to 10,000,000.

Standalone Balance Sheet Information

	Particulars	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2018**
		₹ in Crore	₹ in Crore	₹ in Crore
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and Cash Equivalents	3,141.88	360.80	1,232.14
(b)	Bank Balances other than (a) above	283.81	1,235.46	252.93
(c)	Derivative Financial Instruments	5,709.28	1,403.35	456.25
(d)	Receivables			
	(i) Trade Receivables	230.06	186.86	103.45
	(ii) Other Receivables	-	-	-
(e)	Loans	439,943.28	400,759.63	357,380.86
(f)	Investments	64,944.37	46,240.35	30,716.73
(g)	Other Financial Assets	2,742.01	3,894.34	2,784.07
	Total Financial Assets	**516,994.69**	**454,080.79**	**392,926.43**
(2)	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	3,101.78	2,750.18	3,376.87
(b)	Deferred Tax Assets (Net)	1,567.94	830.91	1,279.50
(c)	Investment Property	890.43	321.32	395.13
(d)	Property, Plant and Equipment	986.10	644.23	639.71
(e)	Other Intangible Assets	362.85	7.10	4.79
(f)	Other Non-Financial Assets	189.77	143.02	117.07
(g)	Non-Current Assets held for sale	-	-	170.09
	Total Non-Financial Assets	**7,098.87**	**4,696.76**	**5,983.16**
	Total Assets	**524,093.56**	**458,777.55**	**398,909.59**

Standalone Balance Sheet Information (continued)

	Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Derivative Financial Instruments	320.67	164.75	510.04
(b)	Payables			
	(A) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises	3.90	1.47	0.19
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	192.90	188.70	207.40
	(B) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Debt Securities	176,868.71	177,566.91	176,144.55
(d)	Borrowings (Other than Debt Securities)	104,908.64	77,548.54	46,802.44
(e)	Deposits	132,324.29	105,598.94	91,268.70
(f)	Subordinated Liabilities	5,000.00	5,500.00	5,500.00
(g)	Other Financial Liabilities	15,896.48	13,720.49	12,277.14
	Total Financial Liabilities	**435,515.59**	**380,289.80**	**332,710.46**
(2)	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	192.90	146.43	91.84
(b)	Provisions	260.54	209.55	182.54
(c)	Other Non-Financial Liabilities	1,966.47	776.30	659.84
	Total Non-Financial Liabilities	**2,419.91**	**1,132.28**	**934.22**
	Total Liabilities	**437,935.50**	**381,422.08**	**333,644.68**
(3)	**EQUITY**			
(a)	Equity Share Capital	346.41	344.29	335.18
(b)	Other Equity	85,811.65	77,011.18	64,929.73
	Total Equity	**86,158.06**	**77,355.47**	**65,264.91**
	Total Liabilities and Equity	**524,093.56**	**458,777.55**	**398,909.59**

Standalone Statement of Profit and Loss Information

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
	Revenue from Operations			
(i)	Interest Income	42,647.12	38,335.18	32,699.18
(ii)	Surplus from deployment in Cash Management Schemes of Mutual Funds	1,102.21	943.79	433.90
(iii)	Dividend Income	1,080.68	1,130.64	1,079.28
(iv)	Rental Income	70.36	65.07	61.80
(v)	Fees and Commission Income	192.78	182.41	163.10
(vi)	Net Gain on Fair Value Changes	9,119.04	552.11	109.25
(vii)	Profit on Sale of Investments	3,523.75	1,212.35	5,609.00
(viii)	Profit on Sale of Investments Properties	35.11	66.50	-
(ix)	Income on Derecognised (assigned) Loans	967.87	859.99	533.71
(I)	**Total Revenue from Operations**	**58,738.92**	**43,348.04**	**40,689.22**
(II)	Other Income	24.42	29.97	18.27
(III)	**Total Income (I + II)**	**58,763.34**	**43,378.01**	**40,707.49**
	Expenses			
(i)	Finance Cost	31,001.36	27,837.67	23,497.98
(ii)	Impairment on Financial Instruments (Expected Credit Loss)	5,913.10	935.00	2,115.00
(iii)	Employee Benefit Expenses	592.92	716.53	1,372.09
(iv)	Depreciation, Amortisation and Impairment	147.74	66.53	49.24
(v)	Establishment Expenses	40.37	107.57	100.02
(vi)	Other Expenses	716.93	595.94	383.52
(IV)	**Total Expenses (IV)**	**38,412.42**	**30,259.24**	**27,517.85**
(V)	**Profit Before Tax (III - IV)**	**20,350.92**	**13,118.77**	**13,189.64**
	Tax expense			
	- Current tax	2,571.68	3,307.11	3,212.65
	- Deferred tax	9.59	179.20	-982.35
(VI)	Total Tax Expense	2,581.27	3,486.31	2,230.30
(VII)	**Net Profit After Tax (V - VI)**	**17,769.65**	**9,632.46**	**10,959.34**

Standalone Statement of Profit and Loss Information (continued)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
(VIII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or (loss)	-7,398.62	-186.41	-48.79
	(ii) Income tax relating to items that will not be reclassified to profit or (loss)	683.03	47.41	25.38
	Subtotal (A)	**-6,715.59**	**-139.00**	**-23.41**
	(B) (i) Items that will be reclassified to profit or (loss)	84.56	11.48	-74.64
	(ii) Income tax relating to items that will be reclassified to profit or (loss)	-21.28	-4.01	26.08
	Subtotal (B)	**63.28**	**7.47**	**-48.56**
	Other Comprehensive Income (A + B)	**-6,652.31**	**-131.53**	**-71.97**
(IX)	**Total Comprehensive Income (VII + VIII)**	**11,117.34**	**9,500.93**	**10,887.37**
(X)	Earnings per Equity Share			
	Basic (₹)	102.91	56.53	67.31
	Diluted (₹)	102.12	56.08	66.48

Standalone Cash Flow Statement Information

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax	20,350.92	13,118.77	13,189.64
	Adjustments for:			
	Depreciation, Amortisation and Impairment	147.74	66.53	49.24
	Impairment on Financial Instruments (Expected Credit Loss)	5,913.10	935.00	2,115.00
	Expense on Employee Stock Option Scheme	13.64	211.09	937.61
	Net gain on fair value changes	-9,119.04	-552.11	-109.25
	Interest Expense	30,797.57	27,672.04	23,340.88
	Interest Income	-43,942.11	-39,240.24	-33,133.08
	Profit on Sale of Investments	-3,523.75	-1,212.35	-5,609.00
	(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)	-35.11	-66.97	-0.09
	Net gain on derecognition of assigned loans	-	-	-3.08
	Utilisation of Shelter Assistance Reserve	-3.11	-14.94	-175.05
	MTM on Derivative Financial Assets and liabilities	-	-	-608.94
	Operating Profit before Working Capital changes and adjustment for interest received and paid	**599.85**	**916.82**	**-6.12**
	(Increase) / Decrease in Financial Assets and Non Financial Assets	-3,217.84	-2,569.73	1,730.48
	Increase / (Decrease) in Financial and Non Financial Liabilities	1,669.33	160.31	-69.62
	Cash used in Operations before adjustments for interest received and paid	**-948.66**	**-1,492.60**	**1,654.74**
	Interest Received	43,505.61	38,880.79	32,624.16
	Interest Paid	-30,564.30	-26,731.53	-21,389.88
	Taxes Paid	-2,961.68	-2,313.05	-3,376.76
	Net cash from Operations	**9,030.97**	**8,343.61**	**9,512.26**
	Loans disbursed (net)	-45,344.63	-43,919.93	-63,366.30
	Corporate Deposits (net)	1,010.50	-412.08	5,145.09
	Investment in Cash Management Schemes of Mutual Funds (Net)	-8,524.44	-5,177.10	-7,195.00
	Net cash used in operating activities	**-43,827.60**	**-41,165.50**	**-55,903.95**

Standalone Cash Flow Statement Information (continued)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	-78.06	-47.54	-43.47
	Sale of Fixed Assets	0.89	0.89	0.68
	Net Cash used for Fixed Assets	**-77.17**	**-46.65**	**-42.79**
	Purchase of Investment Properties	-278.73	-7.97	-4.09
	Sale of Investment Properties	65.43	122.04	-
	Net Cash flow from / used for Investment Properties	**-213.30**	**114.07**	**-4.09**
	Investments			
	- in Subsidiary Companies	-2,156.72	-121.24	-192.00
	- in Associates Companies	-86.71	-8,569.75	-
	Other Investments :			
	- Purchase of Investments	-5,571.92	-2,066.98	-4,646.51
	- Sale of Investments	612.45	738.75	941.81
	Sale of Investments in subsidiaries	1,639.14	-	356.97
	Net cash used for investing activities	**-5,854.23**	**-9,951.80**	**-3,586.61**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	2.12	9.11	17.45
	Securities Premium received	1,280.66	6,290.74	14,035.65
	Securities Premium utilised	-	-	-7.41
	Sale proceeds of Investments in Subsidiary Companies	1,903.27	1,248.87	5,947.70
	Borrowings and Deposits (Net)	54,078.02	45,181.50	14,817.76
	Proceeds from Debt Securities and Subordinated Liabilities	102,820.65	152,226.75	126,425.24
	Repayment of Debt Securities and Subordinated Liabilities	-104,018.86	-150,730.34	-101,294.63
	Dividend paid - Equity Shares	-3,021.60	-3,407.56	-2,957.60
	Tax paid on Dividend	-581.35	-573.10	-478.58
	Net cash from financing activities	**52,462.91**	**50,245.97**	**56,505.58**

Standalone Cash Flow Statement Information (continued)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
	Net Decrease in cash and cash equivalents	**2,781.08**	**-871.33**	**-2,984.98**
	Add : Cash and cash equivalents as at the beginning of the year	360.80	1,232.13	4,217.12
	Cash and cash equivalents as at the end of the year	**3,141.88**	**360.80**	**1,232.14**
	Components of cash and cash equivalents			
	Cash on hand	0.14	0.44	0.13
	In Current Accounts	3,110.38	277.71	111.14
	In Deposit accounts with original maturity of 3 months or less	-	-	1,000.47
	Cheques on hand	31.36	82.65	120.40
	Total	**3,141.88**	**360.80**	**1,232.14**

Notes :

1. *During the year ended March 31, 2020, the Company has received Dividend of ₹ 1,080.68 Crore (Year ended 31 March 2019 ₹ 1,130.64 Crore, Year ended 31 March 2018 ₹ 1,079.28 Crore).*
2. *Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ 52,887.25 Crore (Previous year ₹ 45,550.00 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.*

Consolidated Balance Sheet Information

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
	₹ in Crore	₹ in Crore	₹ in Crore
ASSETS			
Financial assets			
i) Cash and cash equivalents	5,198.46	3,183.31	2,814.23
ii) Bank Balances other than (i) above	303.07	1,353.23	313.84
iii) Receivables			
a) Trade receivables	336.31	611.99	245.11
b) Other receivables	6.58	28.60	12.96
iv) Derivative financial instruments	5,758.06	1,403.36	456.25
v) Loans	445,496.16	422,363.83	376,174.98
vi) Investments in Associates	48,883.74	43,874.69	28,472.04
vii) Other Investments	51,027.29	32,837.20	25,031.76
viii) Assets of Life Insurance business			
- Investments	129,605.23	124,882.26	104,528.30
- Other Assets	7,726.66	4,987.02	2,261.32
ix) Assets of Non-Life Insurance business			
- Investments	13,731.83	9,187.56	8,173.39
- Other Assets	6,136.41	4,229.64	3,750.74
x) Other financial assets	3,983.72	4,436.32	5,465.36
Total Financial Assets	**718,193.52**	**653,379.01**	**557,700.75**
Non-Financial assets			
i) Current Tax Assets (Net)	3,696.51	3,279.98	3,822.02
ii) Deferred tax assets (Net)	1,699.68	919.07	1,337.21
iii) Investment property	981.52	395.64	460.87
iv) Property, plant and equipment	1,744.27	1,188.02	1,168.22
v) Other intangible assets	1,149.45	101.20	94.93
vi) Capital work in Progress	20.38	20.41	4.42
vii) Intangible assets under development	38.52	3.81	19.00
viii) Other non-financial assets	690.35	962.52	1,376.33
ix) Goodwill on consolidation	1,600.73	625.46	625.46
Total Non-Financial Assets	**11,621.41**	**7,496.11**	**8,908.46**
Total Assets	**729,814.93**	**660,875.12**	**566,609.21**

Consolidated Balance Sheet Information (continued)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
	₹ in Crore	₹ in Crore	₹ in Crore
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
i) Derivative financial instruments	354.84	164.75	510.04
ii) Payables			
(A) Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	4.00	1.55	0.30
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,161.19	1,995.80	1,715.62
(B) Other Payables			
(a) total outstanding dues of micro enterprises and small enterprises	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	238.95	463.04	596.61
(iii) Debt Securities	179,799.15	184,639.73	182,024.35
(iv) Borrowings (Other than Debt Securities)	107,914.67	90,256.39	56,053.97
(v) Deposits	132,304.79	107,071.99	92,705.85
(vi) Subordinated Liabilities	5,348.93	5,735.70	5,632.28
(vii) Liabilities pertaining to Life Insurance Business	131,006.74	125,344.52	106,251.85
(viii) Liabilities pertaining to Non Life Insurance Business	17,423.31	11,174.31	10,094.05
(ix) Other financial liabilities	16,536.97	14,460.04	12,840.88
Total Financial Liabilities	**593,093.54**	**541,307.82**	**468,425.80**
Non-Financial Liabilities			
(i) Current tax liabilities (Net)	259.84	170.53	113.55
(ii) Deferred tax liabilities (Net)	32.46	65.43	49.55
(iii) Provisions	372.09	369.42	315.53
(iv) Other non-financial liabilities	2,220.52	983.40	837.22
Total Non-Financial Liabilities	**2,884.91**	**1,588.78**	**1,315.85**
Total liabilities	**595,978.45**	**542,896.60**	**469,741.65**
EQUITY			
(i) Equity Share capital	346.41	344.29	335.18
(ii) Other equity	126,132.75	111,388.85	91,538.08
(iii) Non-controlling interest	7,357.32	6,245.38	4,994.30
Total equity	**133,836.48**	**117,978.52**	**96,867.56**
Total liabilities and equity	**729,814.93**	**660,875.12**	**566,609.21**

Consolidated Statement of Profit and Loss Information

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
I.	Revenue from Operations			
	i) Interest Income	45,253.26	41,045.30	38,671.13
	ii) Surplus from deployment in Cash Management Schemes of Mutual Funds	1,118.90	997.71	449.00
	iii) Dividend Income	89.21	29.47	465.03
	iv) Rental Income	47.13	68.05	103.74
	v) Fees and commission Income	2,138.82	2,475.11	2,214.86
	vi) Profit on Loss of Control	9,799.10	-	-
	vii) Net gain on fair value changes	-179.67	711.34	465.51
	viii) Profit on Sale of Investments	-	-	392.88
	viii) Profit on Sale of Investments Properties	35.11	21.63	-
	ix) Net gain on derecognition of assigned loans	967.87	859.99	533.71
	x) Income from Life Insurance Operations - Policyholder's funds	28,041.47	37,777.49	26,227.87
	xi) Income from Non-Life Insurance Operations - Policyholder's funds	14,414.51	11,929.22	9,950.14
	Total Revenue from Operations	**101,725.71**	**95,915.31**	**79,473.86**
II.	Other Income	70.19	279.56	345.74
	Total Income (I + II)	**101,795.90**	**96,194.87**	**79,819.60**
	III. Expenses			
	i) Finance costs	32,109.45	29,525.78	24,718.46
	ii) Impairment on financial instruments (Expected Credit Loss)	5,951.12	991.19	2,143.42
	iii) Employee benefit expenses	1,356.66	1,448.37	3,394.40
	iv) Depreciation, amortisation and impairment	256.11	96.00	116.48
	v) Establishment Expenses	56.78	239.71	326.40
	vii) Expense of Life Insurance Operations - Policyholder's funds	26,618.01	36,432.07	26,693.77
	viii) Expense of Non-Life Insurance Operations - Policyholder's funds	13,934.50	11,632.86	9,509.17
	ix) Other Expenses	1,066.12	1,119.75	2,646.61
III.	**Total expenses**	**81,348.75**	**81,485.73**	**69,548.71**

Consolidated Statement of Profit and Loss Information (continued)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
		₹ in Crore	₹ in Crore	₹ in Crore
IV.	**Profit before share of profit of Associates**	**20,447.15**	**14,709.14**	**10,270.89**
V.	Share of profit of associates	5,746.10	7,389.82	5,936.36
VI.	**Profit before tax (IV + V)**	**26,193.25**	**22,098.96**	**16,207.25**
	Tax expense			
	- Current tax	3,415.75	4,370.02	4,079.61
	- Deferred tax	-48.97	148.43	-983.57
VII.	**Total tax expense**	**3,366.78**	**4,518.45**	**3,096.04**
VIII	**Net Profit After Tax (VI - VII)**	**22,826.47**	**17,580.51**	**13,111.21**
	Other comprehensive income			
(A)	(i) Items that will not be reclassified to profit or (loss)	-7,150.50	-72.38	-215.05
	(ii) Income tax relating to items that will not be reclassified to profit or (loss)	620.12	17.80	83.38
	Subtotal (A)	-6,530.38	-54.58	-131.67
(B)	(i) Items that will be reclassified to profit or (loss)	203.97	-12.37	-143.21
	(ii) Income tax relating to items that will be reclassified to profit or (loss)	-31.55	-0.60	35.97
	Subtotal (B)	172.42	-12.97	-107.24
(C)	Share of Other Comprehensive Income of an associate	144.54	149.27	-367.36
IX	**Other Comprehensive Income (A+B+C)**	**-6,213.42**	**81.72**	**-606.27**
	Total comprehensive income (VIII + IX)	**16,613.05**	**17,662.23**	**12,504.96**
	Profit attributable to:			
	Owners of the Corporation	21,434.57	16,231.76	11,979.93
	Non-Controlling Interest	1,391.90	1,348.75	1,131.31
	Other Comprehensive Income attributable to:			
	Owners of the Corporation	-6,374.24	119.49	-580.86
	Non-Controlling Interest	160.82	-37.77	-25.41
	Total Comprehensive Income attributable to:			
	Owners of the Corporation	15,060.33	16,351.25	11,399.06
	Non-Controlling Interest	1,552.72	1,310.98	1,105.90
	Earnings per equity share			
	Basic (₹)	124.14	95.40	74.77
	Diluted (₹)	123.19	94.66	73.83

Consolidated Cash Flow Statement Information

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Crore	₹ in Crore	₹ in Crore
Profit before tax	**26,193.25**	**22,098.96**	**16,207.25**
Adjustments for:			
Share of Profit of the Associates	-5,746.10	-7,389.82	-5,936.36
Depreciation and Amortisation	256.11	175.20	147.15
Impairment on Financial Instruments (Expected Credit Loss)	5,951.12	1,165.70	2,143.42
Expense on Employee Stock Option Scheme	15.96	245.98	965.56
Profit on loss of control in Subsidiary	-9,799.10	-	-
Net gain on fair value changes	182.12	-750.59	-465.51
Profit on Sale of Investments	-2.45	-21.63	-392.88
(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)	-35.11	-66.83	-0.01
Interest Expense	31,901.06	29,012.79	24,267.29
Interest Income	-45,253.26	-45,827.48	-38,671.12
Surplus from deployment in Cash Management Schemes of Mutual Funds	-1,118.90	-997.71	-449.00
Utilisation of Shelter Assistance Reserve	-3.17	-14.94	-176.54
MTM on Derivative Financial Assets and Liabilities	-	-	-582.86
Operating Profit before Working Capital changes	**2,541.53**	**-2,370.37**	**-2,943.61**
Adjustments for:			
Decrease/(Increase) in Financial Assets and Non Financial Assets	-3,535.38	-2,481.80	1,801.07
(Decrease)/Increase in Financial and Non Financial Liabilities	3,270.61	1,680.78	95.17
Decrease/(Increase) in Assets pertaining to Insurance Business	-14,194.94	-22,377.06	-15,108.10
(Decrease)/Increase in Liabilities pertaining to Insurance Business	13,545.65	20,172.92	14,845.82
Cash from / (used) for Operations	**1,627.47**	**-5,375.53**	**-1,309.65**
Interest Received	46,372.16	46,513.71	38,819.50
Interest Paid	-31,775.66	-28,101.80	-22,273.82
Taxes Paid	-3,967.98	-3,485.40	-4,554.37
Net cash from Operations	**12,255.99**	**9,550.98**	**10,681.66**
Investments in schemes of Mutual Fund (Net)	-10,312.48	-6,091.39	-7,444.10
Loans disbursed (net)	-29,899.40	-47,354.55	-66,280.27
Corporate Deposits (net)	1,070.88	-406.45	5,114.70
Net cash used in Operating activities	**-26,885.01**	**-44,301.41**	**-57,928.01**

Consolidated Cash Flow Statement Information (continued)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
	₹ in Crore	₹ in Crore	₹ in Crore
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	-356.14	-211.78	-247.53
Sale of Fixed Assets	3.82	31.60	38.18
Net Cash used for Fixed Assets	**-352.32**	**-180.18**	**-209.35**
Purchase of Investment Properties	-296.25	-17.28	-33.54
Sale of Investment Properties	65.43	127.45	24.51
Net Cash flow from / used for Investment Properties	**-230.82**	**110.17**	**-9.03**
Investments in Subsidiary Companies	-1,495.81	-121.24	-192.00
Investments in Associate Companies	-86.71	-8,569.75	-
Other Investments (Net)	-9,347.13	-1,554.61	-7,900.24
Sale proceeds of Investments in Subsidiary Companies	1,639.14	-	356.97
Net cash used for Investing activities	**-9,873.65**	**-10,315.61**	**-7,953.65**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital – Equity	2.12	9.11	17.45
Securities Premium received	1,587.94	6,613.17	14,421.74
Securities Premium utilised	-0.25	-41.43	-52.74
Sale proceeds of Investments in Subsidiary Companies	1,903.27	1,248.87	5,947.70
Borrowings and Deposits (Net)	42,883.65	48,745.70	14,596.10
Proceeds from Debt Securities and Subordinated Liabilities	105,072.64	174,755.46	153,761.95
Repayment of Debt Securities and Subordinated Liabilities	-110,139.61	-173,104.37	-125,664.97
Dividend paid - Equity Shares	-3,023.49	-3,407.28	-2,956.88
Tax paid on Dividend	-581.35	-695.25	-605.50
Change in Non-Controlling Interest	1,068.89	861.65	3,879.25
Net cash from Financing activities	**38,773.81**	**54,985.63**	**63,344.10**
Net Increase / (Decrease) in cash and cash equivalents	**2,015.15**	**368.61**	**-2,537.55**
Add : Cash and cash equivalents as at the beginning of the period	3,183.31	2,814.70	5,352.25
Cash and cash equivalents as at the end of the period	**5,198.46**	**3,183.31**	**2,814.70**

Notes

1. During the year ended March 31, 2020, the Group has received Dividend of ₹ 89.21 Crore (Year ended 31 March 2019 ₹ 511.14 Crore, Year ended 31 March 2018 ₹ 465.03 Crore).
2. Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ 37,663.73 Crore (Previous year ₹ 50,338.64 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

RELATED PARTY TRANSACTIONS

For details in relation to the related party transactions entered into by our Company during the last three Fiscal Years, as per the Companies (Indian Accounting Standard) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter (Ind AS), see "*Financial Statements*" on page 385.

RISK FACTORS

Each investor should carefully consider the following risk factors as well as the other information contained in this Placement Document prior to making an investment in the Equity Shares, NCDs and/or Warrants. In making an investment decision, each investor must rely on its own examination of our Company and the terms of the offering of the Equity Shares, including the merits and risks involved. The risks described below are not the only ones that may affect the Equity Shares. Additional risks not currently known to our Company or factors that our Company currently deems immaterial may also adversely affect our Company's business, financial condition and results of operations. The market price of the Equity Shares could decline due to any one or more of these risks or such factors and all or part of an investment in the Equity Shares could be lost.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our Company's results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document.

Unless otherwise stated, the financial information used in this section is derived from our Company's Audited Consolidated Financial Statements and Audited Standalone Financial Statements prepared under Ind. AS and as set out under "Selected Financial Information".

Risks relating to Company's business

1. The outbreak of COVID-19 has had, and could further have, a material adverse effect on our Group's business, financial condition and results of operations.

In late 2019, the recent coronavirus disease ("**COVID-19**"), was first reported in Wuhan, China. On January 30, 2020, the World Health Organisation declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020 it was declared a pandemic.

The rapid spread of COVID-19 and the global health concerns relating to this outbreak have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our Group's business, cash flows, results of operations and financial condition, including liquidity, asset quality and growth. The extent to which the COVID-19 outbreak impacts our Group's business, cash flows, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in India and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted.

There is currently substantial medical uncertainty regarding COVID-19 and no government-certified treatment or vaccine is available. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely may cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and are likely to be severe.

The COVID-19 pandemic may affect our Group in a number of ways and our Group expects the potential magnitude and duration of each to be severe:

(i) significant volatility in financial markets (including exchange rate volatility) and measures adopted by governments and central banks that further restrict liquidity, may limit access to funds, leading to shortages of cash or increase the cost of raising such funds;

(ii) large scale furloughs, termination of employees or reductions in salaries may lead to defaults on loan payments by our Company's borrowers, particularly with respect to individuals and SMEs; our Company's delinquency ratios may substantially increase and its asset quality may deteriorate;

(iii) In accordance with the RBI directions relating to COVID-19 Regulatory Package dated March 27, 2020, the RBI allowed commercial banks, co-operative banks, financial institutions and NBFCs to grant a 3-month moratorium on the payment of instalments of all term loans. Accordingly, our Company obtained Board approval for an "opt-in" structure for the moratorium, for payment of instalments falling due between March 01, 2020 and 31 May 2020 ("**Moratorium 1**"), in respect of term loans and working capital facilities sanctioned in the form of cash credit/overdraft to various borrowers. Ageing of accounts opting for moratorium and moving into Stage 3 (based on days past due status as of March 31, 2020) has been determined with reference to the status as of February 19, 2020. There is no assurance that the payments due on such loans will be made, or that these loans will not be classified as NPAs in the future. As at June 30, 2020, individual loans under Moratorium 1 accounted for 22.6 per cent. of the individual loan portfolio on an AUM basis. 27.0 per cent. of our Company’s total assets under management were under Moratorium 1. Further, on May 23, 2020, the RBI permitted an extension of the moratorium period by another three months to August 31, 2020 ("**Moratorium 2**"). As July 30, 2020, individual loans under the Moratorium 2 accounted for 16.6 per cent. of the individual loans portfolio on an AUM basis. 22.4 per cent. of our Company’s total loans under management were under Moratorium 2. Our Company's customers may face difficulty in paying amounts due on their mortgages and unsecured lending products on cessation of the COVID-19 mitigation measures i.e. the expiry of the Moratorium Period, leading to a potential increase in late payments and mortgage defaults and a consequential reduction in our Company's cashflow. As of the date of this Placement Document, the impact of these directions is difficult to ascertain. The Moratorium Period may be extended further, and may require our Company to make higher provisions which affect its overall profitability and growth. Our Company may be required to recognise higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our Company's asset quality and profitability in future periods;

(iv) an overall deterioration in macroeconomic conditions may also lead to a reduction in the value of collateral provided by the borrowers for their loans, and any delay in the recovery of security, leading to higher than anticipated losses on default;

(v) a countrywide lockdown to contain the spread of COVID-19 has been in force in India since March 24, 2020, which was further extended, with certain modifications, until July 31, 2020 and continues to exist in certain states based on directions issued by the relevant state. While the restrictions imposed during the lockdown are slowly being liberalised, there can be no assurance that this lockdown will not be extended further or that the relaxations provided will not be withdrawn if the spread of COVID-19 is not contained. The lockdown has, amongst other things, forced factories, shops and offices in India to close down, as many economic activities (including construction-related activity) have remained largely suspended. As a result, migrant workmen and labourers engaged to work in construction sites have departed from such sites owing to a suspension in construction activity. Any delays associated with completion of housing projects on account of the lockdown may impact the asset quality of projects which are currently under construction and consequently, may affect the collateral furnished by our Company's borrowers. Such delay will subsequently result in a delay in the sale and registration of the completed property;

(vi) the value of our Company's investments may be reduced due to COVID-19 induced volatility;

(vii) the spread of the virus amongst our Group's employees, or any quarantine or lockdown measures affecting our Group's employees or facilities, may reduce our Group personnel's ability to carry out their work as usual. In the event a member or members of our Group's management team contracts COVID-19, it may potentially affect our Group's operations;

(viii) our Group's branch level and other operations will be disrupted by social distancing, split-team, working from home and quarantine measures. Further, because of the lockdown ordered by the Government of India, a number of our Company's offices and employees have been working from home/ different locations utilising remote working technologies. Based on state/local authority directions, some offices have had to temporarily be closed. On average, around 40 offices at an all-India level are temporarily shut as various locations cycle in and out of lockdowns. In most offices, the staff strength is one-third and staff work in the office on a rotational basis, while the balance work from home. As these are unforeseen circumstances, it may give rise to risks that our Company may not have anticipated. In particular, our

Company faces heightened cyber-security risks with a large proportion of its employees working from home;

(ix) our Group's credit rating may be downgraded due to liquidity risks brought on by the COVID-19 pandemic;

(x) our Group's strategic projects may be severely delayed or postponed indefinitely; and

(xi) the ability of our Company to meet ongoing disclosure obligations might be adversely affected, despite its best efforts.

The effect of the COVID-19 pandemic on market conditions has impacted our Company's customer base and, as a result, there is a greater likelihood that more of our Company's customers could become delinquent in respect of their loan repayments or other obligations to our Company, which, in turn, could result in a higher level of NPAs in our Company's corporate and retail loan portfolio, allowances for impairment losses and write-offs. Of the individual customers who have opted for the moratorium, most have done so largely to conserve cash, for medical emergencies, temporary business closures or due to anticipation or reduction in salary/business income.

Our Company's key focus during the Covid-19 pandemic has been to stay connected with its wide customer base which has involved a shift towards digital sourcing of business. As of June 30, 2020, 80 per cent. of our Company's business has migrated online, with the loan appraisal and due diligence process completely digitally. E-signing through Aadhaar linked video KYC has also been introduced to facilitate customers' signature of documents at their location. Digital applications received for individual loans for the months of June and July 2020 were at similar levels of the previous year, indicating the inherent demand for home loans stands intact. However, disbursements, have been slower as many sub-registrar offices have been intermittently closed and execution of mortgage documents under the law requires wet signatures (i.e. digital signatures are still not permitted). Retail disbursements in the month of June 2020 stood at 68 per cent. of the level corresponding month of the previous year. There can be no assurance that the management's estimates or that our Company's risk monitoring techniques will be accurate or appropriately implemented. As a result, our Company may not be able to accurately anticipate the impact of the COVID-19 pandemic or other economic and financial events on our Company's customer base and credit quality.

Further, the Group generates substantially all of its revenue in India. As India is a developing country with limited medical resources and certain places with dense populations, the effects of COVID-19 in India may be of a greater magnitude, scope and duration than those experienced to date in other countries. In April 2020, the IMF revised India's projected real GDP growth in FY2020 to 1.9 per cent., noting that India entered the pandemic turmoil in the midst of a credit crunch induced slowdown and its recovery path is uncertain. Further, the RBI estimates GDP growth in FY2021 to remain in negative territory (Source: RBI Governor Statement dated May 22, 2020). It is possible that COVID-19 will lead to a prolonged global economic crisis or recession.

2. The Indian housing finance industry is competitive, and a failure to compete effectively may adversely affect our Company's business, prospects, financial condition and results of operations

Our Company's principal business is the provision of housing finance in India, and our Company competes primarily on the basis of the interest rate on the loans granted to customers. All else being equal, higher interest rates on loans are generally less desirable to borrowers. These rates, in turn, are linked to the cost of funding for our Company.

Our Company faces significant and increasing competition from other HFCs, NBFCs and commercial banks, which have focused on growing their retail portfolios in recent years, and also from local unorganised or semi-organised private financiers. Interest rate deregulation and other liberalisation measures affecting the housing finance industry have in recent years increased our Company's exposure to competition. All of these factors have resulted in HFCs, including our Company, facing increased competition from other lenders in the retail housing market, including NBFCs, commercial banks as well as local unorganised or semi-organised private financiers. Unlike commercial banks, our Company does not have access to funding from savings and current deposits of customers. Instead, our Company is reliant on relatively higher-cost term loans, term deposits and debentures and securities for its funding requirements. Moreover, commercial banks benefit from lower minimum required capital adequacy ratios, enabling them to make relatively larger volumes of loans. Further, under the recent regulatory changes, banks are required to lend at rates based on an external market linked benchmark. Our Company's ability to compete effectively with commercial banks will depend, to some extent, on its ability to raise low-cost funding in the future. Our Company may also face significant and increasing competition from NBFCs in certain or all segments of its business and operations. If our Company is unable to compete effectively with other participants in the housing finance industry, this may adversely affect our Company's business, prospects, financial condition and results of operations.

Our Company's ability to compete may also be affected by changes to the interest rates it pays on its borrowings. To the extent that our Company's borrowings are linked to market interest rates, our Company may be subject to short-term fluctuations in interest rates. Any increase in the interest rates that our Company pays on its borrowings may adversely affect our Company's ability to compete with its competitors who may have access to lower cost of funds.

Further, technology innovations in mobilization and digitization of financial services require banks to continuously develop new and simplified models for offering banking products and services. This could increase competitive pressures on banks, including our Company, to adapt to new operating models and upgrade back-end infrastructure on an ongoing basis. There is no assurance that our Company will be able to continue to respond promptly to new technological developments, and be in a position to dedicate resources to upgrade our Company's systems and compete with new players entering the market.

In addition, new entrants into the financial services industry, including companies in the financial technology sector, may further intensify competition in the business environments, especially in the digital business environment, in which the Group operates. As a result, our Company may be forced to adapt its business to compete more effectively. There can be no assurance that our Company will be able to respond effectively to current or future competition or that the technological investments our Company makes in response to such competition will be successful. Due to competitive pressures, our Company may be unable to successfully execute its growth strategy and offer products and services (whether current or new offerings) at reasonable returns and this may adversely impact our Company's business. If our Company is unable to retain and attract new customers, our Company's revenue and net profits will decline, which could materially adversely affect our Company's financial condition.

Furthermore, as a result of increased competition in the Indian housing finance industry, home loans are becoming increasingly standardised and terms such as use of external benchmark rates to determine pricing or, lower processing fees and balance transfers where one institution takes over another institution's home loan are becoming increasingly common. There can be no assurance that our Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in this increasingly competitive industry. Any inability to compete effectively may have an adverse effect on our Company's net interest margin and other income. If our Company is unable to compete successfully, our market share may decline as the origination of new loans declines, which may in turn adversely affect our Company's business, prospects, financial condition and results of operations.

3. ***Our Company depends on access to loans and domestic and international capital markets for its funding, and any inability to access funding at acceptable rates or at all may adversely affect our Company's profitability and results of operations.***

Our Company's funding consists principally of commercial paper, domestic and foreign currency term loans, non-convertible debentures and other debt securities, refinancing from NHB and deposits. Additionally, our Company has launched a MTN Program to issue debt instruments in the international capital markets, subject to regulatory approvals. For further details in relation to our Company's borrowings, please see section, "*Financial Indebtedness*" beginning on page 102.

Our Company does not have a banking license and, as in the case of other banking companies, it does not have access to savings accounts and current deposits. Funding from debt securities and subordinated liabilities constituted 43 per cent. of our Company's total borrowings (comprising of debt securities, borrowings (other than debt securities), deposits and subordinated liabilities) for the financial year ended March 31, 2020 and 50 per cent. for the financial year ended March 31, 2019, respectively. There can be no assurance that our Company will be able to continue securing increased funding from banks or other sources of funding at current rates. In particular, banks that currently lend to our Company may reach industry or borrower concentration limits and be unable to advance further funds, which may adversely affect our Company's business, prospects, financial condition and results of operations.

Furthermore, our Company's cost of funds from banks, domestic and international debt capital markets and our deposits are influenced by our Company's credit rating from the domestic credit rating agencies, being "CRISIL AAA/Stable" from CRISIL Limited ("**CRISIL**") and "ICRA AAA/Stable" from ICRA Limited ("**ICRA**") on bonds and non-convertible debentures and on subordinated debt, and "CRISIL FAAA/Stable" from CRISIL and "ICRA MAAA/Stable" from ICRA on deposits. There can be no guarantee that our Company will not be subject to downgrades to its credit ratings, including on account of any default under the terms of our Company's funding as detailed above. Any downgrade in such ratings would result in an increase in the cost of our Company's funding and could reduce its sources of funding and in turn may adversely affect our Company's business, prospects, financial condition and results of operations.

The Indian capital markets and the Indian economy are influenced by economic and market conditions in other countries and capital markets. Although economic conditions are different in each country, investors' reactions to developments in other countries or markets may adversely affect the markets in India, including the markets in which our Company operates. A loss of investor confidence in the financial systems of other markets may lead to volatility in the Indian financial markets and may also impact the Indian economy. The deterioration in the financial markets may cause a serious recession in many countries, which may lead to significant declines in employment, household wealth, consumer demand and lending, and as a result may adversely affect economic growth in India and elsewhere. Liquidity risk is the risk that our Company either does not have sufficient financial resources available to meet all of its obligations and commitments as they fall due or can access them only at excessive costs or is unable to undertake fresh disbursements. This risk is inherent in mortgage-lending operations and can be heightened by a number of the factors mentioned above

4. ***Our Company's business is vulnerable to volatility in interest rates which may adversely affect our Company's net interest margin and, accordingly its business, prospects, financial condition and results of operations***

Interest rates in India are primarily determined by the market, which results in increased interest rate risk exposure for all banks and financial intermediaries in India, including our Company.

Our Company's results of operations are substantially dependent upon the level of its net interest income. Interest rates are sensitive to many factors beyond our Company's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. Our Company's policy is to attempt to balance the proportion of its interest-earning assets and interest-bearing liabilities that bear interest at floating rates. However, there can be no assurance that our Company will be able to adequately manage its interest rate risk in the future and will be able to effectively balance floating rate loan assets and liabilities. In addition, wholesale funding, such as domestic term loans, debentures and securities and term loans, tend to bear interest at higher rates than current and savings deposits, thereby increasing the Group's costs of financing as compared to banking competitors that rely on deposits for funding. Furthermore, despite this balancing, changes in interest rates could affect interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities in different ways. Thus, our Company's results of operations could be affected by changes in interest rates and the differences in timing of any re-pricing of its liabilities compared with the re-pricing of its assets. Further, fluctuations in interest rates may adversely affect our Company's treasury operations, and in a rising interest rate environment, especially if the rise is sudden or sharp, our Company could be adversely affected by the decline in the market value of its securities portfolio and other fixed income securities.

5. ***Our Company has undertaken, and may continue to undertake, strategic investments, acquisitions and joint ventures, which may not perform in line with our expectations or may require additional management or financial resource.***

The Group has interests in a number of joint ventures and other acquisitions. Most recently, since Fiscal 2019, our Company has acquired the remaining shareholding in HDFC Credila (such that our Company now owns 100 per cent. shareholding in the subsidiary). During the year, our Company acquired 20,75,15,521 equity shares of HDFC ERGO Health Insurance Limited ("**HDFC ERGO Health**"), formerly Apollo Munich Health Insurance Company Limited, representing 51.16 per cent. of its equity share capital. Consequently, HDFC ERGO Health became a subsidiary of our Company. HDFC ERGO Health is licensed as a general insurer and specialises in health insurance in India. For further details in relation to the investments of our Company, please see section, "*Fiscal 2020*

Investments Update" on page 242.

Our Company may, depending on the management's view and market conditions, pursue additional strategic investments, undertake acquisitions and enter into joint ventures. Our Company cannot assure that it will be able to undertake such strategic investments, acquisitions (including by way of a merger, or share or asset acquisition) or joint ventures in the future, either on terms acceptable to our Company or at all. Moreover, our Company requires regulatory approval for acquisitions, and it cannot guarantee that it will receive such approvals in a timely manner, or subject to any conditions, or at all. Any inability to identify suitable acquisition targets or investments or failure to complete such transactions may adversely affect our Company's competitiveness or growth prospects.

Our Company regularly conducts feasibility studies and evaluates the commercial risks of any planned acquisition and investment to ensure that such a transaction is in line with its strategy and business plan. However, there can be no assurance that its strategy or related evaluative processes will be successful in ensuring that the expected strategic benefits of its current or future acquisitions or investments will be realised or that our Company's profitability will not be adversely affected.

Acquisitions, joint ventures or strategic investments may involve a number of other risks, including, but not limited to:

- the obligation to maintain our Company's shareholding level or to comply with maximum or minimum shareholding levels, which could require our Company to infuse funds/capital through a purchase of shares in rights issues or other capital raising activities and to seek RBI approval or that of other regulatory authorities, which our Company cannot guarantee will be forthcoming;
- higher provisioning on impairment of strategic investments, impacting its overall asset quality and leading to adverse effects on its reported operating results;
- difficulties in retaining customers or certain contracts;
- recruitment, training and retention of management;
- operational and financial systems and controls to handle the increased complexity and expanded breadth and geographic area of its newly acquired operations;
- dissatisfactory performance by its joint venture partners of their contractual obligations, and any disagreement or deadlock with them;
- difficulties assimilating and integrating its operations with that of the acquired entity or investment;
- difficulties determining, evaluating and managing the risks and uncertainties in entering new markets and acquiring new businesses;
- difficulties in evaluating the contractual, financial, regulatory, environmental and other obligations and liabilities associated with its acquisitions, joint ventures and investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with its accounting policies;
- unanticipated liabilities or contingencies relating to the acquired entity, investment or joint venture partner; inaccurately judging market dynamics, demographics, growth potential and competitive environment; and
- obtaining, maintaining and complying with the conditions prescribed under necessary permits, certificates, licences and approvals from governmental and regulatory authorities and agencies.

If our Company is unable to manage one or more of the events or challenges listed above, it could have a material adverse effect on its ability to successfully complete its acquisitions, investments or joint ventures and may prevent our Company from achieving its strategic and financial goals and operational synergies. Further, certain large value investments undertaken by our Company, such as the acquisition of 9.90 per cent. of the share capital of Bandhan Bank Limited, may result in material losses to our Company. It could also result in our Company not achieving the objective of such acquisitions or investments, which in turn could have a material adverse effect on the business, results of operation, prospects and financial condition.

Furthermore, there can be no assurance that we will not be required to bring down our current shareholding in our Subsidiaries or Associates, on account of changes in the regulatory framework and / or directives issued by the applicable regulators.

6. Our Company may not be able to successfully sustain its growth, which may adversely impact its business, prospects, financial condition and results of operations.

For the financial year ended March 31, 2020, our Company's loans grew by 11 per cent. to stand at ₹4,509,030 million from ₹ 4,066,070 million in 2019. The lower growth in loans was due to the unfavourable lending environment for non-individual loans that prevailed in the second half of the financial year. Our Company's assets under management grew by 12 per cent. from ₹ 4,619,130 million as of March 31, 2019 to ₹ 5,167,730 million as of March 31, 2020. Our Company's growth strategy includes growing its loans and expanding its range of existing home loan products and services to new customer segments, including self-employed customers and those from the informal sectors as well as smaller cities and towns across the country. There can be no assurance that our Company will be able to sustain its growth successfully or that it will be able to expand further or diversify its loans.

If our Company continues to expand its business and enter into new business lines, it may in the future reach a point where it cannot continue to sustain its growth without resulting in a higher level of non-performing loans and the deterioration of the overall quality of its loan portfolio. Further, if our Company grows its loans too rapidly, or fails to make proper assessments of credit risks associated with new borrowers or new businesses, a higher percentage of our Company's loans may become non-performing, which would have a negative impact on the quality of our Company's assets and its business, prospects, financial condition and results of operations.

Our Company faces a number of operational risks in sustaining its growth. It will need to recruit new employees who will have to be trained and integrated into our Company's operations. Our Company will also have to train existing employees to adhere properly to new internal controls and risk management procedures. Failure to properly train and integrate employees may increase employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our Company's exposure to high-risk credit and impose significant costs on our Company, which may in turn adversely affect its business, prospects, financial condition and results of operations.

Further, our Company is dependent on third party distribution channels to source individual loans which are disbursed as part of its operations. Any non-compliance with the applicable law concerning such sourcing of loans, or any change in the applicable regulatory framework preventing us from sourcing such loans from third party distribution networks, may have an adverse effect on the financial condition and results of operations of our Company.

7. Our Company regularly expands its products and services to new customer segments in India, and may incur costs in doing so.

Our Company regularly expands its reach and its bouquet of products and services to new customer segments in India, such as lending to the informal sector and the self-employed sector. As these products require additional manpower, field visits and other checks and balances in the appraisal process, our Company could incur additional costs on the same. It may incur costs to expand its range of products and services and cannot guarantee that such expansion will be successful once implemented, whether due to factors within or outside of its control, such as general economic conditions, a failure to understand customer demand and market requirements or management focus on the expansion of its products and services.

Furthermore, there may not be sufficient demand for such services and products, and they may not generate sufficient revenues relative to the costs associated with developing and introducing such services and products. Even if our Company were able to introduce its products and services in new customer segments successfully, there can be no assurance that it will be able to achieve its intended return on such products and services. If our Company fails to develop and launch these products and services successfully, it may lose a part or all of the costs incurred in their development and promotion, or discontinue these products and services entirely, which could in turn adversely affect its growth, its ability to compete effectively, and/or its business, prospects, financial condition and results of operations.

8. Our Company may experience difficulties in expanding its business into new regions and markets which may adversely affect its business prospects, financial conditions and results of operations

As of March 31, 2020, our Company's distribution network comprised 585 outlets, which included 206 offices of our Company's wholly owned Subsidiary, HDFC Sales Private Limited ("**HSPL**"). Our Company continues to evaluate opportunities to expand its business into new geographical regions and markets in India, and to open representative offices outside of India. Factors such as competition, customer requirements, regulatory regimes, culture, business practices and customs in these new regions, markets and countries may differ from those in our Company's existing regions, markets and countries, and our Company's experience in its existing markets may not be applicable to these new regions, markets and countries. In addition, as our Company enters new markets and geographical regions in India, it is likely to compete not only with other banks and financial institutions, but also with the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs and have stronger relationships with potential customers.

As our Company expands its geographic footprint by entering into new regions and markets in India and opening representative offices in foreign countries to serve non-resident Indians its business may be exposed to various additional challenges, including, amongst others: obtaining necessary governmental approvals; identifying and collaborating with local businesses and partners with whom our Company may have no previous working relationship; successfully marketing our Company's products in markets with which it has no familiarity; attracting potential customers in a market in which our Company does not have significant experience or visibility; falling under additional local tax jurisdictions; attracting and retaining new employees; expanding our Company's technological infrastructure; maintaining standardised systems and procedures; and adapting our Company's marketing strategy and operations to different regions of India, or outside of India, in which different languages are spoken. To address these challenges, our Company may have to make significant investments which may not yield the desired results or which may incur costs which it may not recover. Our Company's inability to expand its current operations may adversely affect its business, prospects, financial condition and results of operations.

9. Our Company has entered into distribution arrangements with commercial banks and NBFCs, which may be terminated, adversely affecting our Company's business and results of operations

Our Company's network includes its branches, HSPL, our Company's associate HDFC Bank, and third party direct selling associates. For the financial year ended March 31, 2020, HDFC Bank, HSPL and our Company's branches, together, accounted for 83 per cent. of our Company's individual loans. Our Company has third-party distribution arrangements with commercial banks, small finance banks, non-banking financial companies and other distribution companies such as e-portals for retail loans. Our Company's agreements with these distributors can be terminated by either party with notice. In the event that any such agreement is terminated by the counterparty bank, small finance bank or NBFC or any third party distributor and our Company is not able to find substitutes in a short time, our Company's ability to provide services to clients could be affected. In such a case, its business, prospects, financial condition and results of operations could be materially and adversely affected.

Additionally, if any of the counterparties to our Company's distribution agreements choose to retain accounts or customers, rather than refer such accounts or customers to our Company, our Company's business and results of operations could be materially and adversely affected.

10. Our Company's equity investments are subject to market and liquidity risk which may adversely affect our Company's asset quality, business, prospects, financial condition and results of operations

As of March 31, 2020, the fair value of our Company's equity shares, preference shares, debentures and investments in units of venture capital funds in entities other than our Company's Subsidiaries and Associates was ₹ 64,678.37 million, which accounted for 1.23 per cent. of our Company's total assets. The value of these investments depends on the success of the operations and management and continued viability of the entities in which our Company invests. Our Company has limited or no control over the operations and management of these entities. Some of these investments are unlisted, offering limited exit options. Therefore, our Company's ability to realise expected gains as a result of its equity investments depends on factors outside of its control. Impairment in the value of the equity portfolio may adversely affect our Company's asset quality, business, prospects, financial condition and results of operations.

Further, the shareholding of our Company in certain subsidiaries is subject to regulatory requirements. For instance, on January 15, 2020, the Board of Directors of HDFC ERGO Health and HDFC ERGO General Insurance Company

Limited ("**HDFC ERGO**") approved a scheme of arrangement and amalgamation for the merger of HDFC ERGO Health with and into HDFC ERGO.

Based on the shareholding of our Company in HDFC ERGO as of June 30, 2020 and taking into consideration the share exchange ratio (for the merger of HDFC ERGO Health with HDFC ERGO), our Company is entitled to 50.6 per cent. stake in the merged entity (i.e. HDFC ERGO). RBI has directed our Company to bring down its shareholding in the merged entity to 50 per cent. or below within a period of 6 months from the effective date of the merger.

The RBI has directed our Company to bring down its shareholding in HDFC Life Insurance Company Limited ("**HDFC Life**") to 50 per cent. or below on or before December 16, 2020. As of June 30, 2020, our Company holds 50.1 per cent. of the paid-up share capital of HDFC Life.

Any failure on part of our Company to comply with the applicable regulatory requirement for shareholding in its Subsidiaries could attract regulatory action.

11. ***Our Company's investment in its Subsidiaries and Associates may be diluted or divested, which may lead to a loss of control of such entities, which may adversely affect the Group's consolidated results of operations, financial condition and prospects.***

For the period ended March 31, 2020, our Company's Subsidiaries and Associates accounted for 34.4 per cent. of the Group's consolidated profits after tax. Some of our Company's Subsidiaries are not wholly owned. Our Company is a majority shareholder in material Subsidiaries, HDFC Life, HDFC AMC and HDFC ERGO. As of June 30, 2020, our Company also has a 21.2 per cent. shareholding in material Associate, HDFC Bank, along with two of our wholly owned subsidiaries.

Any further capital issuances by our Company's Subsidiaries and Associates may lead to a dilution of our Company's stake in such entities and may adversely affect its control over the operations and management of these entities. Further, our Company cannot assure investors that it will not divest part, or all, of its shareholding in its Subsidiaries and Associates, whether for commercial reasons or pursuant to regulatory action. Any such divestment or exit could lead to a loss of control over these entities. For example, in January 2019 the board of directors of GRUH Finance Limited ("**GRUH"**) and Bandhan Bank Limited approved a scheme of amalgamation for GRUH to be merged with Bandhan Bank Limited.

While our Company has received an RBI approval for holding more than 10 per cent. of the issued, subscribed and paid-up capital of its material Associate, HDFC Bank, any rescission or non-renewal of this approval could lead to a loss of our Company's influence over the operations and management of HDFC Bank. There have been reports in the Indian media suggesting that our Company may merge with HDFC Bank. Our Company considers business combination opportunities as they arise. At present, our Company is not actively considering a business combination with HDFC Bank. Any significant business combination would involve compliance with regulatory requirements and shareholder and regulatory approvals.

Further, the RBI has directed that our Company bring down its shareholding in HDFC Life to 50 per cent. or below on or before December 16, 2020. As at June 30, 2020, our Company holds 50.1 per cent. of the paid-up share capital of HDFC Life.

Based on the shareholding of our Company in HDFC ERGO, as of June 30, 2020 and taking into consideration the share exchange ratio (for the merger of HDFC ERGO Health with HDFC ERGO), our Company is entitled to 50.6 per cent stake in the merged entity (i.e. HDFC ERGO). The RBI has directed our Company to bring down its shareholding in the merged entity to 50 per cent or below within a period of 6 months from the effective date of the merger. In the event that our Company is unable to comply with such directives, there may be regulatory action initiated against our Company.

A loss of control over any of our Company's Subsidiaries or Associates may lead to a diminution of the returns and synergies from these entities, which may have an adverse effect on our Company's business, prospects, financial condition and results of operations.

12. Our Company is required to comply with capital adequacy requirements, and any failure to maintain required levels could restrict its business growth and adversely affect its financial condition and results of operations

The Housing Finance Companies (National Housing Bank) Directions, 2010, as amended (the "**NHB Directions 2010"**), and the circular issued thereunder, previously required HFCs to maintain a capital adequacy ratio of at least 12 per cent. of their risk-weighted assets and their risk adjusted value of off-balance sheet items. During 2019, the NHB, through its notification bearing reference No. NHB.HFC.DIR.22/MD&CEO/2019 dated 17 June 2019, tightened the capital adequacy framework applicable to HFCs, (including our Company). In terms of the notification, every HFC is required to maintain a minimum capital ratio consisting of Tier-I and Tier-II capital which shall not be less than: (i) 13 per cent. on or before March 31, 2020; (ii) 14 per cent. on or before March 31, 2021; and (iii) 15 per cent. on or before March 31, 2022, and thereafter in each case, of its aggregate risk weighted assets and of risk-adjusted value of off-balance sheet items. Further, the Tier-I capital, at any point of time, shall not be less than 10 per cent. Our Company's capital adequacy ratio decreased from 19.1 per cent. as of March 31, 2019, (after taking into account regulatory adjustments) with Tier I capital comprising 17.5 per cent. and Tier II capital comprising 1.6 per cent, to 17.6 per cent. as of March 31, 2020, with Tier I capital comprising 16.4 per cent. and Tier II capital comprising 1.2 per cent.

As our Company grows its loan portfolio and asset base, it may be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to its principal business of housing finance. In addition, if our Company's Subsidiaries and Associates continue to expand rapidly, our Company may be required to invest additional equity capital in such Subsidiaries and Associates and it may need to raise additional capital to fund such investments. There can be no assurance that our Company will be able to raise adequate additional capital on favourable terms in the future. If the contribution of capital to our Company's Subsidiaries and Associates leads to our Company's capital adequacy ratio declining further, the growth of all of its businesses, including its core housing finance business, could be materially restricted.

Furthermore, the risk weighting required to be applied by our Company to loans provided to individuals which are secured by mortgage of immoveable property ranges from 35 per cent. to 75 per cent. based on the loan to value ratio and size of the loan. For further details, please see section, "*Regulation and Policies - The Housing Finance Companies (National Housing Bank) Directions, 2010 ("**NHB Directions, 2010**")*" on page 248. If risk weights are increased, our Company's capital adequacy ratio would be reduced and our Company may be required to raise additional capital to maintain its capital adequacy ratio. There can be no assurance that our Company will be able to raise such capital as and when necessary. A failure to raise capital when necessary may lead to the growth of all our Company's businesses, including its core housing finance business, being materially restricted.

13. Increased levels of non-performing loans would adversely affect our Company's results of operations

Ind AS requires entities to recognise and measure a credit loss allowance or provision based on expected credit loss ("**ECL**"). The expected loss impairment model applies to loans, debt securities and trade receivables measured at amortised cost or at fair value through other comprehensive income. Under Ind AS 109, all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at a reporting date after initial recognition, then an instrument is transferred to stage 2. If there is any evidence of impairment, then the asset is credit-impaired and transferred to stage 3. For determining a significant increase in credit risk of financial instruments, Ind AS 109 requires a comparison of the risk of default occurring at the relevant reporting date with the risk of default occurring as at the time of initial recognition. The credit risk is required to be assessed at each reporting date.

ECL, at each relevant reporting date, is measured through a loss allowance for a financial asset at an amount equal to:

(a) the lifetime ECLs, if the credit risk on that financial instrument has increased significantly since initial recognition. Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial asset; or

(b) 12-month ECLs, if the credit risk on a financial instrument has not increased significantly since initial recognition. 12-month ECLs are the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

Accordingly, ECL of a financial instrument is to be measured in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) the time value of money; and

(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For measuring the ECL, it is not necessary to identify every possible scenario and the maximum period to be considered for measuring ECL is the maximum contractual period (including the extension options) over which the entity is exposed to credit risk.

A number of factors which are not within our Company's control could affect its ability to control and reduce non-performing loans. These factors include developments in the Indian economy and the real estate market situation, movements in global markets, global competition, changes in interest rates and exchange rates and changes in regulations. Any negative trends or financial difficulties among our Company's borrowers could increase the level of non-performing loans in our Company's portfolio and adversely affect our Company's business and financial performance. The borrowers may default in their repayment obligations due to various reasons, including (but not limited to) insolvency and lack of liquidity. Any such defaults and non-payments would result in write-offs and/or provisions in our Company's financial statements which may materially and adversely affect its profitability and asset quality.

If the level of our Company's provisions are not sufficient to provide adequate cover for loan losses that may occur, or if our Company is required to increase its provisions, this could have a material adverse effect on our Company's financial condition, liquidity and results of operations and may result in a requirement to raise additional capital.

14. Our Company may not be able to recover the full value of collateral or amounts, which are sufficient to cover the outstanding amounts due under defaulted loans, which could expose it to losses and consequent adverse impact on its financial condition and results of operations

Our Company's lending products include housing loans, loans against property and corporate mortgage loans. A substantial portion of our Company's loans are exposed to the real estate sector as the underlying security on these loans is primarily mortgages on rental property. In the event the real estate sector is adversely affected due to any reason whatsoever, including without limitation, the passing of any stringent norms regarding construction, floor space index or other compliances, the value of our Company's collateral may diminish which may affect its business and results of operations in the event of a default in repayment by its clients. Also, if any of the projects which form part of our Company's collateral are stalled for any reason for any length of time, the same may affect our Company's ability to enforce its security, thereby effectively diminishing the value of such security.

Our Company's policy is to secure all of its loans with real property, and, in some cases, our Company has also taken further security by way of personal guarantees and the assignment of benefits under life insurance policies. However, an economic downturn or sharp downward movement in prices of real estate could result in a fall in collateral values. Additionally, our Company may not be able to realise the full value of its collateral due to, among other things, defects in the perfection of collateral, delays on our Company's part in immediate taking action to secure its property, non-adherence to internal or regulatory guidelines in relation to granting and recovery of loans, fraudulent activities of borrowers and /or employees, delays in corporate insolvency and bankruptcy foreclosure proceedings under the Insolvency and Bankruptcy Code, 2016 and the rules prescribed thereunder (the "**IBC**"), and fraudulent transfers by borrowers. Any significant changes to the resolution process under the IBC may also affect investors' confidence in the Indian financial banking sector. In light of COVID-19, the Government of India has declared that there will be no fresh additions under the IBC code for one year and this may affect the recoveries for our Company. For further details in relation to the impact of COVID-19 on our Company, please see section, *"The outbreak of COVID-19 has had, and could further have, a material adverse effect on our Group's business, financial condition and results of operations"* on page 56.

The IBC provides for a time-bound mechanism to resolve stressed assets. While the IBC was enacted to provide an efficient method for recovery of stressed assets, the process of resolution of accounts referred under the IBC is still evolving, with periodic amendments being incorporated in the framework through both legislation and judicial decisions. This could delay the resolution of accounts that have been referred. Should the resolution of accounts not be achieved, the borrowers will go into liquidation, and the market value of the collateral may come down thus impacting the recovery of dues by lenders. Any significant changes to the resolution process under the IBC may also affect investors' confidence in the Indian financial and banking sector. On May 17, 2020, the Central Government announced, amongst others, that initiation of fresh insolvency cases would be suspended for up to a period of one year. It was also announced that all 'COVID-19' related defaults would be excluded from the IBC. The ordinance suspending initiation of Corporate Insolvency Resolution Process ("**CIRP**") was promulgated by the President of India on June 5, 2020 through the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 (the "**2020 Ordinance**"). The 2020 Ordinance has been introduced to enable and safeguard the corporate debtors who may default in the discharge of their obligations and are experiencing distress on account of the pandemic. It introduces two new sections: (i) Section 10A; and (ii) sub-section 3 to Section 66. Section 10A suspends initiation of CIRP contained under Section 7 (initiation by financial creditor), Section 9 (initiation by the operational creditor) and Section 10 (initiation by the corporate debtor) of the Bankruptcy Code for any default arising on or after March 25, 2020 for six months or such further period not exceeding one year, as may be notified for this purpose. It clarifies that CIRP can be initiated for default occurring/committed prior to March 25, 2020. The suspension of IBC as aforesaid may adversely impact the ability of our Company to recover loans.

In order to prevent frauds in loan cases involving multiple lending from different banks or HFCs, the GoI has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India ("**CERSAI**") under section 20 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002, as amended ("**SARFAESI Act**") in order to create a central database for registration of securitisation transactions and reconstruction of financial assets and creation of security interest under the SARFAESI Act.

Our Company is registered with the CERSAI and it submits the relevant data to the CERSAI from time to time. Our Company also appoints a number of providers of credit verification and investigation services to obtain information on the credit-worthiness of its prospective customers. However, there can be no assurance that these measures will be effective in preventing frauds.

Following the introduction of the SARFAESI Act in 2002 and the extension of its application to HFCs, our Company may now enforce collateral by way of sale of the mortgaged property after sixty days' notice to a borrower whose loan has been classified as non-performing. However, in a case before the Supreme Court of India in 2004, while the constitutional validity of the SARFAESI Act was affirmed, the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("**DRT**") was also affirmed. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any security enforcement proceedings would not be stayed by the DRT.

A failure to recover the expected value of collateral security could lead to a potential loss for our Company. Any such losses could adversely affect our Company's financial condition and results of operations.

15. ***Indian housing finance industry is extensively regulated and our Company may have to comply with stricter or unexpected regulations and guidelines issued by regulatory authorities in India from time to time, including the RBI, NHB and SEBI, which may increase our Company's compliance costs, divert the attention of our Company's management and subject it to penalties***

Our Company is regulated principally by, and has reporting obligations to, the RBI, the NHB, the SEBI and the Ministry of Corporate Affairs. Our Company is also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework in India differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's housing finance sector. For example, the RBI, through a circular no. RBI/2019-20/98 DOR NBFC (PD) CC.No.105/03.10.136/2019-20 dated November 11, 2019, withdrew certain exemptions that were earlier granted to HFCs, including our Company. As a result, the RBI has made the provisions of Chapter IIIB of the Reserve Bank of India Act, 1934 which relate to non-banking institutions receiving deposits and financial institutions (except Section 45-IA of Reserve Bank of India Act, 1934) applicable to HFCs, including our Company. Under Chapter IIIB of the Reserve Bank of India Act, 1934, the RBI is empowered to exercise various powers including but not limited to, regulating or prohibiting the issue of a prospectus or an advertisement soliciting deposits of money, determining policies, issuing directions, collecting information as to deposits, calling for information from financial institutions, filing winding up petitions, prohibiting acceptance of deposit and alienation of assets and conducting inspections. Further, Chapter IIIB of the Reserve Bank of India Act, 1934 requires non-banking finance companies to invest in India in unencumbered approved securities, which are valued at a price not exceeding the current market price, the amount of which, at the close of business on any day, shall not be less than five per cent. and not exceed 25 per cent. of the outstanding at the close of business on the last working day of the second preceding quarter. There is no guarantee that the RBI may not withdraw any other exemptions that are currently available to HFCs.

Pursuant to the NHB Directions, 2010 (as amended *vide* notification No. NHB.HFC.DIR.22/MD&CEO/2019 dated 17 June 2019), an HFC is not permitted to accept or renew public deposits unless: (i) the HFC has obtained the minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year, and a copy of such rating is sent to the NHB; and (ii) it complies with all the prudential norms. Provided that an HFC has obtained a credit rating for its fixed deposits not below the minimum investment grade rating set out therein and has complied with all the prudential norms, it may accept public deposits not exceeding three times its net owned funds. Further, no HFC shall have deposits (inclusive of public deposits) the aggregate amount of which, together with the amounts, if any, held by it which are referred in clauses (iii) to (vii) of Section 45I(bb) of the Reserve Bank of India Act, 1934 as loans or other assistance from the National Housing Bank, is in excess of: (i) 14 times its NOF on or after March 31, 2020; (ii) 13 times its NOF on or after March 31, 2021; and (iii) 12 times its NOF on or after March 31, 2022. For the purpose of determining the above limit, NOF shall mean "net owned fund" as defined in the NHB Directions, 2010 and with respect to its position as per the audited accounts as at March 31 of the previous year. For further details, please see section, "*Regulation and Policies - The Housing Finance Companies (National Housing Bank) Directions, 2010 ("NHB Directions, 2010")* on page 248.

Upon the amendment of the NHB Act by the Finance (No.2) Act, 2019, certain powers for regulation of HFCs were conferred upon the RBI. Pursuant thereto, the RBI issued a press release dated August 13, 2019 titled 'Transfer of Regulation of Housing Finance Companies (HFCs) to Reserve Bank of India' stating that HFCs will henceforth be treated as one of the categories of NBFCs for regulatory purposes and that the RBI will carry out a review of the extant regulatory framework applicable to the HFCs and come out with revised regulations in due course.

Accordingly, the RBI released a draft framework on June 17, 2020 ("**Draft Framework**"), for public comments, proposing changes in regulations applicable to HFCs. Through the Draft Framework, the RBI has proposed to define the principal business and qualifying assets for HFCs and has suggested an inclusive definition of the terms 'providing finance for housing' or 'housing finance' as per provisions of the RBI's master circular on housing finance addressed to banks and NHB's illustrative list of housing loans. Further, the RBI has recommended that not less than 50 per cent of net assets will be in the nature of 'qualifying assets' for HFCs, of which at least 75 per cent should be towards individual housing loans. Presently, HFC regulations are common for all HFCs irrespective of their asset size and ownership. However, the Draft Framework proposes to issue HFC regulations by classifying them as systemically important and non-systemically important, whereby non-deposit taking HFCs with asset size of ₹ 5,000 million and above and all deposit taking HFCs, irrespective of asset size, will be treated as systemically important HFCs. Further, it suggests increasing the minimum net owned fund for HFCs from the current requirement of ₹ 100 million to ₹ 200 million and specifies that for existing HFCs the glide path would be to reach ₹ 150 million within one year and ₹ 200 million within 2 years with an aim to strengthen the capital base, especially of smaller HFCs and companies proposing to seek registration under the NHB Act. The Draft Framework also proposes to extend the applicability of directions issued by RBI *inter alia* on liquidity risk framework and liquidity coverage ratio, securitization and monitoring of frauds for NBFCs, to HFCs. For further details, please see section, "*Regulation and Policies - The Housing Finance Companies (National Housing Bank) Directions, 2010 ("NHB Directions, 2010")*" on page 248. If the Draft Framework is brought into force in its current form, it may adversely impact asset classification, risk weightage, distributable profits and limit the ability of our Company to accept public deposits and the introduction of the liquidity coverage ratio may adversely impact the liquidity and profitability of our Company.

Similarly, in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the RBI allowed commercial banks, co-operative banks, financial institutions and NBFCs (including HFCs) to grant a 3-month moratorium on payment of instalments of all term loans to help alleviate the hardship of borrowers which was brought on by the national lockdown. For further details in relation to the impact of COVID-19 on our Company, please see section, *"The outbreak of COVID-19 has had, and could further have, a material adverse effect on our Group's business, financial condition and results of operations."* on page 56.

The initial moratorium period was for payments due between March 1, 2020 and May 31, 2020. 27 per cent. of our Company's loans under management opted in under the initial moratorium. Of this, individual loans accounted for 22.6 per cent. of the total individual loan portfolio.

On May 23, 2020, the RBI permitted an extension of the moratorium period by three months up to August 31, 2020. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. Lenders were required to frame board approved policies for offering their customers the moratorium. Lenders have adopted different methods in offering the moratorium, either an 'opt-in' or 'opt-out' structure. Our Company has adopted an 'opt-in' structure for the moratorium. Approximately 22.4 per cent. of our Company's assets under management have opted for the extended moratorium; individual loans on which the extended moratorium had been requested accounted for 16.6 per cent. of the total individual loans.

Any changes in the existing regulatory framework, including any increase in the compliance requirements, may require the Group to divert additional resources, including management time and costs towards such increased compliance requirements. Such an increase in costs could have an adverse effect on our Company's business, prospects, financial condition and results of operations. Additionally, our Company's management may be required to divert substantial time and effort towards meeting such enhanced compliance requirements and may be unable to devote adequate time and efforts towards the business of our Company, which may have an adverse effect on its future business, prospects, financial condition and results of operations. Further, if the interpretations of the regulators and authorities with respect to existing regulations differs from our Company's interpretation, our Company may be subject to penalties. There can be no assurance that our Company will be able to comply with the various regulatory and legal requirements in a timely manner, or at all. Occurrence of any of these risks could result in a material adverse effect on our Company's business and results of operations.

Further, as a listed company, our Company is subject to continuing obligations under the Uniform Listing Agreement as well as the SEBI Listing Regulations. Additionally, as our Company's outstanding non-convertible debentures are listed on the WDM segment of BSE and NSE, our Company is subject to the SEBI Debt Regulations. As regards any non-convertible debentures issued by our Company by way of the electronic book mechanism, in addition to the SEBI Debt Regulations, our Company is required to comply with the SEBI circular dated January 05, 2018 bearing reference number SEBI/HO/DDHS/CIR/P/2018/05 and SEBI circular dated August 16, 2018 bearing reference number SEBI/HO/DDHS/CIR/P/2018/122.

There can be no assurance that our Company will be able to comply with any increased, more stringent, or unexpected regulatory requirements, in part or at all. Failure to comply with such further regulatory requirements could lead to regulatory actions, including penalties, which may have an adverse effect on our Company's future business, prospects, financial condition and results of operations.

16. Our Company's ability to pay dividends depends upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures

Our Company's ability to pay dividends in the future depends on the profitability of its business, its future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Our Company's ability to pay dividends may also be restricted under financing arrangements to which it is currently subject to or which our Company expects to enter. Our Company may be unable to pay dividends in the near or medium term, and our Company's future dividend policy will depend on its capital requirements and financing arrangements, financial condition and results of operations. Any dividend paid by our Company in the past should not be held to be an indication of any dividends payable in the future.

17. Our Company may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect its business, prospects, financial condition and results of operations

The Competition Act regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert which causes, or is likely to cause, an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves: the determination of purchase or sale prices; limiting or controlling production; supply; markets; technical development; investment or provision of services; sharing the market or source of production or provision of services in any manner by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or in any other similar way; or bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall also be guilty of the contravention and may be punished.

On March 04, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from 1 June 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds, to be mandatorily notified to and pre-approved by the CCI. Additionally, on 11 May 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by our Company, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act, may adversely affect our Company's business, financial condition or results of operations. Our Company cannot guarantee that it will be able to obtain approval for any future transactions on satisfactory terms, or at all. If our Company or any member of its group is affected directly or indirectly by the application or interpretation of any provision of the Competition Act, any proceedings initiated by the CCI or any other relevant authority (or any other claim by any other party under the Competition Act) and any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our Company's reputation may be materially and adversely affected, which may in turn have an adverse effect on its future business, prospects, financial condition and results of operations.

18. Companies operating in India are subject to a variety of taxes and surcharges

Taxes and other levies imposed by the central and state governments in India that affect our Company's tax liability include central and state taxes and other levies, income tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. As per the Taxation Laws (Amendment) Act, 2019, a new tax regime was introduced with effect from the financial year 2019-20, whereby our Company can opt to pay tax at 22 per cent. plus surcharge at 10 per cent. and cess at 4 per cent. subject to the conditions specified in section 115BAA of the I.T Act. Any future increases or amendments may result in significant additional taxes becoming payable by our Company. Additional tax exposure could adversely affect our Company's business, cash flows and results of operations.

19. The taxation system in India could adversely affect our Company's business, prospects, financial condition and results of operations.

The Government has implemented major reforms in Indian tax laws, namely the imposition of the goods and services tax ("**GST**") and provisions relating to the General Anti-Avoidance Rule ("**GAAR**"). GST was implemented with effect from July 1, 2017 and replaced the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT and surcharge collected by the central and state governments.

As regards GAAR, the provisions have been introduced in the Finance Act 2012 and, as per the Finance Act 2015, were applicable in respect of an assessment year beginning on or after 1 April 2018. The GAAR provisions intend to tax arrangements declared as “impermissible avoidance arrangements”. Section 96(1) of the Income Tax Act states that "impermissible avoidance arrangements" means an arrangement, the main purpose of which is to obtain a tax benefit and which: (a) creates rights, or obligations, which are not normally created between persons dealing at arm’s length; (b) results, directly or indirectly, in the misuse or abuse of the provisions of the Income Tax Act; (c) lacks commercial substance or is deemed to lack commercial substance under section 97 of the Income Tax Act, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which is not ordinarily employed for *bona fide* purposes. If GAAR provisions are invoked, the tax authorities would have wide powers, including denial of a tax benefit or a benefit under a tax treaty.

As the taxation system has undergone significant changes, the effect of such changes on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect our Company’s business, prospects, financial condition and results of operations.

20. ***Our Company depends on its brand and failure to maintain and enhance awareness of its brand would adversely affect its ability to retain and expand its base of customers.***

Our Company believes that the strong reputation of the "HDFC" brand name is essential to its business. As such, any damage to our Company's reputation and that of the "HDFC" brand name could substantially impair its ability to maintain or grow the business. In addition, any action on the part of any of the companies in the HDFC Group that negatively impacts the "HDFC" brand names could have a material adverse effect on our Company's business, cash flows, financial condition and results of operations.

If our Company fails to maintain this brand recognition with its target customers due to any issues with its product offerings, a deterioration in service quality resulting in dissatisfaction, or otherwise, or if any premium in value attributed to its business or to the brands under which its services are provided declines, market perception and customer acceptance of its brands may also decline. In such an event, our Company may not be able to compete for customers effectively, and its business, financial condition and growth prospects may be materially and adversely affected.

In addition, any unauthorized or inappropriate use of our Company's brand, trademarks and other related intellectual property rights by others, including its Subsidiaries or third party distributors of its products, in their corporate names or product brands or otherwise could harm our Company's brand image, competitive advantages and business and dilute or harm its reputation and brand recognition. Further, if a dispute arises with respect to any of our Company's intellectual property rights or proprietary information, it will be required to produce evidence to defend or enforce its claims, and our Company may become party to litigation, which may strain its resources and divert the attention of its management. Our Company cannot assure that any infringement claims that are material will not arise in the future or that it will be successful in defending any such claims when they arise.

Our Company's efforts to protect its intellectual property or proprietary information and the measures it takes to identify potential infringement of its intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorized use. The misappropriation or duplication of its intellectual property or proprietary information may disrupt its business, distract management and employees, reduce revenues and increase expenses. In addition, our Company may also become subject to infringement claims. Even if claims against our Company are not meritorious, any legal, arbitral or administrative proceedings that it may be required to initiate or defend such claims may be time-consuming, costly and harmful to our Company's reputation, and there is no assurance that such proceedings will ultimately be determined in our Company's favour. Furthermore, the application of laws governing intellectual property rights in India, and in any other jurisdiction in which our Company operates, or may operate in the future, is continuously evolving. There may be instances of infringement or passing-off of our Company's brand in Indian markets, or in markets in other jurisdictions in which our Company operates, or may operate in the future.

Our Company's failure to adequately protect its brand, trademarks and other related intellectual property rights may adversely affect its business, cash flows, financial condition and results of operations. For further details in relation to our Company's intellectual property, please see *"Intellectual Property"* on page 246.

21. Our Company may not adequately assess, monitor and manage risks inherent in its business, and any failure to manage risks could adversely affect its financial condition and results of operations

Our Company is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk (including fraud), regulatory risk, reputational risk and legal risk (including actions taken by our Company's own employees). The effectiveness of its risk management is limited by the quality and timeliness of available data and other factors outside of our Company's control.

For example, our Company's hedging strategies and other risk management techniques may not be fully effective in mitigating its risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. As part of its ordinary decision making-process, our Company rely on various models for risk and data analysis. These models are based on historical data and supplemented with managerial input and comments. There are no assurances that these models and the data they analyse are accurate or adequate to guide our Company's strategic and operational decisions and protect our Company from risks. Any deficiencies or inaccuracies in the models or the data might have a material adverse effect on our Company's business, financial condition or results of operation. Additionally, management of operational, legal or regulatory risk requires, among other things, policies and procedures to ensure certain prohibited actions are not taken and to properly record and verify a number of transactions and events. Although our Company has established these policies and procedures, they may not be fully effective and our Company cannot guarantee that its employees will follow these policies and procedures in all circumstances. Unexpected shortcomings in these policies and procedures or a failure to follow them may have a materially adverse effect on our Company's business, cash flows, financial position or results of operations.

Our Company's future success will depend, in part, on its ability to respond to new technological advances and emerging banking and housing finance industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that our Company will successfully implement new technologies or adapt its transaction-processing systems to customer requirements or emerging market standards. Failure to properly monitor, assess and manage risks, could lead to losses, which may have an adverse effect on our Company's future business, prospects, financial condition and results of operations. Our Company may not be able to detect money laundering and other improper or illegal activities in comprehensive and timely manner, which could expose it to additional liability and thereby materially impact its business. Further, both internal and external fraud could adversely affect the reputation and goodwill of our Company.

Further, in light of the prevailing conditions in the HFC sector, NHB *vide* circular no. NHB(ND)/DRS/Policy Circular No.92/2018-19 dated February 5, 2019 has issued guidelines on reporting and monitoring of frauds in HFCs ("**2019 Guidelines**") in order to facilitate the ongoing process relating to reporting of fraud in HFCs and to strengthen the reporting and monitoring system relating to fraudulent transactions reported by HFCs. In terms of the 2019 Guidelines, HFCs are required to put in place a reporting system for recording fraud without any delay. HFCs are required to specifically nominate an official of the rank of general manager or equivalent who will be responsible for submitting all the returns to the NHB and reporting in terms of the 2019 Guidelines. Further, in case no frauds are detected, HFCs are not required to submit 'Nil' report to NHB. Compliance with the NHB's guidelines on reporting and monitoring fraud may result in higher costs of raising funds which could adversely impact our Company. For further details, please see section, "*Regulation and Policies—Guidelines on Reporting and monitoring of Frauds in HFCs*" on page 261.

22. ***Our Company depends on the accuracy and completeness of information provided by our Company's potential borrowers.***

Our Company conducts credit assessments on the basis of information provided by borrowers and does not independently verify this information. Our Company's reliance on any misleading information given by or misrepresentation by potential borrowers may affect its judgment of the creditworthiness of potential borrowers, and the value of and title to the collateral, which may affect our Company's business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with potential borrowers, our Company relies on information furnished by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, our Company conducts searches on CIBIL and other credit bureaus for the creditworthiness of our Company's borrowers. For ascertaining the creditworthiness and encumbrances on collateral our Company may depend on third parties such as the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent or professional valuers in relation to the value of the collateral, and our Company's reliance on any misleading information given may affect its judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our Company's business, prospects, results of operations and financial condition. Our Company follows the KYC guidelines as applicable to HFCs on the potential borrower, verifies the place of business or place of employment as applicable to the potential borrower and also verifies the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. Additionally, once a prospective borrower has submitted a completed loan application, our Company's empanelled third-party agencies conduct various on-site checks to verify the prospective customer's work and home addresses. Our Company has framed its certain policies in accordance with the KYC guidelines applicable to HFCs mandating the policies to have certain key elements, including, *inter alia*, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further, our Company has a well-established and streamlined credit appraisal process. However our Company cannot provide assurance that information furnished by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by our Company with credit bureaus and NHB, or the on-site verification conducted by our Company's empanelled third party agencies will be accurate, and its reliance on such information given by potential borrowers may affect its judgment of the creditworthiness of potential borrowers, and the value of and title to the collateral, which may affect our Company's business, results of operations and financial condition.

23. The Government currently provide fiscal benefits for our Company and homeowners, and these benefits may be reduced or removed, which may adversely affect our Company's business, prospects, financial condition and results of operations

The Government provide a number of fiscal benefits for homeowners. Since the early 1990s, interest and principal repayments on capital borrowed for the purchase or construction of housing have been tax deductible up to certain limits, and tax rebates have been available for borrowers of such capital up to specified income levels. There can be no assurance that the Government will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the Government will not introduce tax efficient investment options which are more attractive to borrowers than property investment. The demand for housing and/or housing finance may be reduced if any of these changes occur.

The RBI has also provided incentives to the housing finance industry by extending priority sector status to housing loans. In addition, pursuant to Section 36(1)(viii) of the Income Tax Act, up to 20 per cent. of profits from the provision of long-term finance for the construction or purchase of housing in India for residential purposes may be carried to a **"Special Reserve"** and are not subject to income tax (subject to the limit of 200 per cent. of the paid-up share capital and general reserve on the last day of the previous year minus the balance of the special reserve account on the first day of the previous year). There can be no assurance that the Government will continue to make this fiscal benefit available to HFCs. If it does not, this may result in a higher tax outflow for our Company.

Section 36(1)(viia) of the Income Tax Act permits our Company, being a non-banking financial company, to claim 5 per cent. of its total income (computed before making any deduction under this clause and Chapter VIA of the I.T Act) as a deduction towards provision for bad and doubtful debts. However, the Government can reduce the quantum of this deduction either by altering the percentage or the amounts eligible on which the percentage is applied. This may then result in a higher tax outflow. Our Company can eventually claim the deduction in the event of the actual write off of the loan.

The Finance Act has introduced a simplified tax regime with effect from financial year 2020-21 for individual taxpayers, wherein such tax payer can opt for lower taxes on foregoing certain tax deductions and exemptions. One such tax benefit available was deduction on payment of interest on housing loans. Thus, the incentive to buy homes using housing loans may get subdued and thereby may have an impact on our Company's business.

24. Our Company is party to certain legal proceedings, including disputes with the Indian tax authorities with respect to certain income tax demands, which, if determined against it, could affect its profitability, financial condition and results of operations

Our Company is involved in several legal proceedings in the ordinary course of its business, such as consumer disputes, debt-recovery proceedings, proceedings under the SARFAESI Act, income tax proceedings, civil disputes and criminal proceedings. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A significant degree of judgment is required to assess our Company's exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings, or that the provisions our Company makes will be adequate to cover all the losses it may incur in such proceedings, or that its actual liability will be as reflected in any provision that it has made in connection with any such legal proceedings.

Our Company's dispute with the Indian tax authorities relates to the computation of the profit derived from the business of long-term housing finance eligible for the special deduction under section 36(1)(viii) of the Income Tax Act. For further details, please see section "*Legal Proceedings*" on page 373. The dispute revolves around the correct classification of eligible incomes and related expenses that constitute the long-term housing finance business. Nonetheless, as at March 31 2020, our Company has a contingent liability in respect of all the disputed income tax demands, net of amounts provided for and disputed by our Company, amounting to ₹ 20,641.80 million. Our Company has already paid this amount to the Indian tax authorities and will receive this amount, or a part thereof, as a refund if the disputes are resolved in our Company's favour. If the disputes were to be decided in favour of the tax authorities, although there would be no further payment required by our Company, the amount of ₹ 20,641.80 million would have to be added as a provision for tax and this would accordingly reduce our Company's profit after tax by a corresponding amount. For further details, please see section, "*Legal Proceedings*" on page 373.

Although our Company intends to defend or appeal these proceedings it will be required to devote management and financial resources in their defence or prosecution. If a significant number of these disputes are determined against it and if it is required to pay all or a portion of the disputed amounts or is unable to recover amounts for which it has filed recovery proceedings, there could be an adverse impact on its reputation, business, financial condition and results of operations. For further details in relation to our Company's outstanding material litigation, please see section, "*Legal Proceedings*" on page 373.

25. Our Company may be requested to make payments pursuant to the corporate undertakings in our Company's securitisation of receivables transactions which may require payments in respect of these undertakings which may adversely affect our Company's net income

Our Company has provided credit enhancement for some of its securitisation of receivables. Contingent liability in respect of corporate undertakings provided by our Company for securitisation of receivables aggregated to ₹11,527 million as on Fiscal 2020, as compared to ₹18,381 million as on Fiscal 2019. The outflow would arise in the event of a shortfall, if any, in the cash flows of the underlying pool of the securitised receivables. If our Company continues to provide credit enhancement in its future securitization receivables, its financial condition and results of operations may be adversely affected in the event of any shortfall.

26. Our Company may receive complaints under its whistle blower policy from time to time.

Our Company maintains a whistle blower policy to *inter alia*, develop a procedure for dealing in complaints relating to malpractice, actual or suspected fraud, violation of the Code of Conduct of our Company, instances of leakage of unpublished price sensitive information, breach of any policy, abuse of power and authority by any official or any other acts with an intention of unethical personal gain or to cause damage to our Company or employees. Our Company has previously received complaints under this policy, which have either been resolved or are in the process of being resolved in accordance with the policy. As of the date of this Placement Document, there are six complaints that are in the process of being addressed under our Company's whistle blower policy.

In the event complaints received by the Company result in any legal action or regulatory penalties against the Company in the future, it may adversely affect our reputation, business, financial condition and/or results of operations.

27. Our Company is subject to periodic inspections by the NHB, and non-compliance with the NHB's observations made during any such inspections could adversely affect our Company's reputation, financial condition and results of operations

Our Company is subject to periodic inspection by the NHB under the NHB Act wherein the NHB inspects our Company's books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information or particulars which our Company may have failed to furnish on being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all housing finance institutions under the NHB Act. In the past, the NHB has made certain observations during its periodic inspections in connection with our Company's operations and has sought clarifications. Even though our Company has provided the NHB with the necessary clarifications, and taken the necessary steps to comply with the NHB's observations, any adverse notices or orders by the NHB during any future inspections could adversely affect our Company's reputation, business, financial condition, results of operations and cash flows.

For further details in relation to the outstanding show cause notices, please see section, "*Legal Proceedings – Regulatory Proceedings*" on page 375.

28. Our Company's inability to obtain, renew or maintain its statutory and regulatory permits and approvals required to operate its business may materially and adversely affect our Company's business and results of operations

Our Company requires certain licenses, approvals, permits and registrations in order to carry on its business activities. These include registration with the NHB for carrying out business as a HFC. Our Company is also required to maintain licenses under various applicable national and state labour laws in force in India for some of our Company's offices and with regard to some of its employees. While our Company currently possesses all the relevant licenses, approvals, permits and registrations or has applied for renewals of certain licenses and approvals that have expired, there can be no assurance that the relevant authorities will renew these in the anticipated time-frame, or at all. Additionally, failure by our Company to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in the interruption of our Company's operations and may have a material adverse effect on our Company's business, financial condition and results of operations.

29. A failure, inadequacy or security breach in our Company's information technology and telecommunication systems may adversely affect our Company's business, results of operation and financial condition

Our Company's ability to operate and remain competitive depends in part on its ability to maintain and upgrade its information technology systems and infrastructure on a timely and cost-effective basis, including our Company's ability to process a large number of transactions on a daily basis. Our Company's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Our Company's financial, accounting or other data processing systems and management information systems or its corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our Company's control, including a disruption of electrical or communications services. Further, our Company's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other attacks that may compromise data integrity and security and result in client information, data or identity theft, for which our Company may potentially be liable. Further, the information available to and received by our Company's management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our Company's operations. If any of these systems are disabled or if there are other shortcomings or failures in our Company's internal processes or systems, it may disrupt its business or impact its operational efficiencies, and render it liable to regulatory intervention or cause damage to its reputation. To date, our Company has not experienced any kind of security incident (including email phishing) or had a breach report. During the COVID-19 lock-down, our Company has provided a secured remote connectivity ("**VPN**") to its employees so that they able to work from home and has implemented necessary controls to ensure better security for this remote connectivity. However, the occurrence of any such events may adversely affect our Company's business, results of operation and financial condition.

30. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our Company's financial condition

No attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards, Ind AS differs in certain significant respects from IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our Company's financial statements were to be prepared in accordance with such other accounting principles, our Company's results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our Company's financial statements of our Company included in this Placement Document, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

31. The Indian tax regime is currently undergoing substantial changes which could adversely affect our Company's business and the trading price of the Equity Shares

The GST implemented with effect from July 1, 2017 combines taxes and levies by the GoI and state governments into a unified rate structure, and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, excess and surcharge that were being collected by the GoI and state governments. The rate of GST on financial services, excluding interest revenue, is 18 per cent. compared to the 15 per cent. service tax rate that was payable before the implementation of GST. The implementation of GST may have resulted in an overall increase in our Company's tax expenses.

In addition, under the GST regime, our Company is obliged to pass on any incremental benefits accruing to it as a result of the transition to GST to the consumer, thereby limiting the benefit to our Company. Further, in order for our Company to avail input credit under GST, the entire value chain has to be GST compliant, including our Company. This is a recent development and continues to undergo substantial changes. In addition, the taxation system in India might further see significant changes. As a result, the consequent effects of the GST cannot be determined at present and there can be no assurance that such effects would not adversely affect our Company's business, future financial performance and the trading price of the Equity Shares.

32. The Real Estate (Regulation and Development) Act, 2016 (the "RERA") was introduced to regulate the real estate industry and ensuring, among others, imposition of certain responsibilities on real estate developers and accountability towards customers and protection of their interest. Any slowdown in the housing finance industry as a result of RERA may adversely affect our Company's business operations, financial condition, results of operations and financial condition

The Government gave notice of the RERA in the official gazette on March 26, 2016. The RERA was introduced to regulate the real estate industry and ensuring, among others, imposition of certain responsibilities on real estate developers and accountability towards customers and protection of their interest. The RERA imposes certain obligations on real estate developers, including mandatory registration of real estate projects, prohibition on advertisements or accepting advances unless real estate projects are registered under RERA, maintenance of a separate escrow account for amounts realised from each real estate project and restrictions on withdrawal of amounts from such escrow accounts and taking customer approval for major changes in sanctions plan. In addition, real estate developers will have to comply with state specific legislations which may be enacted by the respective state government due to the introduction of RERA. Further, while most state Governments in India have notified rules in relation to RERA, other states are in the process of doing so. Any slowdown in the housing finance industry as a result of RERA may adversely affect our Company's business operations, financial condition, results of operations and financial condition.

Risks relating to India

1. Reduced economic growth in India may adversely affect our Company's business and results of operations

Our Company's financial performance and the quality and growth of its business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. Substantially all of our Company's assets and employees are located in India, and our Company intends to continue to develop and expand in India.

Our Company's performance and the growth of its business depend on the performance of the Indian economy and the economies of the regional markets our Company currently serves. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalisation policies, social disturbances, widespread job losses, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The COVID-19 pandemic outbreak, financial turmoil in Asia, U.S., Russia and elsewhere in the world in recent years has affected the Indian economy. For further details in relation to the impact of COVID-19 on our Company, please see section, *"The outbreak of COVID-19 has had, and could further have, a material adverse effect on our Group's business, financial condition and results of operations."* on page 56.

Any slowdown in these economies could adversely affect the ability of our Company's customers to afford its services, which in turn would adversely impact our Company's business and financial performance and the price of the Equity Shares.

2. Financial instability in other countries may cause increased volatility in Indian financial markets

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in the United States, Europe, and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our Company's business, future financial performance and the price of the Equity Shares. The global financial markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since December 2019, the ongoing outbreak of COVID-19 has affected countries globally, with the World Health Organisation declaring the outbreak as a pandemic on March 12, 2020. There have been border controls, lockdowns and travel restrictions imposed by various countries, as a result of the COVID-19 outbreak. Such outbreak of an infectious disease together with the resulting restrictions on travel and/or imposition of lockdown measures have resulted in protracted volatility in domestic and international markets and/or may result in a global recession. In particular, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and has impacted global economic activity. A number of governments have revised gross domestic product growth forecasts for 2020 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession. In particular, continuing difficulties in financial and economic conditions could result in deterioration in the quality of the Bank's assets and larger provisioning, allowances for loan losses and write-offs. For further details in relation to the impact of COVID-19 on our Company, please see section, *"The outbreak of COVID-19 has had, and could further have, a material adverse effect on our Group's business, financial condition and results of operations."* on page 56.

Developments in the Eurozone have exacerbated the global economic crisis. Large budget deficits and rising public debts in Europe have triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Financial markets and the supply of credit could continue to be negatively impacted by on-going concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

On January 31, 2020, the United Kingdom left the European Union ("**Brexit**"). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and the global credit and financial markets.

In addition, any announcement by the United States to increase interest rates may lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalisation of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our Company's business and financial performance and the price of the Equity Shares.

In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our Company's business, future financial performance and the trading price of the Equity Shares.

3. Any adverse change in India's credit rating by an international rating agency could adversely affect our Company's business and profitability

India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our Company's control. On 7 November 2019, Moody's Investor Services downgraded the outlook on the Government of India's ratings from "stable" to "negative". In June 2020, S&P, retained India's sovereign ratings at "BBB minus" with the "stable" outlook, however pointed out that India's fiscal position remains precarious, with elevated fiscal deficits and net government indebtedness. Further, S&P has revised the economic risk trend for the banking system to "negative" from "stable" expecting Indian banks' asset quality to deteriorate, credit costs to rise, and profitability to decline. In November 2017, Moody's upgraded India's credit rating to "Baa2" from "Baa3" and changed its India rating outlook to "stable" from "positive" citing reforms such as GST, demonetization, the inflation-targeting monetary policy framework, the Bankruptcy Act, bank recapitalization, Aadhaar and the Direct Benefits Transfer system, however, on June 1, 2020, Moody's downgraded Government of India's foreign currency and local currency long term issuer ratings to "Baa3" from "Baa2" while maintaining the "negative outlook" due to relatively weak implementation of reforms since 2017, sustained period of relatively low growth, significant deterioration in the fiscal position of the government and the rising stress in the financial sector. Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate fiscal restraint. There is no assurance that India's credit ratings will not be downgraded in the future. Any adverse change in India's credit ratings by international rating agencies may adversely impact our Company's business and limit its access to capital markets.

4. The new bankruptcy code in India may affect the investment of the Equity Shareholders

The IBC does not apply to our Company (as it will be classified as a financial service provider), and accordingly the holders of Equity Shares will not be able to initiate any insolvency or winding up proceedings against our Company.

However, pursuant to the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 and Ministry of Corporate Affairs Notification S.O. 4139(E) dated 18 November 2019, the RBI can now commence corporate insolvency resolution process against NBFCs, (which include housing finance companies (such as our Company)) with an asset size of at least INR 5 billion. Furthermore, any such NBFC may commence voluntary liquidation proceedings under the IBC with prior RBI permission. Accordingly, if the said provisions are invoked against our Company, its ability to pay back its creditors, including the holders of the Equity Shares, may be affected. The enforcement of the creditor rights of the holders of the Equity Shares, will be subject to the said provisions.

An insolvency proceeding relating to our Company, even if brought in a jurisdiction outside India, would likely involve Indian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws in jurisdictions outside India.

5. Volatility in the exchange rates may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact our Company

Capital inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. The current account deficit ("**CAD**") in Fiscal 2019 and 2020 was 2.1 per cent. and 0.90 per cent. of the GDP. A trade shortfall puts pressure on the current account deficit and is a key vulnerability for the economy. In calendar year 2020 to date, the Rupee has been very volatile. Given the Rupee is less vulnerable due to the improvements in the CAD and visible moderation in inflation rates, there remains a possibility of needing to intervene in the foreign exchange market to control volatility of the exchange rate. The need to intervene at that point in time may result in a decline in India's foreign exchange reserves and subsequently may reduce the amount of liquidity in the domestic financial system. This in turn could impact domestic interest rates.

6. Political instability or changes in the Government in India could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which would impact our Company's financial results and prospects

Since 1991, successive Indian Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state Governments in the Indian economy as producers, consumers and regulators remain significant as independent factors in the Indian economy. The election of a pro-business majority Government in May 2019 marked a distinct increase in expectations for policy and economic reforms among certain aspects of the Indian economy. There is no guarantee that the new Government will be able to enact an optimal set of reforms or that any such reforms would continue or succeed if there were a change in the current majority leadership in the Government in the future. There is also no guarantee that the Government will announce an optimal set of reforms or policies in the future. The rate of economic liberalisation is subject to change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our Company's securities are continuously evolving as well. For example, as of the date hereof, the Government has implemented the goods and services tax and the general anti-avoidance rules. Any significant change in India's economic liberalisation, deregulation policies or other major economic reforms could adversely affect business and economic conditions in India generally and our Company's business in particular.

7. Natural disasters could have a negative impact on the Indian economy and damage our Company's facilities

Natural disasters such as floods, earthquakes or famines have in the past had a negative impact on the Indian economy. If any such event were to occur, our Company's business could be affected due to the event itself or due to its inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure and the loss of business continuity or business information. In the event that our Company's facilities are affected by any of these factors, its operations may be significantly interrupted, which may materially and adversely affect our Company's business, financial condition and results of operations.

8. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely impact our Company's business, could lead to a decrease in the trading price of the Equity Shares and could lead to a loss of confidence, which could impair travel and which could reduce its customers' appetite for its products and services

Terrorist attacks, such as those in Mumbai in November 2008 and other acts of violence or war may negatively affect our Company's business, the trading price of the Equity Shares could decrease and the worldwide financial markets may also be adversely affected. These acts may also result in a loss of business confidence, make travel and other services more difficult and as a result ultimately adversely affect its business. In addition, any deterioration in relations between India and Pakistan or between India and China might result in investor concern about stability in the region, which could adversely affect the trading price of the Equity Shares.

In June 2020, the clash between China and India in the Galwan River Valley resulted in numerous fatalities, which led to increased tension between the two countries. Further, India has also experienced social unrest in some parts of the country. These events have had, and may continue to have, an adverse impact on the global economy and customer confidence, which could, in turn, adversely affect our Company's revenue, operating results and financial condition. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of our Company's securities and may limit the capital resources available to our Company and to its customers. India has also witnessed civil disturbances in recent years, and future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on our Company. Such incidents also create a greater perception that investment in Indian companies involves a higher degree of risk, which could have an adverse impact on its business.

9. Investors may have difficulty enforcing foreign judgments in India against our Company or its management

Investors may have difficulty enforcing foreign judgments in India against our Company or its management. Our Company was constituted under the Companies Act, 1956. Most of our Company's directors and executive officers named herein are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside of India to effect service of process on our Company or such persons from their respective jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities of our Company or such directors and executive officers under laws other than Indian Law. For further details in relation to the enforcement of civil liabilities in India, please see section, "*Enforcement of Civil Liabilities*" on page 17.

Risks Relating to an Investment in the Equity Shares and the Issue

1. Equity Shares may not be a suitable investment for all investors

Each potential investor in any Equity Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Equity Shares, the merits and risks of investing in the relevant Equity Shares and the information contained or incorporated by reference in this Placement Document;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Equity Shares and the impact such investment will have on its overall investment portfolio; and

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Equity Shares.

2. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Equity Shares are legal investments for it; (ii) the Equity Shares can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of the Equity Shares. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Equity Shares under any applicable risk-based capital or similar rules.

3. Developments in other markets may adversely affect the market price of the Equity Shares

The market price of the Equity Shares may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. If developments similar to the sub-prime mortgage crisis in 2008 occur in the international financial markets in the future, the market price of the Equity Shares could be adversely affected.

4. After this Issue, the price of the Equity Shares may be volatile

The Issue Price will be determined by our Company in consultation with the Managers, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations and the Section 42 of the Companies Act, 2013 read with rules made thereunder, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on NSE and BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our Company's profitability and performance;
- perceptions about our Company's future performance or the performance of Indian companies in general;
- the performance of our Company's competitors and the perception in the market about investments in the housing finance sector;
- adverse media reports about our Company or the Indian housing finance sector;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of our Company's performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- regulatory changes in the Indian housing finance sector;
- inclusion or exclusion of our Company in indices;
- significant developments in India's fiscal and environmental regulations;
- any other political or economic factors;
- performance of the Subsidiaries; and
- Covid–19 related measures undertaken by the Government of India (For further details in relation to the impact of COVID-19 on our Company, please see section, *"The outbreak of COVID-19 has had, and could further*

have, a material adverse effect on our Group's business, financial condition and results of operations." on page 56).

5. Future issuances of Equity Shares by our Company or sales of Equity Shares by any of its significant shareholders could significantly affect the trading price of the Equity Shares

Any future issuance of Equity Shares by our Company could dilute investors' shareholding. Further, the future issuance of Equity Shares by our Company or the disposal of Equity Shares by any of our Company's major shareholders, or the perception that such issuance or sales may occur, may significantly affect the trading price of the Equity Shares. There can be no assurance that our Company will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

6. An investor will not be able to sell any of the Eligible Securities subscribed in this Issue other than on a recognized Indian stock exchange for a period of one year from the date of the allotment of the Eligible Securities

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Eligible Securities in this Issue, Eligible QIBs subscribing for each of the Eligible Securities may only sell their Eligible Securities on NSE or BSE and may not enter into any off-market trading in respect of these Eligible Securities. Our Company cannot be certain that these restrictions will not have an impact on the price of the Eligible Securities. Further, allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

Furthermore, subsequent to receipt of listing and trading approvals from the Stock Exchanges, and subject to applicable law: (1) the Warrants cannot be transferred (including by way of any secondary trades, which may be executed on BSE and NSE) to non-residents or entities, which are 'owned' or 'controlled' by non-residents / persons resident outside India, and whose downstream investments are regarded as foreign investments; and (2) the NCDs cannot be purchased by any non-residents except FPIs, subject to investment conditions applicable to FPIs under applicable law.

Accordingly, our Company cannot be certain that these restrictions will not have an impact on the price of the Eligible Securities. This may affect the liquidity of the Eligible Securities purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Eligible Securities purchased by investors.

7. Holders of Equity Shares in the United States or other jurisdictions could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-quarters of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that the investor is in does not permit the exercise of such pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, such as with the United States Securities and Exchange Commission, such investor will be unable to exercise such pre-emptive rights unless our Company makes such a filing. Our Company may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to such investor. To the extent that such investor is unable to exercise pre-emptive rights granted in respect of the Equity Shares, it may suffer future dilution of its ownership position and its proportional interests in our Company would be reduced.

8. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares, debentures and warrants in an Indian company are generally taxable in India.

Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemption. Accordingly, the sale of any Equity Shares held for more than 12 months may be subject to payment of long term capital gains tax in India, in addition to payment of STT. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Any gain realized on the sale of listed debentures on a stock exchange held for more than 12 months will be subject to long-term capital gains tax in India at the rate of 10 per cent. plus applicable surcharge and cess of capital gains, calculated without indexation of the cost of acquisition. Further, any gain realised on the sale of listed debentures held for a period of 12 months or less will be subject to short-term capital gains tax in India at the normal rates of tax.

Any gain realized on the sale of listed warrants on a stock exchange held for more than 12 months will be subject to long-term capital gains tax in India at the rate of 10 per cent. plus applicable surcharge and cess of capital gains calculated without indexation of the cost of acquisition or at 20 per cent. plus applicable surcharge and cess of capital gains calculated with indexation of the cost of acquisition whichever is more beneficial to the investor. Further, any gain realised on the sale of listed warrants held for a period of 12 months or less will be subject to short-term capital gains tax in India at the normal rates of tax.

As per section 90(2A) of the Income Tax Act, the claim of beneficial provisions under the Act as provided u/s 90(2) shall be available subject to the shareholder not falling under any of the provisions which may trigger chapter X-A of the Income Tax Act i.e. (the General Anti-Avoidance Rules). For further details in relation to taxation, please see section, *"Taxation"* beginning on page 353.

The above provisions may be subject to amendment by the Government in the future.

9. A third party could be prevented from acquiring control of our Company because of the anti-takeover provisions under Indian law

The SEBI Takeover Regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control. These provisions may discourage a third party from attempting to take control over our Company's business, even if such change in control would result in the purchase of its Equity Shares at a premium to the market price or would otherwise be beneficial to the investor. For further details, please see section, *"The Securities Market of India"* on page 344.

10. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions and requirements) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will be subject to the requirements specified under the foreign exchange regulations. Further, in accordance with press note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, all foreign direct investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India and shall have to be in conformity with the applicable provisions of the FEMA Rules.

Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

11. Any trading closures at BSE and NSE may adversely affect the trading price of our Company's Equity Shares

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

12. SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time

Our Company is subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historic volatility in the price and trading volume of the Equity Shares. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

13. Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date

Pursuant to the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in international or national monetary, financial, political or economic conditions or other events such as force majeure, material adverse changes in our Company's business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. The occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

14. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Company's Equity Shares are currently traded on BSE and NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

15. Our Company may be classified as a passive foreign investment company (a "PFIC") for United States federal income tax purposes, which could subject United States investors in securities to materially adverse United States federal income tax consequences.

Although our Company does not expect to be a PFIC for U.S. federal income tax purposes, the determination of whether our Company is a PFIC is based on the application of complex U.S. federal income tax rules (which are subject to change and to differing interpretations) and the changing composition of our Company's income and assets from time to time, and the relevant tests are partially based on certain facts outside of our Company's control. Therefore, there can be no assurance that our Company will not be a PFIC for any particular taxable year. If our Company is a PFIC for any taxable year during which a U.S. Holder (as defined in "*Certain U.S. Federal Income Tax Considerations"* on page 368) holds securities, certain materially adverse U.S. federal income tax consequences could apply to such U.S. Holder. For further details, please see section, "*Taxation — Certain U.S. Federal Income Tax Considerations — Passive Foreign Investment Company ("PFIC")*" on page 368.

Risk relating to the NCDs

1. ***Changes in interest rate may affect the price of the NCDs. Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the NCDs.***

All securities where a fixed rate of interest is offered, such as the NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the NCDs.

2. ***The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss.***

Our Company's ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith is subject to various factors including, inter-alia, our Company's financial condition, profitability and the general economic conditions in India and in the global financial markets. Our Company cannot assure NCD Holders that it would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will exclusively earmark its Assets, to the extent of the Asset Cover, for the payments required to be made under the NCDs, and to the NCDs Holders and the Debenture Trustee shall have a legal claim under the NCDs on the Assets to the extent of the Asset Cover (referred to as the "**Negative Lien**"), our Company is entitled to create any charge, encumbrance or any other security interests on its Assets, subject to maintenance of the Asset Cover. Please see section, "*Terms and Conditions of the NCDs - Security*" on page 282. If an Event of Default were to occur, the Debenture Trustee can (a) declare the principal and the accrued interest to be due and payable; and (b) create and perfect over the Assets comprising part of the security, or transfer or realise security; only if requested by NCD Holders of an amount representing not less than three-fourths in value of the then outstanding NCDs. Further, the ability of the Debenture Trustee to liquidate the Assets will be subject to any subsisting charge, encumbrance or any other security interests on the Assets and the realisable value of the Assets, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the Assets could expose the NCD Holders to a potential loss.

3. NCD Holders may be subject to taxes arising on the sale of the NCDs.

Sales of NCDs by any holder may give rise to tax liability. For further details, please see section, "*Statement of Possible Direct Tax Benefits Available to Housing Development Finance Corporation Limited ("Corporation") and to Resident and Non-Resident Qualified Institutional Buyers ("QIBs" / "Investors")*" on page 355.

4. There may be no active market for the NCDs on the retail debt market/capital market segment of the Stock Exchanges. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors including, inter alia: (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country; (ii) the market price of the Equity Shares; (iii) the market for listed debt securities; (iv) general economic conditions; and (v) our Company's financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which NCD Holders purchased the NCDs and/or be relatively illiquid.

5. ***Any downgrading in credit rating of our Company's NCDs may adversely affect the value of NCDs and thus our Company's ability to raise further debts.***

The NCDs have been rated “CRISIL AAA/Stable” by CRISIL Limited vide its letter dated July 31, 2020 and "ICRA AAA" by ICRA Limited vide its letter dated July 31, 2020. The rating provided by CRISIL Limited and ICRA Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Any downgrade in our Company's credit ratings may adversely affect its future issuances of debt and its ability to borrow on a competitive basis.

6. Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. The initiation of bankruptcy, liquidation or winding-up proceedings by any person other than our Company is not an event of default under the terms of the NCD, and in bankruptcy, liquidation or winding-up there may not be sufficient assets remaining to pay amounts due on the NCDs.

The NCDs will be subordinated to certain liabilities preferred by law on account of taxes, and certain liabilities incurred in the ordinary course of our Company's business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company’s assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per section 327 of the Companies Act, 2013. The initiation of bankruptcy, liquidation or winding-up proceedings by any person other than our Company is not an event of default under the terms of the NCD In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs. Further, any ‘cross-default’, i.e, default by our Company in respect of its other borrowings is not an event of default under the terms and conditions of the NCDs. For further details, please see section, “*Terms and Conditions of NCDs-Events of Default*” on page 282.

Risks relating to the Warrants

1. There is no existing market for the Warrants and an active market for the Warrants may not develop, which may cause the price of the Warrants to fall.

The Warrants are securities for which there is currently no trading market. No assurance can be given that an active trading market for the Warrants will develop, or as to the liquidity or sustainability of any such market. The price of the Warrants also depends on the supply and demand for the Warrants in the market and the price at which the Warrants are trading at any time may differ from the underlying valuation of the Warrants because of market inefficiencies. To the extent Warrants are exercised, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of the Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

2. The Warrants can be volatile instruments and may expire worthless.

The Warrants are subject to a number of risks, including: (i) sudden and large falls in value; and (ii) a complete or partial loss of the investment in the Warrants.

The market for the Warrants may be limited and this may adversely impact their value or the ability of a holder of the Warrants to dispose of them. Neither our Company nor any of the Book Running Lead Managers give any assurance as to the merits or performance of the Warrants nor make any commitment to make a market in or to repurchase the Warrants.

Transactions in off-exchange Warrants may involve greater risks than dealing in exchange-traded options. This Placement Document cannot disclose all of the risks and other significant aspects of the Warrants. No person should deal in the Warrants unless that person understands the terms and conditions of the Warrants and the extent of that person's exposure to potential loss. Each prospective purchaser of Warrants should consider carefully whether the Warrants are suitable in the light of our Company's circumstances and financial position. For further details, see section, "*Terms and Conditions of Warrants*" on page 286.

Prospective purchasers of Warrants should consult their own professional advisers to assist them in determining the suitability of the Warrants for them as an investment.

3. Future issues or sales of the Equity Shares may significantly affect the trading price of the Warrants and such issues or sales may not result in an adjustment to the conversion price of the Warrants.

A future issue of Equity Shares by our Company, including upon exercise of ESOPs and other outstanding convertible securities, or the disposal of Equity Shares by any of the major shareholders of our Company, or the perception that such issues or sales may occur, may significantly affect the trading price of the Warrants or the Equity Shares. There is no restriction on our Company's ability to issue Equity Shares, and there can be no assurance that our Company will not issue Equity Shares or that such issue will result in an adjustment to the conversion price of the Warrants.

MARKET PRICE INFORMATION

The Equity Shares have been listed on BSE since July 3, 1978 and NSE since August 5, 1996. As on the date of this Placement Document, 1,734,608,807 Equity Shares have been issued, subscribed and paid up.

As of August 7, 2020 the closing price of the Equity Shares on BSE and NSE was ₹ 1,777.95 and ₹ 1,777.70 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

1. The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for the following periods:

   (i) 12 month period commenced from April 1, 2019 and ended on March 31, 2020;
   (ii) 12 month period commenced from April 1, 2018 and ended on March 31, 2019; and
   (iii) 12 month period commenced from April 1, 2017 and ended on March 31, 2018.

BSE											
Financial Year	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Total volume during the calendar year (Number of equity shares traded)**	**Total turnover of equity shares traded in value (₹ in million)**	**Average price for the year (₹)**
Fiscal 2020	2,492.70	January 14, 2020	71,511	177.21	1,501.80	March 24, 2020	330,719	515.15	39,909,580	83,268.81	2,166.58
Fiscal 2019	2,044.45	July 27, 2018	48,496	98.77	1,660.20	October 22, 2018	77,114	128.68	41,833,078	79,620.50	1,890.00
Fiscal 2018	1,967.55	February 01, 2018	104,081	204.09	1,465.85	April 12, 2017	165,828	242.92	63,744,272.00	109,664.24	1,705.01

(Source: www.bseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the year represents the average of the closing prices of all trading days of each year presented.*

NSE											
Financial Year	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Total volume during the calendar year (Number of equity shares traded)**	**Total turnover of equity shares traded in value (₹ in million)**	**Average price for the year (₹)**
Fiscal 2020	2,492.30	January 14, 2020	2,549,328	6,313.16	1,505.10	March 24, 2020	8,900,025	13,843.78	965,114,823	2,037,774.89	2,166.00
Fiscal 2019	2,047.25	July 27, 2018	1,956,967	3,985.69	1,658.30	October 22, 2018	4,632,839	7,736.54	701,791,578	1,319,004.72	1,890.76

NSE											
Financial Year	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Total volume during the calendar year (Number of equity shares traded)**	**Total turnover of equity shares traded in value (₹ in million)**	**Average price for the year (₹)**
Fiscal 2018	1,967.60	January 29, 2018	6,305,147	12,313.16	1,466.65	April 12, 2017	2,663,565	3,903.19	697,167,325	1,195,855.88	1,705.52

(Source: www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the year represents the average of the closing prices of all trading days of each year presented.*

2. The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months, as applicable:

BSE											
Month	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Total volume during the calendar month (Number of Equity Shares traded)**	**Total turnover of equity shares traded in value (₹ in million)**	**Average price for the month (₹)**
July, 2020	1,942	July 9, 2020	161,665	311.99	1,782.15	July 31, 2020	423,934	757.16	4,760,489	8,828.21	1,852.65
June, 2020	1,855.15	June 18, 2020	164,306	300.33	1,737.75	June 01, 2020	495,182	861.12	7,153,777	12,775.91	1,791.22
May, 2020	1,732.95	May 06, 2020	295,732	513.68	1,502.15	May 26, 2020	357,244	539.53	5,740,838	9,333.02	1,631.91
April, 2020	1,917.10	April 30, 2020	200,558	380.31	1,499.40	April 03, 2020	201,240	304.87	5,138,478	8,527.77	1,656.68
March, 2020	2,204.60	March 04, 2020	242,007	531.31	1,501.80	March 24, 2020	330,719	515.15	8,274,042	14,264.94	1,850.48
February, 2020	2,436.55	February 12, 2020	95,888	235.41	2,176.70	February 28, 2020	271,382	595.97	2,692,760	6,290.69	2,347.48

(Source: www.bseindia.com)

NSE

Month	High (₹)	Date of high	No of Equity Shares traded on date of high	Total volume traded on date of high (₹ million)	Low (₹)	Date of low	No of Equity Shares traded on date of low	Total volume traded on date of low (₹ million)	Total volume during the calendar month (Number of Equity Shares traded)	Total turnover of equity shares traded in value (₹ in million)	Average price for the month (₹)
July, 2020	1,941.85	July 9, 2020	6,703,324	12,934.05	1,781.95	July, 31, 2020	7,746,014	13816.97	115,975,104	214932.84	1852.42
June, 2020	1,855.95	June 18, 2020	5,334,835	9,767.50	1,737.70	June 01, 2020	8,056,778	13,998.95	147,090,243	263,980.75	1,790.78
May, 2020	1,732.15	May 06, 2020	8,781,437	15,244.72	1,502.15	May 26, 2020	12,752,510	19,296.55	151,775,963	245,808.93	1,631.53
April, 2020	1,916.00	April 30, 2020	8,237,079	15,607.32	1,499.55	April 03, 2020	10,149,442	15,352.15	143,796,902	238,538.41	1,656.85
March, 2020	2,206.05	March 04, 2020	4,460,096	9,813.58	1,505.10	March 24, 2020	8,900,025	13,843.78	175,155,568	31,5274.61	1,849.09
February, 2020	2,437.60	February 12, 2020	4,173,099	10,235.99	2,175.75	February 28, 2020	7,715,143	16,911.54	69,099,582	161,045.72	2,347.01

(Source: www.nseindia.com)

Notes:

1. *High and low prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the month represents the average of the closing prices on each day of each month.*

3. The following tables set forth the market price on the Stock Exchanges on July 31, 2020 the first working day following the approval of the Board for the Issue:

BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ million)**
1,807.00	1,809.40	1,760.20	1,782.85	423,934	757.16

(Source: www.bseindia.com)

NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ million)**
1,805.00	1,811.20	1,759.00	1,781.95	7,746,014	13,816.97

(Source: www.nseindia.com)

USE OF PROCEEDS

Subject to compliance with applicable laws and regulations, the proceeds from the Issue, after deducting fees, commissions and expenses of the Issue from the aggregate proceeds of the Issue, are approximately ₹ 176,529.60 million. The proceeds of the Issue, comprising Equity Shares at Equity Issue Price are ₹ 100,000 million, NCDs at the NCD Issue Price are ₹ 36,930 million and Warrants at the Warrant Issue Price and Warrant Exercise Price, assuming full conversion of the Warrants at the Warrant Exercise Price during the Warrant Exercise Period are ₹ 39,999.60 million. However, the exercise of Warrants is at the option of the Warrant holders and our Company cannot assume that all the Warrant holders will exercise the option to exchange their Warrants for Equity Shares by payment of the Warrant Exercise Price. Non-exercise of some or all of the Warrants would result in our Company not being able to raise the aggregate net proceeds of the Issue as aforesaid.

Subject to compliance with applicable law, we intend to use the Net Proceeds to augment the long term resources of our Company to maintain sufficient liquidity in this uncertain economic environment driven by the outbreak of the COVID-19 pandemic, for general corporate purposes and to finance organic and/or inorganic business opportunities that may arise in financial services including housing finance and/or in areas where the Subsidiaries of our Company operate.

The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

We confirm that the Net Proceeds from the Issue of the NCDs will be utilized for deployment of funds on our Company's balance sheet and that such proceeds will not be utilised to facilitate resource requests of entities of the Group or Associates of our Company.

None of our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as of March 31, 2020 on an actual basis which has been extracted from our Audited Standalone Financial Statements, and as adjusted to give effect to the Issue and the receipt of gross proceeds of the Issue and the application thereof.

Subject to compliance with applicable laws and regulations, the proceeds from the Issue, after deducting fees, commissions and expenses of the Issue from the aggregate proceeds of the Issue, are approximately ₹ 176,529.60 million. The proceeds of the Issue comprising Equity Shares at Equity Issue Price are ₹ 100,000 million, NCDs at the NCD Issue Price are ₹ 36,930 million and Warrants at the Warrant Issue Price and Warrant Exercise Price, assuming full conversion of the Warrants at the Warrant Exercise Price during the Warrant Exercise Period are ₹ 39,999.60 million.

You should read this table together with the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 141, our Company's Audited Financial Statements, and the related notes thereto included in the section "*Financial Statements*" beginning on page 385.

(₹ in million)

Sr. No.	Particulars	Pre-Issue	Post-Issue	
		As at March 31, 2020	Amount after considering the Issue(1)	As adjusted for Equity Shares issued pursuant to conversion of Warrants (1) (2)
I	**Borrowings:**			
	Deposits	1,323,243	1,323,243	1,323,243
	Debt Securities	1,768,687	1,805,617	1,805,617
	Borrowings (Other than Debt Securities)	1,049,086	1,049,086	1,049,086
	Subordinated Liabilities	50,000	50,000	50,000
	Total indebtedness (A)	**4,191,016**	**4,227,946**	**4,227,946**
II	**Equity**			
	Equity Share capital	3,464	3,578	3,612
	Other Equity	858,117	961,074	997,969
	Total Equity (B)	861,581	964,651	1,001,581
	Total Capitalization (C = A+B)	**5,052,597**	**5,192,597**	**5,229,527**

(1) As adjusted to reflect the proceeds from (i) 56,818,181 Equity Shares at a Equity Issue Price of ₹ 1,760 per Equity Share, including premium of ₹ 1,758 per Equity Share; (ii) 36,930 5.40% secured redeemable non-convertible debentures of face value of ₹1,000,000; and (iii) 17,057,400 Warrants at a Warrant Issue Price of ₹ 180 per Warrant, to be issued, pursuant to the Issue. Adjustments do not include Issue related expenses. It does not consider any other adjustments or movements for any such line items in the financial statements post March 31, 2020.

(2) Assuming 17,057,400 Warrants held by the holders of Warrant issued pursuant to the Issue have been exercised during the Warrant Exercise Period at the Warrant Exercise Price and no other Equity Shares are issued by our Company during the Warrant Exercise Period. Adjustments do not include Issue related expenses. It does not consider any other adjustments or movements for any such line items in the financial statements post March 31, 2020.

CAPITAL STRUCTURE

The Equity Share capital of our Company as of the date of this Placement Document is set forth below:

(In ₹ billion)

		Aggregate nominal value
A	**AUTHORISED SHARE CAPITAL**	
	2,288,050,000 Equity Shares	4.5761
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**	
	1,734,608,807 Equity Shares	3.4692
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	56,818,181 Equity Shares pursuant to the issuance of Equity Shares in the Issue(1)	0.1136
	17,057,400 Equity Shares upon exercise of Warrants (1)(3)	0.0341
D	**PAID-UP CAPITAL AFTER THE ISSUE**	
	1,791,426,988 Equity Shares(2)	3.5829
	1,808,484,388 Equity Shares(2)(3)	3.6170
E	**SECURITIES PREMIUM**	
	Before the Issue	323.6682
	After the Issue(2)(5)	423.5546
	After the Issue upon exercise of Warrants(2)(3)(4)(5)	463.5201

(1) The Committee of Directors pursuant to its resolution dated June 19, 2020 approved the draft postal ballot notice to be sent to the shareholders of our Company for seeking their approval for fund raising. The Shareholders have authorised and approved the Issue by way of a resolution passed by way of postal ballot on July 21, 2020. The Board of Directors of our Company pursuant to its resolution dated July 30, 2020 have authorised the Issue.

(2) Assuming Allotment of 56,818,181 Equity Shares pursuant to the Issue.

(3) Assuming 17,057,400 Warrants held by the holders of Warrants issued pursuant to the Issue have been exercised during the Warrant Exercise Period at the Warrant Exercise Price.

(4) Includes proceeds from Allotment of 17,057,400 Warrants at Warrant Issue Price upon exercise of Warrants.

(5) The amount has been calculated on the basis of gross proceeds from the Issue.

Equity Share Capital History of our Company

The following table sets forth details of allotments of Equity Shares made by our Company since its incorporation:

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/ other than cash)
1977	126	126	100	100	Subscription to the Memorandum of Association	Cash
1978	100,000	100,126	100	100	Preferential allotment	Cash
1978	399,874	500,000	100	100	Initial public offer	Cash
1978	500,000	1,000,000	100	100	Preferential allotment	Cash
1987	500,000	1,500,000	100	100	Rights issue	Cash
1987	500,000	2,000,000	100	100	Further public offering	Cash
1990	1,000,000	3,000,000	100	175	Rights issue	Cash
1990	1,450,000	4,450,000	100	185	Further public offering	Cash
1990	50,000	4,500,000	100	175	Preferential allotment	Cash
1992	4,725,000	9,225,000	100	400	Conversion of fully convertible debentures	Cash
August 4, 1994	200,000	9,425,000	100	2,900	Preferential allotment	Cash
August 4, 1994	700,000	1,0125,000	100	2,900	Preferential allotment	Cash
October 17,1995	1,786,400	1,1911,400	100	2,400	Preferential allotment	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/ other than cash)
Sub-division of face value of Equity Shares from ₹ 100 to ₹ 10						
March 21, 2001 to January 4, 2007	4,869,005	123,983,005	10	Please refer to Note 1	Allotments under Employee Stock Option Scheme, 1999	Cash
December 30, 2002	121,960,713	245,943,718	10	10	Bonus issue	Cash
November 7, 2003 to November 5, 2009	3,995,466	249,939,184	10	Please refer to note 2	Allotments under Employee Stock Option Scheme, 2002	Cash
October 31, 2006 to August 13, 2010	6,081,058	256,020,242	10	Please refer to note 3	Allotments under Employee Stock Option Scheme, 2005	Cash
July 11, 2007	15,250,000	271,270,242	10	1,730	Preferential allotment	Cash
July 24, 2007	2,750,000	274,020,242	10	1,730	Preferential allotment	Cash
September 20, 2007 to October 14, 2008	12,167,765	286,188,007	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
June 18, 2009 to August 13, 2010	405,225	286,593,232	10	Please refer to note 4	Allotments under Employee Stock Option Scheme, 2007	Cash
May 21, 2009 to November 20, 2009	403,089	286,996,321	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
December 10, 2009 to August 13, 2010	1,607,886	288,604,207	10	Please refer to note 5	Allotments under Employee Stock Option Scheme, 2008	Cash
December 16, 2009 to July 30, 2010	3,052,878	291,657,085	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
Sub-division of face value of Equity Shares from ₹ 10 to ₹ 2						
August 30, 2010 to November 30, 2012	5,804,690	1,464,090,115	2	Please refer to note 3	Allotments under Employee Stock Option Scheme, 2005	Cash
August 31, 2010 to May 11, 2015	23,917,295	1,488,007,410	2	Please refer to note 4	Allotments under Employee Stock Option Scheme, 2007	Cash
August 30, 2010 to March 19, 2015	20,529,225	1,508,536,635	2	Please refer to note 5	Allotments under Employee Stock Option Scheme, 2008	Cash
January 16, 2012 to September 6, 2012	54,743,150	1,563,279,785	2	655	Conversion of warrants	Cash
May 29, 2013 to September 24, 2015	14,404,965	1,577,684,750	2	Please refer to note 6	Allotments under ESOS 2011	Cash
November 6, 2015 to December 31, 2017	11,806,755	1,589,491,505	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
November 6, 2015 to December 31, 2017	8,106,190	1,597,597,695	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
February 6, 2018	133,485	1,597,731,180	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
February 6, 2018	156,865	1,597,888,045	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
February 15, 2018	24,933,574	1,622,821,619	2	1,726.05	Preferential allotment	Cash
February 15, 2018	514,600	1,623,336,219	2	Please refer to note 8	Conversion of warrants	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/ other than cash)
February 22, 2018	30,126,589	1,653,462,808	2	1,726.05	Preferential allotment	Cash
February 22, 2018	610,470	1,654,073,278	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
February 22, 2018	543,470	1,654,616,748	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
February 27, 2018	9,269,719	1,663,886,467	2	1,726.05	Preferential allotment	Cash
March 7, 2018	10,389,041	1,674,275,508	2	1,825	Qualified institutions placement	Cash
March 7, 2018	258,090	1,674,533,598	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
March 7, 2018	106,630	1,674,640,228	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
March 20, 2018	731,855	1,675,372,083	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
March 20, 2018	507,810	1,675,879,893	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
April 19, 2018	500,000	1,676,379,893	2	1,475	Conversion of warrants	Cash
May 9, 2018	566,760	1,676,946,653	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
May 9, 2018	176,265	1,677,122,918	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
May 18, 2018	644,450	1,677,767,368	2	1,475	Conversion of warrants	Cash
May 25, 2018	1,511,000	1,679,278,368	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
May 25, 2018	456,540	1,679,734,908	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
May 25, 2018	21,900	1,679,756,808	2	1,475	Conversion of warrants	Cash
June 6, 2018	10,710	1,679,767,518	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
June 6, 2018	304,170	1,680,071,688	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
June 6, 2018	950	1,680,072,638	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
June 6, 2018 to June 25, 2018	856,150	1,680,928,788	2	1,475	Conversion of warrants	Cash
June 25, 2018	18,710	1,680,947,498	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
June 25, 2018	831,320	1,681,778,818	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
June 25, 2018	205,230	1,681,984,048	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
June 25, 2018 to August 8, 2018	8,332,114	1,690,316,162	2	1,475	Conversion of warrants	Cash
August 8, 2018	600	1,690,316,762	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
August 8, 2018	168,565	1,690,485,327	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
August 8, 2018	201,845	1,690,687,172	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
August 22, 2018	80,800	1,690,767,972	2	1,475	Conversion of warrants	Cash
August 22, 2018	1,480	1,690,769,452	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
August 22, 2018	193,980	1,690,963,432	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
August 22, 2018	220,638	1,691,184,070	2	Please refer	Allotments under ESOS, 2017	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/ other than cash)
				to note 9		
August 29, 2018	509,700	1,691,693,770	2	1,475	Conversion of warrants	Cash
September 6, 2018	51,200	1,691,744,970	2	1,475	Conversion of warrants	Cash
September 6, 2018	1,000	1,691,745,970	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
September 6, 2018	279,455	1,692,025,425	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
September 6, 2018	125,513	1,692,150,938	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
September 14, 2018	1,266,500	1,693,417,438	2	1,475	Conversion of warrants	Cash
September 21, 2018	250	1,693,417,688	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
September 21, 2018	185,380	1,693,603,068	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
September 21, 2018	119,984	1,693,723,052	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
September 21, 2018 to October 8, 2018	23,722,057	1,717,445,109	2	1,475	Conversion of warrants	Cash
November 13, 2018	4,485	1,717,449,594	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
November 13, 2018	263,925	1,717,713,519	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
November 13, 2018	42,553	1,717,756,072	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
November 30, 2018	3,160	1,717,759,232	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
November 30, 2018	986,270	1,718,745,502	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
November 30, 2018	355,727	1,719,101,229	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
December 12, 2018	12,095	1,719,113,324	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
December 12, 2018	94,045	1,719,207,369	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
December 12, 2018	77,233	1,719,284,602	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
December 24, 2018	147,685	1,719,432,287	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
December 24, 2018	38,971	1,719,471,258	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
February 8, 2019	4,025	1,719,475,283	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
February 8, 2019	369,475	1,719,844,758	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
February 8, 2019	139,167	1,719,983,925	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
February 22, 2019	1,295	1,719,985,220	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
February 22, 2019	196,160	1,720,181,380	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
February 22, 2019	121,396	1,720,302,776	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
March 11, 2019	7,715	1,720,310,491	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
March 11, 2019	275,150	1,720,585,641	2	Please refer	Allotments under ESOS, 2014	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/ other than cash)
				to note 7		
March 11, 2019	57,785	1,720,643,426	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
March 18, 2019	5,030	1,720,648,456	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
March 18, 2019	654,210	1,721,302,666	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
March 18, 2019	134,724	1,721,437,390	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
May 24, 2019	6,470	1,721,443,860	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
May 24, 2019	181,340	1,721,625,200	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
May 24, 2019	376,452	1,722,001,652	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
June 7, 2019	195	1,722,001,847	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
June 7, 2019	380,280	1,722,382,127	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
June 7, 2019	244,511	1,722,626,638	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
June 21, 2019	2,560	1,722,629,198	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
June 21, 2019	1,237,770	1,723,866,968	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
June 21, 2019	342,027	1,724,208,995	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
June 25, 2019	485	1,724,209,480	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
June 25, 2019	810,030	1,725,019,510	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
June 25, 2019	286,727	1,725,306,237	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
August 9, 2019	66,845	1,725,373,082	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
August 9, 2019	58,786	1,725,431,868	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
August 23, 2019	116,945	1,725,548,813	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
August 23, 2019	98,733	1,725,647,546	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
September 6, 2019	250	1,725,647,796	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
September 6, 2019	443,925	1,726,091,721	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
September 6, 2019	295,911	1,726,387,632	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
September 23, 2019	4,420	1,726,392,052	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
September 23, 2019	190,785	1,726,582,837	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
September 23, 2019	112,274	1,726,695,111	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
November 7, 2019	2,695	1,726,697,806	2	Please refer to note 6	Allotments under ESOS, 2011	Cash

Date of Allotment	No. of Equity Shares Allotted	Cumulative No. of Equity Shares	Face Value (In ₹)	Issue price per Equity Share (In ₹)	Reason for allotment	Consideration (Cash/ other than cash)
November 7, 2019	384,515	1,727,082,321	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
November 7, 2019	283,686	1,727,366,007	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
November 26, 2019	20	1,727,366,027	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
November 26, 2019	413,860	1,727,779,887	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
November 26, 2019	446,849	1,728,226,736	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
December 6, 2019	118,305	1,728,345,041	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
December 6, 2019	186,044	1,728,531,085	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
December 20, 2019	316,200	1,728,847,285	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
December 20, 2019	180,381	1,729,027,666	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
February 6, 2020	1,675	1,729,029,341	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
February 6, 2020	346,880	1,729,376,221	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
February 6, 2020	193,738	1,729,569,959	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
February 24, 2020	1,226,610	1,730,796,569	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
February 24, 2020	451,102	1,731,247,671	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
March 6, 2020	371,710	1,731,619,381	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
March 6, 2020	80,056	1,731,699,437	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
March 18, 2020	198,325	1,731,897,762	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
March 18, 2020	79,407	1,731,977,169	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
March 24, 2020	70,220	1,732,047,389	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
March 24, 2020	3,800	1,732,051,189	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
June 10, 2020	4,195	1,732,055,384	2	Please refer to note 6	Allotments under ESOS, 2011	Cash
June 10, 2020	203,020	1,732,258,404	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
June 10, 2020	99,119	1,732,357,523	2	Please refer to note 9	Allotments under ESOS, 2017	Cash
June 25, 2020	1,581,555	1,733,939,078	2	Please refer to note 7	Allotments under ESOS, 2014	Cash
June 25, 2020	669,729	1,734,608,807*	2	Please refer to note 9	Allotments under ESOS, 2017	Cash

**The cumulative Equity Share capital of our Company is ₹3.4692 billion.*

Notes:

1) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under the ESOS 1999 at an*

exercise price of ₹128.50 and ₹257.

2) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under the ESOS 2002 at an exercise price of ₹302.*
3) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under the ESOS 2005 at an exercise price of ₹182.58 and ₹912.90.*
4) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under the ESOS 2007 at an exercise price of ₹429.80 and ₹2,149.*
5) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under the ESOS 2008 at an exercise price of ₹270.12 and ₹1,350.60.*
6) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under the ESOS 2011 at an exercise price of ₹635.50.*
7) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under the ESOS 2014 at an exercise price of ₹1,014.65.*
8) *The warrants were exchanged with Equity Shares at an exercise price of ₹1,475 per share. This excludes warrant issue price of ₹14 per warrant paid at the time of subscription to the warrants.*
9) *The Equity Shares have been allotted pursuant to exercise of vested stock options granted under ESOS 2017 at an exercise price of ₹1,569.85.*

Allotments in the last one year of our Company

For details in relation to the number and price at which each of the allotments were made in the last one year preceding the date of this Placement Document, please see section "*Capital Structure - Equity Share Capital History of our Company"* beginning on page 93.

Employee Stock Option Scheme

The Nomination and Remuneration Committee has the authority to allocate and grant, at its sole and absolute discretion, certain number of stock options out of the total available stock options to certain groups/ grades of employees based on their performance and period of service.

With respect to the employee stock option plans and share purchase schemes which have been instituted by our Company, the following employee stock option plans remain outstanding as of the date of this Placement Document:

A. Employee Stock Option Scheme, 2011 ("ESOS 2011")

In terms of ESOS 2011, the eligible employees were entitled to exercise the options, within such period as may be determined by the Board, subject to maximum of five years from the date of vesting. Accordingly, as on the date of this Placement Document, there are no options outstanding under ESOS 2011.

B. Employee Stock Option Scheme, 2014 ("ESOS 2014")

ESOS 2014 was formulated by the Nomination and Remuneration Committee and approved at its meeting dated October 8, 2014 in accordance with the provisions of the ESOP Guidelines. The total number of options that could be granted pursuant to ESOS 2014 and as approved by the meeting of the shareholders dated July 21, 2014, is 6,242,130 options in respect of 31,210,650 Equity Shares, plus options lapsed under earlier schemes. In terms of ESOS 2014, the options would vest over a maximum period of three years. The exercise period in respect of such options is five years from the date of vesting. As of June 30, 2020, 1,414,446 options were outstanding, of which, 1,414,446 options have vested and 4,732,536 options were exercised under ESOS 2014.

C. Employee Stock Option Scheme 2017 ("ESOS 2017")

ESOS 2017 was formulated by the Nomination and Remuneration Committee and approved at its meeting dated January 30, 2017 in accordance with the provisions of the ESOP Guidelines. The total number of options that could be granted pursuant to ESOS 2017 and as approved by the shareholders *via* postal ballot held on March 11, 2017, is 49,851,524 options in respect of 49,851,524 Equity Shares, plus options lapsed under earlier schemes. In terms of ESOS 2017, the options would vest over a maximum period of three years and one month. The exercise period in respect of such options is five years from the date of vesting. As of June 30, 2020, 43,002,977 stock options were granted to the Eligible Employees, out of which, 36,059,210 options were outstanding, of which, 35,658,210 options were vested and 6,331,048 exercised under ESOS 2017.

D. ***Employee Stock Option Scheme 2020 ("ESOS 2020")***

ESOS 2020 was formulated by the Nomination and Remuneration Committee and approved at its meeting held on May 7, 2020 and as approved by the shareholders meeting held *via* postal ballot on July 21, 2020. The total number of options that can be granted pursuant to ESOS 2020, is 35,555,000 options in respect of 35,555,000 Equity Shares As of date of this Placement Document, no stock options are granted to the Eligible Employees under ESOS 2020.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company, is set forth below.

Sr. No.	Category	Pre-Issue (As at August 7, 2020)		Post-Issue*	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A.	**Promoters' holding**				
1.	Indian				
	Individual	-	-	-	-
	Bodies corporate	-	-	-	-
	Sub-total	-	-	-	-
2.	Foreign promoters	-	-	-	-
	Sub-total (A)	-	-	-	-
B.	**Non – Promoters' holding**				
1.	Institutional Investors	1,532,685,126	88.36	1,591,876,066	88.86
2.	Non-Institutional Investors				
	Bodies Corporate	21,093,317	1.22	20,193,148	1.13
	Directors and relatives	7,511,706	0.43	7,511,706	0.42
	Indian public	147,759,121	8.52	146,531,319	8.18
	Others including Non-resident Indians (NRIs)	25,559,537	1.47	25,314,749	1.41
	Sub-total (B)	**1,734,608,807**	**100.00**	**1,791,426,988**	**100.00**
	Grand Total (A+B)	**1,734,608,807**	**100.00**	**1,791,426,988**	**100.00**

* *Adjusted only for the 56,818,181 Equity Shares issued pursuant to the Issue.*

Acquisitions or amalgamations

Except as stated below, there have been no acquisitions in relation to our Company in the last one year preceding the filing of this Placement Document:

1. *Share purchase agreement dated June 19, 2019 executed between Apollo Hospitals Enterprise Limited, Apollo Energy Company Limited, Apollo Munich Health Insurance Company Limited, Munich Health Holding AG, HDFC ERGO General Insurance Company Limited, subscriber sellers and our Company ("**ERGO Share Purchase Agreement**")*

   Our Company has entered into a share purchase agreement, for the purchase of 207,515,521 equity shares of HDFC ERGO Health Insurance Limited *(formerly known as Apollo Munich Health Insurance Company Limited)* ("**HDFC ERGO Health**"), representing 51.16% of the paid-up share capital of HDFC ERGO Health, from Apollo Hospitals Enterprise Limited, Apollo Energy Company Limited, Apollo Munich Health Insurance Company Limited, Munich Health Holding AG, HDFC ERGO General Insurance Company Limited and other subscriber shareholders. Thereafter, pursuant to the completion of acquisition post receipt of the requisite approvals, HDFC ERGO Health became a subsidiary of our Company.

2. *Share purchase agreement dated December 11, 2019 executed between Mr. Anil Bohora, Mr. Ajay Bohora, HDFC Credila Financial Services Private Limited and our Company ("**Credila Share Purchase Agreement**")*

Our Company has entered into a Credila Share Purchase Agreement, for the purchase of 11,470,000 equity shares of HDFC Credila Financial Services Private Limited ("**HDFC Credila**"). On December 12, 2019, our Company acquired 9.12% (on a fully diluted basis), of the paid-up share capital of HDFC Credila, from Mr. Anil Bohora and Mr. Ajay Bohora. Thereafter, pursuant to the completion of acquisition post receipt of the requisite approvals, HDFC Credila became the wholly-owned subsidiary of our Company.

3. In terms of the YES Bank Limited Reconstruction Scheme, 2020 ("**Reconstruction Scheme**") notified on March 13, 2020 by the Government of India, our Company invested an amount of ₹ 1 billion in YES Bank Limited ("**Bank**") at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium) aggregating 7.97% of the post issue equity share capital of the Bank. In terms of the Reconstruction Scheme, our Company is subject to a three year lock-in for 75% of the equity shares allotted to our Company, from the commencement of the Reconstruction Scheme *i.e.* March 13, 2020.

   Further, except as disclosed herein below, our Company has not undertaken any merger or amalgamation in the last one year preceding the date of this Placement Document:

1. Pursuant to a composite scheme of amalgamation between GRUH Finance Limited ("**GRUH**") and Bandhan Bank Limited ("**Bandhan Bank**") and their respective shareholders and creditors, approved by the National Company Law Tribunal, Kolkata by order dated September 27, 2019, GRUH was amalgamated into Bandhan Bank. The amalgamation was done, amongst others, to build and strengthen the housing loan portfolio and establish a strong consumer base of affordable housing customers. Pursuant to the merger of GRUH with Bandhan Bank, our Company holds 159,363,149 equity shares representing 9.9% of the total equity share capital of Bandhan Bank.

2. On January 15, 2020, the board of directors of HDFC ERGO Health Insurance Limited ("**HDFC ERGO Health**") and HDFC ERGO General Insurance Company Limited ("**HDFC ERGO**") approved a scheme of arrangement and amalgamation for the merger of HDFC ERGO Health with and into HDFC ERGO. A petition was filed with the National Company Law Tribunal, Mumbai Bench for sanctioning of the scheme of amalgamation under section 230-232 of the Companies Act, 2013 on June 18, 2020. Based on the shareholding of our Company in HDFC ERGO and HDFC ERGO Health and taking into consideration the share exchange ratio (for the merger of HDFC ERGO Health with HDFC ERGO), our Company is entitled to 50.6% stake in the merged entity (*i.e.*, HDFC ERGO) as on June 30, 2020. RBI has directed our Company to bring down its shareholding in the merged entity to 50% or below within a period of 6 months from the effective date of the merger.

Reorganisations or reconstructions

There have been no reorganisations or reconstructions in relation to our Company in the last one year preceding the filing of this Placement Document.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment of Eligible Securities shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. For details in relation to the allotment of NCDs, see '*Issue Procedure – Basis of Allocation or Allotment*' on page 310.

The details of the proposed Allottees for Equity Shares and Warrants, assuming that the Equity Shares and Warrants are Allotted to them pursuant to the Issue, are included in **Annexure C**.

FINANCIAL INDEBTEDNESS

Given below is a description of the indebtedness of our Company, on a standalone basis as on June 30, 2020.

A. **Secured loan facilities**:

(i) The details of secured rupee denominated loan facilities availed by our Company were as follows:

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
Allahabad Bank[(1)]	Line of credit	18,000.00	10,000.00	December 24, 2020	Secured by negative lien
Allahabad Bank[(1)]	Line of credit		8,000.00	March 24, 2021	Secured by negative lien
Axis Bank Limited	Working capital demand loan	40,000.00	30,000.00	September 14, 2020	Secured by negative lien
Axis Bank Limited	Working capital demand loan		10,000.00	September 29, 2020	Secured by negative lien
Bank of Baroda	Term loan	45,000.00	3,000.00	March 11, 2021	Secured by negative lien
Bank of Baroda	Term loan		6,000.00	March 11, 2022	Secured by negative lien
Bank of Baroda	Term loan		9,000.00	March 11, 2023	Secured by negative lien
Bank of Baroda	Term loan		12,000.00	March 11, 2024	Secured by negative lien
Bank of Baroda	Term loan		15,000.00	March 11, 2025	Secured by negative lien
Bank of India	Demand loan	40,000.00	6,600.00	July 1, 2020*	Secured by negative lien
Bank of India	Demand loan		7,000.00	October 1, 2020	Secured by negative lien
Bank of India	Demand loan	15,000.00	15,000.00	November 18, 2020	Secured by negative lien
Bank of India	Demand loan	20,000.00	20,000.00	March 26, 2021	Secured by negative lien
Bank of Maharashtra	Line of credit	10,000.00	10,000.00	March 23, 2022	Secured by negative lien
Canara Bank	Term loan	34,500.00	34,500.00	March 23, 2021	Secured by negative lien
Catholic Syrian Bank	Working capital demand loan	2,400.00	2,400.00	September 27, 2020	Secured by negative lien
Central Bank of India	Term loan	10,000.00	10,000.00	May 22, 2021	Secured by negative lien
Credit Agricole Corporate Investment and Investment Bank	Term loan	1,500.00	1,500.00	March 16, 2021	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
Citibank N.A.	Term loan	10,000.00	10,000.00	February 28, 2022	Secured by negative lien
Citibank N.A.	Term loan	2,500.00	2,500.00	May 30, 2023	Secured by negative lien
Citibank N.A.	Term loan	3,500.00	3,500.00	March 8, 2021	Secured by negative lien
Corporation Bank[2]	Line of credit	19,680.00	9,680.00	September 24, 2020	Secured by negative lien
Corporation Bank[2]	Line of credit		5,000.00	December 29, 2020	Secured by negative lien
Dhanlaxmi Bank	Short term loan	1,150.00	1,150.00	November 30, 2020	Secured by negative lien
Federal Bank Limited	Working capital demand loan	1,700.00	1,700.00	May 15, 2021	Secured by negative lien
Federal Bank Limited	Working capital demand loan	3,000.00	3,000.00	June 1, 2021	Secured by negative lien
Indian Bank	Line of credit	11,000.00	11,000.00	August 25, 2020	Secured by negative lien
Indian Overseas Bank	Line of credit	18,000.00	18,000.00	August 6, 2020*	Secured by negative lien
JP Morgan Chase Bank, N.A.	Term loan	7,000.00	7,000.00	February 8, 2022	Secured by negative lien
Punjab National Bank	Line of credit	8,750.00	8,750.00	September 23, 2020	Secured by negative lien
Punjab National Bank	Line of credit	11,000.00	11,000.00	February 8, 2021	Secured by negative lien
State Bank of India	Working capital demand loan	170,000.00	30,000.00	August 4, 2020*	Secured by negative lien
State Bank of India	Working capital demand loan		20,000.00	July 29, 2020*	Secured by negative lien
State Bank of India	Working capital demand loan		61,000.00	September 15, 2020	Secured by negative lien
State Bank of India	Working capital demand loan		48,000.00	September 29, 2020	Secured by negative lien
Syndicate Bank[3]	Line of credit	35,000.00	35,000.00	December 30, 2020	Secured by negative lien
The Jammu & Kashmir Bank Limited	Term loan	5,000.00	5,000.00	December 24, 2020	Secured by negative lien
UCO Bank	Line of credit	5,000.00	5,000.00	December 23, 2020	Secured by negative lien
UCO Bank	Line of credit	5,000.00	5,000.00	March 30, 2021	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan	2,500.00	64.50	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		64.50	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		57.16	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan	250.00	9.30	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		9.30	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		9.30	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		9.30	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		9.30	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		9.30	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		4.90	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan	5,000.00	4.36	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		4.36	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		4.36	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		4.36	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		3.86	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan	3,530.00	90.60	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		90.60	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		90.60	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		90.60	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		90.60	July 1, 2021	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		90.60	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		90.60	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		90.60	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		90.60	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		90.60	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		90.60	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		90.60	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		90.60	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		90.60	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		90.60	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		90.60	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		90.60	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		90.60	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		90.60	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		90.60	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		90.60	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		90.60	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		16.20	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan	1,270.00	32.60	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		32.60	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		32.60	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		32.60	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		32.60	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		32.60	October 1, 2021	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		32.60	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		32.60	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		32.60	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		32.60	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		32.60	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		32.60	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		32.60	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		32.60	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		32.60	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		32.60	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		32.60	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		32.60	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		32.60	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		32.60	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		32.60	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		0.20	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan	10,000.00	526.40	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		526.40	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		526.40	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		526.40	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		526.40	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		526.40	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		189.30	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan	7,400.00	190.00	July 1, 2020*	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		190.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2026	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		190.00	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan		8.20	January 1, 2027	Secured by negative lien
National Housing Bank	Term loan	2,000.00	51.28	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		51.28	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		51.28	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		51.28	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		51.28	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		51.28	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		51.28	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		51.28	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		51.28	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		51.28	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		51.28	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		51.28	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		51.28	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		51.28	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		51.28	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		51.28	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		51.28	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		51.28	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		51.28	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		51.28	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		51.28	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		51.28	October 1, 2025	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		51.28	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		51.28	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		51.28	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		51.28	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan		51.28	January 1, 2027	Secured by negative lien
National Housing Bank	Term loan		51.25	April 1, 2027	Secured by negative lien
National Housing Bank	Term loan	2,500.00	64.50	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		64.50	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		64.50	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		64.50	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		64.50	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2024	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		64.50	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		64.50	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		64.50	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan		64.50	January 1, 2027	Secured by negative lien
National Housing Bank	Term loan		64.50	April 1, 2027	Secured by negative lien
National Housing Bank	Term loan		64.50	July 1, 2027	Secured by negative lien
National Housing Bank	Term loan		49.00	October 1, 2027	Secured by negative lien
National Housing Bank	Term loan	20,000.00	520.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		520.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		520.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		520.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		520.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		520.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		520.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		520.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		520.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		520.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		520.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		520.00	April 1, 2023	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		520.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		520.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		520.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		520.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		520.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		520.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		520.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		520.00	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		520.00	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		520.00	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		520.00	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		520.00	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		520.00	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		340.00	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan	10,000.00	256.50	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		256.50	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		256.50	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		256.50	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		256.50	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		256.50	October 1, 2021	Secured by negative lien
`National Housing Bank	Term loan		256.50	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		256.50	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		256.50	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		256.50	October 1, 2022	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		256.50	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		256.50	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		256.50	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		256.50	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		256.50	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		256.50	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		256.50	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		256.50	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		256.50	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		256.50	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		256.50	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		256.50	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		256.50	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		256.50	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		256.50	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		21.00	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan	5,000.00	128.50	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		128.50	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		128.50	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		128.50	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		128.50	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		128.50	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		128.50	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		128.50	April 1, 2022	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		128.50	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		128.50	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		128.50	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		128.50	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		128.50	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		128.50	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		128.50	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		128.50	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		128.50	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		128.50	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		128.50	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		128.50	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		128.50	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		128.50	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		128.50	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		128.50	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		128.50	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		128.50	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan		128.50	January 1, 2027	Secured by negative lien
National Housing Bank	Term loan		22.00	April 1, 2027	Secured by negative lien
National Housing Bank	Term loan	4,000.00	150.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		150.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		150.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		150.00	April 1, 2021	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		150.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		150.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		150.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		150.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		150.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		150.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		150.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		150.00	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		150.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		150.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		150.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		150.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		150.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		150.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		100.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan	1,000.00	37.04	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		37.04	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		37.04	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		37.04	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		37.04	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		37.04	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		37.04	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		37.04	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		37.04	July 1, 2022	Secured by negative lien

Lender’s name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		37.04	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		37.04	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		37.04	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		37.04	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		37.04	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		37.04	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		37.04	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		37.04	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		37.04	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		37.04	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		36.96	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan	5,000.00	190.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2023	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		190.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		190.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		190.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		190.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		190.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		30.50	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan	12,500.00	322.50	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2024	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		322.50	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2027	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2027	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2027	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2027	Secured by negative lien
National Housing Bank	Term loan		292.50	January 1, 2028	Secured by negative lien
National Housing Bank	Term loan	7,000.00	269.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		269.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		269.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		269.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		269.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		269.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		269.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		269.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		269.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		269.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		269.00	January 1, 2023	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		269.00	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		269.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		269.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		269.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		269.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		269.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		269.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		269.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		269.00	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		92.00	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan	12,500.00	322.50	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2023	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		322.50	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan		322.50	January 1, 2027	Secured by negative lien
National Housing Bank	Term loan		250.00	April 1, 2027	Secured by negative lien
National Housing Bank	Term loan	12,000.00	1,150.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		1,150.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		1,150.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		1,150.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		1,150.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		1,150.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		1,150.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		300.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan	6,000.00	225.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		225.00	October 1, 2020	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		225.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		225.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		225.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		225.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		225.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		225.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		225.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		225.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		225.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		225.00	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		225.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		225.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		225.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		225.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		225.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		225.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		225.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		225.00	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		225.00	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		225.00	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		225.00	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		150.00	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan	2,500.00	135.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		135.00	October 1, 2020	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		135.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		135.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		135.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		135.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		135.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		135.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		135.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		135.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		135.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		135.00	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		135.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		135.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		135.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		135.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		135.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		135.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		70.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan	40,000.00	2,150.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		2,150.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		2,150.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		2,150.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		2,150.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		2,150.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		2,150.00	January 1, 2022	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		2,150.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		2,150.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		2,150.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		2,150.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		2,150.00	April 1, 2023	Secured by negative lien
National Housing Bank	Term loan		2,150.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		2,150.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		2,150.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		2,150.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		2,150.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		2,150.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		860.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan	17,500.00	660.00	July 1, 2020*	Secured by negative lien
National Housing Bank	Term loan		660.00	October 1, 2020	Secured by negative lien
National Housing Bank	Term loan		660.00	January 1, 2021	Secured by negative lien
National Housing Bank	Term loan		660.00	April 1, 2021	Secured by negative lien
National Housing Bank	Term loan		660.00	July 1, 2021	Secured by negative lien
National Housing Bank	Term loan		660.00	October 1, 2021	Secured by negative lien
National Housing Bank	Term loan		660.00	January 1, 2022	Secured by negative lien
National Housing Bank	Term loan		660.00	April 1, 2022	Secured by negative lien
National Housing Bank	Term loan		660.00	July 1, 2022	Secured by negative lien
National Housing Bank	Term loan		660.00	October 1, 2022	Secured by negative lien
National Housing Bank	Term loan		660.00	January 1, 2023	Secured by negative lien
National Housing Bank	Term loan		660.00	April 1, 2023	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (₹ million)	Principal amount outstanding (₹ million)	Final maturity date	Security
National Housing Bank	Term loan		660.00	July 1, 2023	Secured by negative lien
National Housing Bank	Term loan		660.00	October 1, 2023	Secured by negative lien
National Housing Bank	Term loan		660.00	January 1, 2024	Secured by negative lien
National Housing Bank	Term loan		660.00	April 1, 2024	Secured by negative lien
National Housing Bank	Term loan		660.00	July 1, 2024	Secured by negative lien
National Housing Bank	Term loan		660.00	October 1, 2024	Secured by negative lien
National Housing Bank	Term loan		660.00	January 1, 2025	Secured by negative lien
National Housing Bank	Term loan		660.00	April 1, 2025	Secured by negative lien
National Housing Bank	Term loan		660.00	July 1, 2025	Secured by negative lien
National Housing Bank	Term loan		660.00	October 1, 2025	Secured by negative lien
National Housing Bank	Term loan		660.00	January 1, 2026	Secured by negative lien
National Housing Bank	Term loan		660.00	April 1, 2026	Secured by negative lien
National Housing Bank	Term loan		660.00	July 1, 2026	Secured by negative lien
National Housing Bank	Term loan		660.00	October 1, 2026	Secured by negative lien
National Housing Bank	Term loan		340.00	January 1, 2027	Secured by negative lien
National Housing Bank	Term loan	7,500.00	7,500.00	May 20, 2021	Secured by negative lien
Total		**750,630.00**	**661,539.86**	-	-

(1) *Merged with Indian Bank.*
(2) *Merged with Union Bank of India.*
(3) *Merged with Canara Bank.*
* *Repaid as of the date of this Placement Document.*

(ii) The details of the secured foreign currency denominated loan facilities availed by our Company were as follows:

Lender's name	Type of facility	Amount sanctioned (USD million)	Amount outstanding (USD million)	Final maturity date	Security
Bank of Baroda	Foreign currency non-resident loan	150.00	150.00	September 30, 2020	Secured by negative lien
Bank of Baroda	Foreign currency non-resident loan	70.00	70.00	November 25, 2020	Secured by negative lien
Bank of Baroda	Foreign currency non-resident loan	185.00	185.00	December 9, 2020	Secured by negative lien

Lender's name	Type of facility	Amount sanctioned (USD million)	Amount outstanding (USD million)	Final maturity date	Security
Bank of Baroda	Foreign currency non-resident loan	200.00	200.00	December 19, 2020	Secured by negative lien
Axis Bank Limited	Foreign currency non-resident loan	260.00	260.00	September 11, 2020	Secured by negative lien
Kotak Mahindra Bank Limited	Foreign currency non-resident loan	99.72	99.72	December 28, 2020	Secured by negative lien
Kotak Mahindra Bank Limited	Foreign currency non-resident loan	40.00	40.00	May 18, 2021	Secured by negative lien
Kotak Mahindra Bank Limited	Foreign currency non-resident loan	100.00	100.00	February 20, 2021	Secured by negative lien
Punjab National Bank	Foreign currency non-resident loan	100.00	100.00	September 23, 2020	Secured by negative lien
Punjab National Bank	Foreign currency non-resident loan	70.00	70.00	August 28, 2020	Secured by negative lien
Punjab National Bank	Foreign currency non-resident loan	50.00	50.00	September 26, 2020	Secured by negative lien
Punjab National Bank	Foreign currency non-resident loan	280.00	280.00	December 30, 2020	Secured by negative lien
Punjab National Bank	Foreign currency non-resident loan	100.00	100.00	January 30, 2021	Secured by negative lien
State Bank of India	Foreign currency non-resident loan	135.00	135.00	September 13, 2020	Secured by negative lien
The Federal Bank Limited	Foreign currency non-resident loan	40.00	40.00	December 30, 2020	Secured by negative lien
Total		**1,879.72**	**1,879.72**	-	-

B. **Unsecured loan facilities:**

(i) The details of the rupee denominated unsecured loan facilities availed by our Company were as follows:

Lender's Name	Type of facility	Amount sanctioned (in ₹ million)	Principal amount outstanding (in ₹ million)	Final maturity date	Security
Bank of America	Short term loan	5,000.00	5,000.00	July 27, 2020*	Unsecured
CTBC Bank	Short term loan	250.00	250.00	August 3, 2020*	Unsecured
Sumitomo Mitsui Banking Corporation	Short term loan	5,600.00	5600.00	December 29, 2020	Unsecured
United Overseas Bank	Term loan	750.00	750.00	June 2, 2021	Unsecured
Total		**11,600.00**	**11,600.00**	-	-

* *Repaid as of the date of this Placement Document.*

(ii) The details of the unsecured foreign currency denominated loan facilities availed by our Company were as follows:

Lender's Name	Type of Facility	Amount Sanctioned (in USD milion)	Principal Amount Outstanding (in USD milion)	Final Maturity Date/ Repayment Schedule	Security
ICICI Bank Limited	Foreign currency	280.00	280.00	December 17, 2020	Unsecured

Lender's Name	Type of Facility	Amount Sanctioned (in USD milion)	Principal Amount Outstanding (in USD milion)	Final Maturity Date/ Repayment Schedule	Security
	non-resident loan				
South Indian Bank	Foreign currency non-resident loan	75.00	75.00	December 26, 2020	Unsecured
Total		**355.00**	**355.00**	-	-

C. **Non-convertible debentures:**

The details of outstanding non-convertible debentures are as follows:

Debenture Series	Tenor / Period of Maturity (in months)	Coupon	Amount (in ₹ million)	Date of Allotment	Final Maturity Date / Repayment Schedule	Credit Rating	Secured/ Unsecured	Security, if applicable
G-012	180	8.96%	5,000.00	April 8, 2010	April 8, 2025	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
G-015	180	8.96%	5,000.00	April 9, 2010	April 9, 2025	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
H-008	120	8.79%	5,000.00	July 21, 2010	July 21, 2020*	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
H-010	120	8.90%	5,000.00	August 18, 2010	August 18, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
H-012	120	8.95%	5,000.00	October 19, 2010	October 19, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
H-013	120	8.98%	2,500.00	November 26, 2010	November 26, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
H-016	120	9.00%	5,000.00	December 23, 2010	December 23, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
H-020	120	9.30%	4,000.00	January 18, 2011	January 18, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
H-031	120	9.40%	1,850.00	April 13, 2011	April 13, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien

Debenture Series	Tenor / Period of Maturity (in months)	Coupon	Amount (in ₹ million)	Date of Allotment	Final Maturity Date / Repayment Schedule	Credit Rating	Secured/ Unsecured	Security, if applicable
I-001	120	9.40%	10,000.00	May 3, 2011	May 3, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
I-007	120	9.90%	4,000.00	June 10, 2011	June 10, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
I-012	120	9.55%	4,500.00	July 20, 2011	July 20, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
I-016	120	9.45%	2,000.00	August 17, 2011	August 17, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
I-019	120	9.60%	2,500.00	September 23, 2011	September 23, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
I-021	120	9.90%	6,700.00	November 11, 2011	November 11, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
J-002	120	9.50%	2,000.00	May 9, 2012	May 9, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
J-008	120	9.50%	2,000.00	July 4, 2012	July 4, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
K-024	120	8.95%	2,000.00	March 21, 2013	March 21, 2023	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
M-009	120	9.24%	5,100.00	June 24, 2014	June 24, 2024	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
M-014	120	9.50%	4,750.00	August 13, 2014	August 13, 2024	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
M-018	120	9.34%	10,000.00	August 28, 2014	August 28, 2024	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
N-004	120	8.40%	5,000.00	January 23, 2015	January 23, 2025	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
N-008	120	8.45%	7,500.00	February 25, 2015	February 25, 2025	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien

Debenture Series	Tenor / Period of Maturity (in months)	Coupon	Amount (in ₹ million)	Date of Allotment	Final Maturity Date / Repayment Schedule	Credit Rating	Secured/ Unsecured	Security, if applicable
N-010	120	8.43%	6,000.00	March 4, 2015	March 4, 2025	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
O-001	60	8.50%	20,000.00	August 31, 2015	August 31, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
O-002	60	8.65%	11,000.00	September 18, 2015	September 18, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-002	60	8.75%	15,580.00	March 4, 2016	March 4, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-006	60	8.35%	5,000.00	April 26, 2016	April 26, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-007	120	8.32%	5,000.00	May 4, 2016	May 4, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-010	60	0.00%	5,000.00	May 10, 2016	May 10, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-011	120	8.35%	10,350.00	May 13, 2016	May 13, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-012	120	8.45%	15,000.00	May 18, 2016	May 18, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-015	120	8.44%	7,100.00	June 1, 2016	June 1, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-016	120	8.46%	10,000.00	June 15, 2016	June 15, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-019	120	8.46%	5,350.00	June 24, 2016	June 24, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
P-023	60	8.20%	5,000.00	July 29, 2016	July 29, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
Q-003	120	7.90%	10,000.00	August 24, 2016	August 24, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien

Debenture Series	Tenor / Period of Maturity (in months)	Coupon	Amount (in ₹ million)	Date of Allotment	Final Maturity Date / Repayment Schedule	Credit Rating	Secured/ Unsecured	Security, if applicable
Q-011	120	7.72%	20,000.00	November 18, 2016	November 18, 2026	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
R-005	120	7.78%	11,850.00	March 27, 2017	March 27, 2027	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
R-006	120	7.78%	1,800.00	April 13, 2017	April 13, 2027	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
R-008	120	7.70%	1,600.00	April 24, 2017	April 24, 2027	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
R-015	37	7.50%	15,000.00	June 13, 2017	July 7, 2020*	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
R-016	39	11.73%	20,000.00	June 16, 2017	September 16, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
R-018	60	7.43%	7,200.00	June 20, 2017	June 20, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
R-023	37	7.20%	20,000.00	August 1, 2017	September 1, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
S-004	37	7.40%	25,000.00	October 17, 2017	November 17, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
U-001	120	9.05%	29,530.00	October 16, 2018	October 16, 2028	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
U-003	120	9.00%	5,557.50	November 1, 2018	November 1, 2028	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
U-004	60	9.05%	40,000.00	November 20, 2018	November 20, 2023	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
U-005	120	9.00%	90,000.00	November 29, 2018	November 29, 2028	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
U-007	120	8.66%	50,000.00	December 21, 2018	December 21, 2028	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien

Debenture Series	Tenor / Period of Maturity (in months)	Coupon	Amount (in ₹ million)	Date of Allotment	Final Maturity Date / Repayment Schedule	Credit Rating	Secured/ Unsecured	Security, if applicable
U-008	23	8.70%	50,000.00	January 15, 2019	December 15, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
U-010	20	8.62%	25,000.00	February 1, 2019	October 15, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
V-002	16	8.51%	27,150.00	March 11, 2019	July 15, 2020*	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
V-003	36	8.58%	50,000.00	March 18, 2019	March 18, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
V-004	120	8.55%	50,000.00	March 27, 2019	March 27, 2029	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
V-005	36	8.05%	22,650.00	June 20, 2019	June 20, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
V-006	60	7.99%	25,550.00	July 11, 2019	July 11, 2024	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
V-007	36	7.87%	50,000.00	July 18, 2019	July 18, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
V-008	120	7.91%	20,000.00	August 14, 2019	August 14, 2029	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-001	24	7.15%	26,000.00	September 16, 2019	September 16, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-002	36	7.28%	20,000.00	September 26, 2019	September 26, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-003	120	8.05%	60,000.00	October 22, 2019	October 22, 2029	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-004	24	6.99%	50,000.00	November 25, 2019	November 25, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-005	36	7.21%	25,500.00	December 30, 2019	December 30, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien

Debenture Series	Tenor / Period of Maturity (in months)	Coupon	Amount (in ₹ million)	Date of Allotment	Final Maturity Date / Repayment Schedule	Credit Rating	Secured/ Unsecured	Security, if applicable
W-006	60	7.50%	31,800.00	January 8, 2020	January 8, 2025	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-007	17	6.77%	35,250.00	January 28, 2020	June 28, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-008	60	7.35%	25,100.00	February 10, 2020	February 10, 2025	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-009	36	6.99%	50,000.00	February 13, 2020	February 13, 2023	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
W-010	120	7.40%	20,050.00	February 28, 2020	February 28, 2030	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
X-001	36	7.20%	25,000.00	April 13, 2020	April 13, 2023	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
X-002	36	6.95%	12,500.00	April 27, 2020	April 27, 2023	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
X-003	19	7.06%	25,000.00	May 13, 2020	December 13, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
X-004	24	7.00%	50,000.00	May 19, 2020	May 19, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
X-005	18	6.22%	50,000.00	June 10, 2020	December 10, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
X-006	120	7.25%	40,000.00	June 17, 2020	June 17, 2030	CRISIL AAA/ICRA AAA	Secured	Secured by Negative Lien
SD 6	120	9.40%	10,000.00	February 17, 2011	February 17, 2021	CRISIL AAA/ICRA AAA	Unsecured	-
SD 7	120	9.50%	10,000.00	March 2, 2012	March 2, 2022	CRISIL AAA/ICRA AAA	Unsecured	-
SD 8	120	9.60%	20,000.00	October 21, 2014	October 21, 2024	CRISIL AAA/ICRA AAA	Unsecured	-
SD 9	120	8.65%	10,000.00	February 24, 2015	February 24, 2025	CRISIL AAA/ICRA AAA	Unsecured	-

Debenture Series	Tenor / Period of Maturity (in months)	Coupon	Amount (in ₹ million)	Date of Allotment	Final Maturity Date / Repayment Schedule	Credit Rating	Secured/ Unsecured	Security, if applicable
		Total	**1,490,867.50**	-	-	-	-	-

* *Repaid as of the date of this Placement Document.*

D. **Top 10 debenture holders (in value terms, on cumulative basis for all outstanding debentures issues) as on June 30, 2020:**

Sr. No.	Name of Debenture Holders	Amount (in ₹ million)
1.	Life Insurance Corporation of India	78,830.00
2.	Life Insurance Corporation of India P & GS Fund	74,980.00
3.	State Bank of India	57,750.00
4.	CBT-EPF-05-F-DM	54,427.00
5.	SBI Life Insurance Company Limited	47,168.00
6.	ICICI Bank Limited	40,408.00
7.	CBT-EPF-11-E-DM	29,726.00
8.	CBT-EPF-05-E-DM	28,310.00
9.	ICICI Prudential Life Insurance Company Limited	24,950.00
10.	Axis Bank Limited	23,540.00

E. **Corporate guarantees issued by our Company as of June 30, 2020:**

Our Company has issued corporate guarantees aggregating to ₹ 3,748.62 million. The details of these corporate guarantees are as follows:

Sr. No.	Name of counter party on whose behalf the corporate guarantee has been issued*	Amount (in ₹ million)
1.	Shapoorji Pallonji Roads Private Limited	1,980.00
2.	Nirlon Limited	300.00
3.	Inorbit Malls India Private Limited	55.00
4.	Princecare Homes LLP	30.00
5.	Macrotech Developers Limited	367.26
6.	Ashiana Dwellings Private Limited	100.00
7.	Heritage Max Realtech Private Limited	10.00
8.	Real Gem Buildtech Pvt Ltd	450.00
9.	Godrej Skyline Developers Private Limited**	160.00
10.	Matrix Developers Private Limited *(now merged with Paranjape Schemes Construction Limited*)	55.00
11.	Srilanad Manisons Private Limited	171.52
12.	Accent Hotels Private Limited	45.75
13.	Accent Hotels Private Limited	24.09
Total		**3,748.62**

**Secured by way of collateral security created in favour of our Company, by the respective counter parties.*
***Expired as of the date of this Placement Document.*

F. **Commercial papers:**

Our Company had issued commercial papers aggregating to ₹ 322,750.00 million. The details of these commercial papers are as follows:

Series	Face value (in ₹ million)	Maturity date	Commercial paper discount price amount outstanding (in ₹ million)
CP/016/2019-20	15,000.00	July 10, 2020*	13,949.25

Series	Face value (in ₹ million)	Maturity date	Commercial paper discount price amount outstanding (in ₹ million)
CP/017/2019-20	2,000.00	July 3, 2020*	1,867.22
CP/019/2019-20	8,500.00	August 5, 2020*	7,923.19
CP/020/2019-20	12,000.00	August 5, 2020*	11,185.68
CP/021/2019-20	5,500.00	August 5, 2020*	5,126.77
CP/022/2019-20	12,500.00	August 13, 2020	11,711.63
CP/023/2019-20	7,500.00	August 26, 2020	7,010.60
CP/024/2019-20	10,000.00	September 2, 2020	9,360.56
CP/025/2019-20	20,000.00	September 9, 2020	18,731.60
CP/029/2019-20	10,000.00	October 9, 2020	9,384.35
CP/030/2019-20	10,000.00	October 19, 2020	9,381.27
CP/031/2019-20	2,750.00	October 19, 2020	2,579.85
CP/032/2019-20	10,000.00	November 3, 2020	9,431.13
CP/035/2019-20	11,000.00	November 27, 2020	10,376.55
CP/038/2019-20	21,500.00	January 13, 2021	20,194.54
CP/039/2019-20	20,000.00	February 5, 2021	18,800.28
CP/040/2019-20	14,250.00	February 10, 2021	13,412.33
CP/041/2019-20	10,000.00	January 27, 2021	9,452.14
CP/042/2019-20	7,750.00	February 24, 2021	7,308.92
CP/043/2019-20	18,000.00	February 24, 2021	17,015.67
CP/001/2020-21	5,000.00	April 15, 2021	4,709.69
CP/002/2020-21	28,000.00	March 10, 2021	26,564.94
CP/003/2020-21	30,000.00	August 10, 2020*	29,644.08
CP/004/2020-21	11,500.00	May 25, 2021	10,871.20
CP/005/2020-21	20,000.00	September 25, 2020	19,836.44
Total			**305,829.88**

* *Repaid as of the date of this Placement Document.*

G. **Other borrowings as on June 30, 2020:**

The details of other borrowings are as follows:

Party name / instrument	Type of facility/ instrument	Amount Sanctioned/ Issued (in million)	Principal amount outstanding (in million)	Repayment date / schedule	Credit rating	Secured / unsecured	Security
Bank of India	Long term bonds	₹ 1,000.00	₹ 40.00	December 10, 2020	CRISIL AAA/ICRA AAA	Secured	Secured by negative lien
	Long term bonds		₹ 40.00	June 10, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by negative lien
	Long term bonds		₹ 42.00	December 10, 2021	CRISIL AAA/ICRA AAA	Secured	Secured by negative lien

Party name / instrument	Type of facility/ instrument	Amount Sanctioned/ Issued (in million)	Principal amount outstanding (in million)	Repayment date / schedule	Credit rating	Secured / unsecured	Security
	Long term bonds		₹ 42.00	June 10, 2022	CRISIL AAA/ICRA AAA	Secured	Secured by negative lien
Bank of India (Arrangement with ADB)	Term Loan	₹ 2,000.00	₹ 326.95	June 10, 2022	Unrated	Secured	Secured by negative lien
Asian Development Bank	Term Loan	USD 100.00	USD 16.35	June 15, 2022	Unrated	Secured	Secured by negative lien
Masala bonds	Masala bonds	₹13,000.00	₹13,000.00	November 25, 2022	Unrated	Unsecured	-
Masala bonds	Masala bonds	₹ 5,000.00	₹ 5,000.00	November 29, 2023	Unrated	Unsecured	-
Masala bonds	Masala bonds	₹ 10,000.00	₹ 10,000.00	March 28, 2022	Unrated	Unsecured	-
State Bank of India SMBC Taishin International Bank Co., Ltd Bank of Bahrain and Kuwait B.S.C. Indian Bank Union Bank of India Hong Kong Bank Am Sino Pac Mega Intl Commercial Bank, Labaun Br Bank of Taiwan State Bank of India SMBC Taishin International Bank Co., Ltd Bank of Bahrain and Kuwait B.S.C. Indian Bank Union Bank of India Hong Kong Sino Pac Bank of America Mega Intl	ECB- Low Cost affordable Housing	USD 500.00	USD 500.00	Repayable in 2 tranches:- USD 200 million on July 24,2020 and USD 300 million on Aug 11,2020	-	Unsecured	-

Party name / instrument	Type of facility/ instrument	Amount Sanctioned/ Issued (in million)	Principal amount outstanding (in million)	Repayment date / schedule	Credit rating	Secured / unsecured	Security
Commercial Bank, Labaun Br							
Bank of Taiwan							
State Bank of India, HongKong Branch	ECB- Low Cost affordable Housing	USD 375.00	USD 375.00	Repayable in 2 tranches: USD 240 million maturing May 23,2021 and USD 135 million maturing June 1,2021	-	Unsecured	-
Sumitomo Mistui Banking Corporation, Singapore Branch							
State Bank of India, Mauritius Branch							
BDO Unibank, Inc., Hongkong Branch							
Sumitomo Mitsui Trust Bank Ltd, Singapore Branch							
Bnk of Taiwan, Singapore Branch							
E.SUN Commercial Bank Ltd, Singapore Branch							
Taiwan Business Bank, Offshore banking branch							
Taiwan Co-operative Bank, Offshore banking branch							
AfrAsia Bank Ltd							
Chang Hwa Commercial Bank Ltd, Offshore Banking Branch							
Land Bank of Taiwan, Offshore Banking Branch							
Mega International Commercial Bank Co Ltd, Offshore Banking Branch							
Taiwan Shin Kong Commercial Bank							
Jih Sun International Bank							
The Shanghai Commercial and Savings Bank Ltd, Offshore Banking Branch							
Sunny Bank Ltd							

Party name / instrument	Type of facility/ instrument	Amount Sanctioned/ Issued (in million)	Principal amount outstanding (in million)	Repayment date / schedule	Credit rating	Secured / unsecured	Security
State Bank of India, HongKong Branch							
Sumitomo Mistui Banking Corporation, Singapore Branch							
State Bank of India, Mauritius Branch							
DBS Bank Ltd							
Sumitomo Mitsui Trust Bank Ltd, Singapore Branch							
Bnk of Taiwan, Singapore Branch							
E.SUN Commercial Bank Ltd, Singapore Branch							
Taiwan Business Bank, Offshore banking branch							
Taiwan Co-operative Bank, Offshore banking branch							
AfrAsia Bank Ltd							
Chang Hwa Commercial Bank Ltd, Offshore Banking Branch							
Land Bank of Taiwan, Offshore Banking Branch							
Mega International Commercial Bank Co Ltd, Offshore Banking Branch							
Taiwan Shin Kong Commercial Bank							
Jih Sun International Bank							
The Shanghai Commercial and Savings Bank Ltd, Offshore Banking Branch							
Sunny Bank Ltd							
Australia and New Zealand Banking Group Limited	ECB- Low Cost affordable Housing	USD 750.00	USD 750.00	Repayable in 2 tranches: USD 392 million	-	Unsecured	-
Shanghai Commercial &							

Party name / instrument	Type of facility/ instrument	Amount Sanctioned/ Issued (in million)	Principal amount outstanding (in million)	Repayment date / schedule	Credit rating	Secured / unsecured	Security
Savings Bank, Ltd. Offshore Banking Branch				maturing July 09, 2023 and USD 358 million maturing July 25, 2023			
Sumitomo Mitsui Trust Bank, Limited, Singapore Branch							
Taiwan Shin Kong Commercial Bank							
E. Sun Commercial Bank, Singapore Branch							
DBS Bank							
First Abu Dhabi Bank							
HSBC							
Mizuho							
MUFG							
SMBC Singapore branch							
United overseas bank							
The Norinchukin Bank Singapore branch							
Mega International Commercial bank							
CTBC							
The Hyakugo Bank							
Landbank of Taiwan, Offshore banking branch							
Taiwan Co-operative bank							
Bank of Taiwan, Singapore branch							
Hua Nan Commercial Bank ltd, Singapore branch							
Taipei Fubon Commercial bank, Singapore Branch							
AFR Asia Bank limited							
Sunny Bank ltd							
BDO Unibank, Inc Singapore Branch							
KGI Bank							
Australia and New Zealand Banking							

Party name / instrument	Type of facility/ instrument	Amount Sanctioned/ Issued (in million)	Principal amount outstanding (in million)	Repayment date / schedule	Credit rating	Secured / unsecured	Security
Group Limited							
Shanghai Commercial & Savings Bank, Ltd. Offshore Banking Branch							
Sumitomo Mitsui Trust Bank, Limited, Singapore Branch							
Taiwan Shin Kong Commercial Bank							
E. Sun Commercial Bank, Singapore Branch							
DBS Bank							
First Abu Dhabi Bank							
HSBC							
Mizuho							
MUFG							
SMBC Singapore branch							
United overseas bank							
The Norinchukin Bank Singapore branch							
Mega International Commercial bank							
CTBC							
The Hyakugo Bank							
Landbank of Taiwan, Offshore banking branch							
Taiwan Co-operative bank							
Bank of Taiwan, Singapore branch							
Hua Nan Commercial Bank ltd, Singapore branch							
Taipei Fubon Commercial bank, Singapore Branch							
AFR Asia Bank limited							
Sunny Bank ltd							
BDO Unibank, Inc Singapore Branch							

Party name / instrument	Type of facility/ instrument	Amount Sanctioned/ Issued (in million)	Principal amount outstanding (in million)	Repayment date / schedule	Credit rating	Secured / unsecured	Security
Taishin International Bank							
First Abu Dhabi Bank P.J.S.C	ECB- Low Cost affordable Housing	JPY 53,200.00	JPY 53,200.00	December 11, 2023.	-	Unsecured	-
Mizuho Bank Ltd							
The Bank Of Tokyo - Mitsubishi Ufj Ltd							
Bank Of China Limited, Singapore							
The Gunma Bank Ltd							
Sumitomo Mitsui Trust Bank Limited, Singapore Branch							
Bank Of Taiwan							
Sumitomo Mitsui Banking Corporation							
Bank Of India, Tokyo							
Bank of China, Singapore Branch	ECB- Low Cost affordable Housing	USD 200.00	USD 200.00	May 9, 2022	-	Unsecured	-
First Abu Dhabi Bank PJSC Singapore br							
Sumitomo Mitsui Trust Bank Ltd, Singapore Branch							
The Korean Development Bank							
The Norinchukin Bank, Singapore Branch							
Bank of Taiwan, Singapore Branch							
Hua Nan Commercial Bank, Ltd., Singapore Branch							
The Hokkoku Bank, Ltd. Singapore Branch							
Standard Chartered Bank, Dubai							

H. Defaults and delays in the past five years

In the past five years, our Company has not defaulted on or made any delay in payments of interest and principal of any term loans, debt securities and other financial indebtedness including corporate guarantee issued by our Company.

I. **Outstanding borrowings for consideration other than cash, at a premium or discount or in pursuance of an option**

As on June 30, 2020, there were no outstanding borrowings taken by our Company or debt securities issued by our Company (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

DIVIDENDS

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the Shareholders at their discretion and will depend on the standalone profits of our Company. The Board may consider one interim dividend in addition to final dividend for a financial year. The Board may also consider declaration of bonus shares at appropriate time by capitalizing accumulated profits and permissible reserves of our Company. The declaration and payment of dividend would be governed by the applicable provisions of the Companies Act, the Articles of Association and our Company's dividend distribution policy.

Our Company has formulated a dividend distribution policy in terms of the SEBI Listing Regulations, which came into force pursuant to a resolution passed by the Board on December 12, 2016. In order to determine the nature and quantum of payment of dividend, our Company will take into account financial parameters like profits earned during the year, leverage ratios, accumulated reserves, liquidity requirements, etc. and external factors like taxation provisions, Government policies, macro-economic conditions and shareholder expectations.

The details of total dividends declared by our Company for the Fiscals 2020, 2019, 2018 are set out below:

Fiscal	**Dividend per Equity Share (in ₹)**	**Dividend Rate (% of face value)**	**Total amount of dividend[#] (₹ in million)**
2020*	21	1,050%	36,427
2019*	17.50	875%	30,193
2019**	3.50	175%	6,025
2018*	16.50	825%	27,889
2018**	3.50	175%	5,866

[#]Exclusive of tax on dividend distribution.
**Declared by way of final dividend.*
***Declared by way of interim dividend.*

Warrant holders shall not be entitled to any dividend or any other corporate benefits, which may be declared or announced by our Company from time to time, until such time that the Warrants are exchanged for the underlying Equity Shares of our Company in accordance with the terms of the Issue.

Any future dividends would be at the discretion of the Board of Directors and would depend on the revenue, cash flow, financial condition, results of operations, capital requirements, contractual obligations, the terms of the credit facilities and other financing arrangements of our Company at the time dividend is considered, and other relevant factors. For a summary of some of the restrictions that may materially affect our ability to declare or pay dividends, please see the section "*Risk Factors – Our Company's ability to pay dividends depends upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures*" on page 69 of this Placement Document.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

You should read the following discussion in conjunction with the Audited Consolidated Financial Statements as of and for the years ended March 31, 2018, 2019 and 2020 and in each case, the notes thereto, and the standalone interim financial results as of and for the three months ended June 30, 2020 and 2019 which are prepared in accordance with Indian Accounting Standards and included elsewhere in this Placement Document. For purposes of this discussion, references to "Fiscal" are to the year ended, or as of (as the case may be), March 31.

This discussion contains forward-looking statements and reflects the Company's current plans and expectations. Actual results may differ materially from those anticipated in these forward-looking statements. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections titled "Risk Factors", "Forward-Looking Statements" and "Business" of this Placement Document.

In this section, unless the context otherwise requires, a reference to "the Company" or "our Company" is a reference to Housing Development Finance Corporation Limited, while any reference to "we", "us", "our" or "our Group" is a reference to Housing Development Finance Corporation Limited, together with its consolidated group.

Overview

The Company was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956. The Company has its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020, India and corporate office at HDFC House, H.T. Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai 400 020, India. The Company is registered with CIN L70100MH1977PLC019916. The Company's initial public offering was undertaken in 1978 and its equity shares are listed and traded on BSE and NSE and the Company's Synthetic INR denominated bonds are listed on the London Stock Exchange.

The Company's non-convertible debentures and commercial papers are listed on the wholesale debt market segment of BSE and NSE.

The Company is the first specialised mortgage finance company to be set up in India. *(Source: CRISIL Report, dated September 15 and 16, 2019).* The Company's principal business is providing finance to individuals, developers and corporates for the purchase, repair, construction, and development of residential and commercial properties in India.

The Company's product range includes loans for purchase and construction of residential units, home improvement loans, home extension loans, non-residential premises loans and loans against property, while its flexible repayment options include Step Up Repayment Facility (SURF) and Flexible Loan Instalment Plan (FLIP). The Company also has specialized products such as 'HDFC Reach' which addresses the housing needs of the informal sector and micro entrepreneurs and 'HDFC Rural Loans' which focuses on customers with rural incomes or acquiring homes in rural and peripheral areas. The Company offers housing finance solutions for customers across all income ranges.

The Company is predominantly a retail mortgage finance company, however over the years, it has evolved as a financial conglomerate with interests beyond mortgages. The Company is the holding company for investments in its associate and subsidiary companies and through them, the Company has diversified into different sectors such as, banking, insurance, asset management, education finance and property funds.

Some of the key wholly-owned subsidiaries of the Company are: HSPL, a financial services distribution company, HDFC Credila, a dedicated education loan company, HDFC Property and HDFC Capital Advisors, are investment advisors and asset managers. The Company is a majority shareholder with a shareholding of 50.1 per cent. in HDFC Life, a life insurance firm that ranks first in new business premium amongst private players. The Company has a shareholding of 52.7 per cent in HDFC AMC, one of India's largest asset management companies and a shareholding of 50.5 per cent in HDFC Ergo, one of the top three private players in general insurance in India. The Company, together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited has a 21.2% shareholding in HDFC Bank one of India's leading private sector banks. The indicative shareholding of the Company in the above mentioned subsidiary and associate is as on June 30, 2020.

Distribution channels form an integral part of the Company's distribution network with home loans being distributed through HSPL, HDFC Bank and third party direct selling associates. As of March 31, 2020, the Company's network comprised 584 outlets, which included 205 offices of its wholly-owned distribution subsidiary, HSPL. HDFCs have opened all their offices, however due to the Covid-19 pandemic, local authority directions have meant some offices must be closed. On average on or around 40 offices are temporarily shut at one time across India as various locations enter in and out of lockdown. The Company also has an online digital platform for loans available on www.hdfc.com.

The Company's business is conducted through its branches in India and its representative offices overseas where the Company offers its products to non-resident Indians (NRIs) for residential premises in India. The Company's representative offices overseas are in London, Singapore and Dubai and the Company also has service associates in the Middle East.

Basis of presentation of financial information

For financial statement reporting purposes, in each annual and interim reporting period, the Company presents consolidated financial statements of the Group and standalone financial statements of the Company. References to amounts presented on a consolidated basis are to amounts extracted from the consolidated financial statements of the Group, and references to amounts of the Company are to amounts extracted from the standalone financial statements of the Company.

The Company's audited annual standalone financial statements report the financial statements and results of operations relating to its principal business segment, comprising its mortgage lending business, which includes the main business of providing home loans for the construction and purchase of residential houses. The Group's audited consolidated financial statements as of and for the years ended March 31, 2019 and 2020 report the financial statements and results of operations relating to the Group's five segments comprising loans, life insurance, general insurance, asset management and others. The Group's financial statements as at and for the year ended 2018 were prepared in accordance with Indian GAAP. Accordingly, information presented herein as at and for the year ended March 31, 2018 is extracted from the comparative information included in the Group's audited financial statements as at and for the year ended March 31, 2019 which were prepared in accordance with Ind AS.

The unaudited standalone and consolidated financial results follows the recognition and measurement criteria laid down in Indian Accounting Standards (Ind AS) 34 – "Interim Financial Reporting" which is prescribed under section 133 of the Companies Act, 2013 but does not contain selected explanatory notes. The unaudited standalone and consolidated financial results does not include all notes of the type normally included in the annual standalone and consolidated financial statements. The accounting policies adopted are consistent with those of the year ended 31 March 2020. The unaudited standalone and consolidated financial results are prepared only to comply with the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is the Group's parent company accounting for 71.8%, 69.4% and 70.4% (net of inter-company balances) of total consolidated assets as of March 31, 2020, 2019 and 2018, respectively, and 57.7%, 45.2% and 54.5% (net of inter-company balances) of total consolidated revenue from operations for the years ended March 31, 2020, 2019 and 2018, respectively.

Principal factors affecting the Group's financial results and performance

The Group's financial results are dependent generally on the performance of the Indian economy and to a lesser extent global economy and the banking and financial services sector in particular.

Economic conditions in India and impact of Covid-19

The Group's performance is highly dependent on the overall economic conditions in India, including the GDP growth rate, the economic cycle and the health of the securities markets. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates could have an adverse impact on the financial standing and growth plans of the Company's borrowers and contractual counter parties, and lead to a slowdown in sectors important to its business.

Fiscal 2020 saw a downturn in India's GDP, with GDP growth of 4.2 % compared to 6.1 % in Fiscal 2019, according to the National Statistical Office, Government of India. What began as a downturn in the investment cycle has broadened into a decline in consumer-demand. Factors that contributed to this economic downturn in India included financial stress in rural households, a reduction in new jobs, a downturn in the manufacturing industry and an increasingly risk-averse environment attitude towards lending to micro, small and medium scale businesses.

Currently, global economic activity has been adversely impacted, as COVID-19 related lockdowns and social distancing are imposed across a widening swathe of affected countries. The outlook for economic recovery is now heavily contingent upon the intensity, spread and duration of the pandemic. There is a rising probability that large parts of the global economy will slip into recession. Central banks and governments are responding to the situation with a wide range of conventional and unconventional measures targeted at easing financial conditions to avoid a demand collapse and to prevent financial markets from freezing up due to illiquidity.

In May 2020, the National Statistics Office released provisional estimates of Annual National Income as per which the GDP growth for the Fiscal 2020 was at 4.2%. Apart from the continuing resilience of agriculture and allied activities, the outlook for Fiscal 2021 is that most other sectors of the economy will be adversely impacted by the pandemic, depending upon the intensity, spread and duration of the pandemic. Retail inflation, measured by the consumer price index, peaked in January 2020 and fell by a full percentage point in February 2020 to 6.6%, as the ebbing of onion prices brought down food inflation from double digits in the preceding two months. Price pressures, however, remain firm across protein-rich items, edible oils and pulses; but the shock to demand from COVID-19 may weaken them going forward. The pandemic could bring high macroeconomic risks on both sides of the demand and supply chain. In that regard, the Monetary Policy Committee decided to advance its meeting scheduled for March 31, April 1 and April 3, 2020 and met on March 24, 2020, March 26, 2020 and March 27, 2020 to reduce the policy rate by 75 basis points to 4.4% and further to 4.0% in its meeting held from May 20 to May 22, 2020. Simultaneously, the fixed rate reverse repo rate, which sets the floor of the liquidity adjustment facility ("**LAF**") corridor, was reduced by 90 basis points to 4.0% and further to 3.35%, thus creating an asymmetrical corridor. The purpose of this measure relating to the reverse repo rate is to render passive deposit funds with the Reserve Bank of India relatively unattractive for banks so that these banks could use these funds for on-lending to productive sectors of the economy. (*Source: RBI Monetary Policy Report April 2020*). The monetary policy committee also decided to continue with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target. (*Source: RBI Monetary Policy Statement, May 2020*)

Further, on April 17, 2020 the Governor of the RBI made a public statement acknowledging the role of all-India financial institutions ("AIFIs"), including the National Housing Bank (NHB), in meeting long-term funding requirements of agriculture and the rural sector, small industries, housing finance companies, NBFCs and MFIs, and announced the provision of special refinance facilities in the total amount of ₹ 500 billion to National Bank for Agriculture and Rural Development, Small Industries Development Bank of India and NHB to enable them to meet sectoral credit needs, of which ₹ 100 billion was to be allocated to NHB to support HFCs. The RBI also allowed commercial banks, co-operative banks, financial institutions and NBFCs (including HFCs, such as the Company) to grant a three-month moratorium on payment of instalments of all term loans that were standard assets falling due between March 1, 2020 and May 31, 2020, in order to alleviate the hardship on borrowers. On May 23, 2020, the RBI permitted extension of the moratorium period to August 31, 2020. Furthermore, the RBI through its 'Statement of Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a separate resolution framework under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures /accounts without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**Covid-19 Resolution Framework**"). Under the Covid-19 Resolution Framework, lending institutions are required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the Covid-19 Resolution Framework and ensure that the resolution plans under this facility are extended only to borrowers bearing stress on account of the COVID-19 pandemic. Exposures of housing finance companies where the account has been rescheduled after March 1, 2020 in terms of para 2(1)(zc)(ii) (which defines sub-standard assets) of the NHB Directions, are not eligible for a resolution plan under Covid-19 Resolution Framework, unless a resolution plan has been invoked by other lending institutions thereunder. However, from the date of Covid-19 Resolution Framework, any resolution plan necessitated on account of the economic fallout of Covid-19 pandemic, shall be undertaken only under the Covid-19 Resolution Framework.

In response to COVID-19, the Company has participated in the moratorium on payments on term loans. In addition, it has adopted a more conservative provisioning policy, and retained additional liquidity.

For further details, see "*Risk Factors — The outbreak of COVID-19 has had, and could further have, a material adverse effect on our Group's business, financial condition and results of operations*" in this Placement Document.

Government policies and regulation

The financial services industry, including the home loans business in India, is subject to extensive regulation by governmental and self-regulatory organizations, including the RBI, SEBI, NHB, BSE and NSE. These regulations address issues such as customer protection, capital adequacy for housing finance companies ("**HFCs**"), market conduct, margin requirements, foreign investment and foreign exchange. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. Changes in government and other regulatory policies affecting the financial services industry could require changes to the Company's systems and business operations and could involve additional costs and management time. Other general changes in economic and regulatory policy may also affect the Company's business, as they affect the businesses, financial condition and investment policies of its customers. India has been charting a course of economic liberalisation and deregulation in recent years. Some policy changes may be beneficial to the Company's business, while others may have a negative impact. For further details, refer to "*Risk Factors*" on page 56 of this Placement Document.

Availability and cost of financing

As a housing finance company, the Company depends on access to wholesale funding, particularly loans and domestic and international capital markets and retail funding through term deposits. As economic growth in India slows, availability of financing to HFCs tends to be reduced, and available financing tends to be concentrated with higher rated entities.

Debt securities constituted 42.3% of the total consolidated borrowings of the Group as at March 31, 2020. During Fiscal 2020, the Company raised ₹ 464,370 million through the issue of non-convertible debentures on a private placement basis in multiple tranches to investors. Total consolidated borrowings comprise of debt securities, borrowing (other than debt securities), deposits and subordinated liabilities.

As a deposit taking HFC, the Company offers a range of term deposit products to individuals, associations of persons, co-operatives, educational and charitable trusts and corporate bodies. As per the regulations, all public deposits are for a minimum term of one year. Deposits are a key source of funding for the Company, amounting to 33.2% of total borrowings (comprising debt securities, borrowings, (other than debt securities), deposits and subordinated liabilities) as at June 30, 2020, and 28.5 %, 28.8 %, and 31.6 % of total borrowings as at March 31, 2018, 2019, and 2020, respectively.

As at June 30, 2020, the Company's total deposits stood at ₹ 1,433,348 million against ₹ 1,323,243 million as at March 31, 2020, ₹1,055,989 million at March 31, 2019, and ₹ 912,687 million as at of March 31, 2018, representing growth of 25.3% in Fiscal 2020 and 15.7 % in Fiscal 2019, respectively. The number of deposit accounts grew from 2.03 million as of March 31, 2019 to 2.15 million as of March 31, 2020. The rating agencies, CRISIL, a division of S&P Global and ICRA, an affiliate of Moody's Investor Service have for the years 2018, 2019 and 2020, reaffirmed their 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' rating for the Company's deposits. These ratings represent the highest degree of safety as regards timely repayment of principal and interest. For the past 25 consecutive years, the Company has had AAA rating from, both CRISIL and ICRA for its deposits programme.

Credit quality and provisioning

The Company's ability to manage the credit quality of its loan portfolio, which it measures in part through non-performing assets, is a key driver of its results of operations. The Company classifies the loans it provides into performing and non-performing assets in accordance with the NHB Directions. Defaults by customers for a period of more than 90 days result in such loans being classified as "non-performing". Non-performing assets are also classified into sub-standard, doubtful and loss assets and provisions are made based on criteria stipulated by the NHB Directions.

The Company's gross non-performing loans (on a standalone basis) stood at 1.99% of the total loan portfolio as at March 31, 2020 as compared to 1.18% as at March 31, 2019. The Company's gross non-performing loans (on a standalone basis) was 1.87% of the total loan portfolio as at June 30, 2020 as compared to 1.99% of the total loan portfolio as at March 31, 2020.

Particulars	**As of March 31, 2018**	**As of March 31, 2019**	**As of March 31, 2020**
	(in ₹ million except ratios and percentages)		
Gross Non Performing Loans	40,187	47,766	89,076
% of NPAs to the total loan portfolio	1.11	1.18	1.99

During Fiscal 2020, given the increased financial stress in the system, the Company continued to place great emphasis on asset quality and ensured that there is adequate provisioning for unforeseen contingencies.

In accordance with NHB norms, gross non-performing loans outstanding amounted to ₹ 89,076 million as at March 31, 2020, constituting 1.99% of the loan portfolio. The principal outstanding in respect of individual loans where the installments were in arrears constituted 0.95% of the individual portfolio and the corresponding figure was 4.71% in respect of the non-individual portfolio.

As per the prudential norms prescribed by NHB, the Company is required to carry a provision of ₹ 41,985 million, of which ₹ 22,671 million is on account of non-performing assets and the balance is in respect of standard loans. The actual impairment loss allowance (Expected credit loss) on loans and intercorporate deposits stood at ₹ 109,889 million as at March 31, 2020.

Allowance for impairment loss - Expected Credit Loss

Under Ind AS, asset classification and provisioning moves from the ‘rule based’, incurred loss model to the Expected Credit Loss (ECL) model of providing for expected future credit losses. Thus, loan loss provisions are made on the basis of the Company’s historical loss experience and future expected credit loss, after factoring in various other parameters.

Classification of Assets

	As of Fiscal (percentages)		
Exposure at Default (EAD)	**2018**	**2019**	**2020**
Stage 1	94.2	94.3	92.2
Stage 2	4.5	4.3	5.5
Stage 3	1.3	1.4	2.3
Total	**100.0**	**100.0**	**100.0**

Note: EAD includes loans and intercorporate deposits (ICD).

Expected Credit Loss Based [1] on Exposure at Default (EAD) [2]

	As of Fiscal (₹ million)		
As per IND AS	**2018**	**2019**	**2020**
Gross Stage 1	3,424,545	3,842,716	4,158,644
ECL Provision Stage 1	1,820	2,416	3,461
Net Stage 1	3,422,725	3,840,300	4,155,183
Coverage Ratio % Stage 1	0.1%	0.1%	0.1%
Gross Stage 2	162,739	176,382	247,945
ECL Provision Stage 2	32,937	31,348	57,503
Net Stage 2	129,801	145,034	190,442
Coverage Ratio % Stage 2	20.2%	17.8%	23.2%
Gross Stage 3	47,093	57,354	102,733
ECL Provision Stage 3	19,700	24,988	48,925
Net Stage 3	27,393	32,366	53,808
Coverage Ratio % Stage 3	41.8%	43.6%	47.6%
EAD	3,634,377	4,076,452	4,509,322
ECL Provision	54,458	58,752	109,889
Net	3,579,920	4,017,699	4,399,433
ECL/EAD (%)	1.5%	1.4%	2.4%

Note:

1. Exposure at default (EAD) includes loans and intercorporate deposits (ICD)

2. Expected credit loss (ECL) includes provisions with respect to loans and intercorporate deposits (ICD)

The total balance in the Impairment Loss Allowance – Expected Credit Loss on loans and intercorporate deposits (provisions carried) as at Fiscal 2020 amounted to ₹109,889 million. This is equivalent to 2.4% of the EAD (includes loans and intercorporate deposits). The balance in Impairment Loss Allowance – Expected Credit Loss more than adequately covers loans where the installments were in arrears for over 90 days.

Demand for housing in India

India generally has a shortage of affordable and quality housing for its population. Accordingly, demand for housing has been strong in recent years. The Company plays a key role in both meeting and supporting demand, by financing housing purchases as well as developers of housing projects including affordable housing projects. In recent years, the greatest demand has been for housing that is from reputable developers with a strong track record of delivery; projects with stable financial partners; right sized units; and units that are affordable for end users. Demand for high-end residential housing has been generally weaker, hampered by a significant overhang of unsold inventory in the market.

The housing sector has benefited from the Government's housing support programme, PradhanMantriAwasYojana (PMAY). According to the Ministry of Housing and Urban Affairs, over 10 million homes have been supported under PMAY, of which over 3 million have been completed and a further 6 million are under construction. The credit linked subsidy scheme provides upfront subsidies to eligible beneficiaries.

Indian commercial real estate has attracted interest from large foreign private equity investors. In particular, demand for Grade A commercial real estate has been driven by the banking, financial services and insurance, IT & IT-enabled services, e-commerce and other professional services, and increasingly logistics.

As economic growth in India has slowed, a number of developers have come under increasing financial strain, and have insufficient cash flows when faced with a lack of sale, high unsold inventories and high levels of leverage. Partly in response, during Fiscal 2020 the government established an alternative investment fund, the Special Window for Completion of Construction of Affordable and Min-Income Housing Projects (SWAMIH) to provide final-stage financing to support completion of incomplete affordable housing projects. Some developers have also opted for joint development agreements and development management agreements. Some lenders have also opted to sell loans to developers to asset reconstruction companies, or to other institutions.

Loans

The Company's principal business consists of granting mortgage loans to its customers, including individuals and corporates. The volume of loans outstanding is a key determinant of the Company's operating income. For details of the Company's home loan products, see "*Business*".

Growth in Loans

In Fiscal 2020, Company's Loans grew by 10.9% to ₹ 4,509,028 million as at March 31, 2020 from ₹ 4,066,071 million as at March 31, 2019, and by 12.1% from ₹ 3,628,114 million as at March 31, 2018. The growth in Loans Gross of Loans Sold during the preceding 12 months for Fiscal 2020 was 16.8%; 89% of the incremental growth in Loans Gross of Loans Sold during preceding 12 months came from individual loans.

Analysts, investors and other interested parties frequently use **Loans Gross of Loans Sold during preceding 12 months** as a performance measure, and our management believes that providing this non-GAAP financial measure allows investors to make additional comparisons between our business performance and those of other companies and to understand our ongoing business. Non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. Accordingly, these non-GAAP financial measures should be carefully evaluated.

Loans Gross of Loans Sold during preceding 12 months

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020
	(in ₹ millions)		
Loans	3,573,808	4,007,597	4,399,433
Add: Impairment loss allowance (Expected Credit Loss)	54,306	58,474	109,595
Gross Loans	36,28,114	40,66,071	45,09,028
Add: Loans sold during the preceding 12 months	64,531	251,499	241,273
Loans Gross of Loans Sold during preceding 12 months	**3,692,645**	**4,317,570**	**4,750,301**

Growth in Loans Gross of Loans Sold during preceding 12 months

Particulars	Fiscal 2020
Gross Loans	40,66,071

Particulars	Fiscal 2020
Loans Gross of Loans Sold during preceding 12 months	47,50,301
Growth	16.8%

Individual Loans Gross of Loans Sold during preceding 12 months

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020
	(in ₹ millions)		
Gross Individual Loans	2,537,884	2,887,889	3,258,892
Add: Loans sold during the preceding 12 months	64,531	251,499	241,273
Individual Loans Gross of Loans Sold during preceding 12 months	**2,602,415**	**3,139,388**	**3,500,165**

Particulars	Fiscal 2020
Gross Individual Loans at the beginning of the year	2,887,889
Loans Gross of Loans Sold during preceding 12 months	3,500,165
Growth	21.2%

The lower growth in loans reflected the unfavourable lending environment for non-individual loans that prevailed in the second half of Fiscal 2020. In particular, tight liquidity conditions over leverage and credit rating downgrades led to heightened risks across the corporate sector. In order to preserve asset quality, the Company also reduced some of its lending to non - individual loans.

The net increase in Loans, from Fiscal 2019 to Fiscal 2020 is ₹ 442,957 million, after taking into account Loan repayments of ₹ 902,230 million and loans written off during Fiscal 2020 amounting to ₹ 9,950 million. The net increase in Loans, from Fiscal 2018 to Fiscal 2019 was ₹ 437,956 million which has been determined after taking into account loan repayments of ₹ 103,914 million and loans written off during Fiscal 2019 amounting to ₹ 6,570 million as compared to ₹ 560 million in Fiscal 2018.

During the quarter ended June 30, 2020, Company's Loans grew by 3% to ₹ 4,656,853 million as at June 30, 2020 from ₹ 4,509,028 million as at March 31, 2020. Growth in Loans during the quarter was slowed by the impact of COVID-19, with the volume of loans extended significantly reduced in each month during the quarter as compared to the corresponding period in the previous fiscal year.

The following table sets forth a breakdown of the Company's Loans by category of borrower as of the specified dates:

Particulars	As of March 31,		
	2018	2019	2020
	(in ₹ millions)		
Individuals	2,537,885	2,887,889	3,258,892
Corporate Bodies	1,033,248	1,109,150	1,181,655
Others	56,702	68,732	68,147
Staff Loans	280	300	334
Total	3,628,114	4,066,071	4,509,028

Sale of loans:

During Fiscal 2020, the Company's individual Loan Sold amounted to ₹241,273 million, and a further

₹ 13,756 million during the quarter ended June 30, 2020. The loans were sold to HDFC Bank, pursuant to the buyback option embedded in the memorandum of understanding between the Company and HDFC Bank. In selling loans under the loan assignment route, no credit enhancement needs to be provided by the Company on the Loans Sold and the risk is passed on to the purchaser

	For the Fiscal Year		
	2018	**2019**	**2020**
	(in ₹ millions)		
Loans Sold	64,531	251,499	241,273
Net Income on derecognised / assigned loans	5,337	8,600	9,679

Capital adequacy

During Fiscal 2019, the NHB tightened the capital adequacy framework applicable to HFCs, including the Company. The minimum capital ratio, consisting of Tier I and Tier II capital, is required to be at not less than (i) 13% on or before 31 March 2020, (ii) 14% on or before March 31, 2021, and (iii) 15% on or before March 31, 2022, with Tier I capital of not less than 10%.

As of March 31, 2020, the Company's capital adequacy ratio stood at 17.6%, of which Tier I capital was 16.4% and Tier II capital was 1.2%. As of June 30, 2020, the Company's capital adequacy ratio stood at 17.3%, of which Tier I capital was 16.2 % and Tier II capital was 1.1%. The investment in HDFC Bank has been considered as a deduction in the computation of Tier I capital.

Particulars	**As of March 31, 2018**	**As of March 31, 2019**	**As of March 31, 2020**
		(in ₹ millions except ratios and percentages)	
Capital Adequacy Ratio (%)	19.2%	19.1%	17.6%
Tier I capital	17.3%	17.5%	16.4%
Tier II capital	1.9%	1.6%	1.2%
Risk Weighted Assets	3,067,477	3,495,882	3,929,492

Description of key line items

Set out below are the principal line items in the Group's consolidated financial statements.

Income Statement

Revenue from Operations

Revenue from operations is comprised of the following elements:

- Interest income, which consists primarily of interest on loans to customers and interest on investments in securities. Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable;

- Surplus from deployment in cash management schemes of mutual funds, which consists of return on excess liquidity parked in liquid schemes of mutual funds;

- Dividend income which consists of dividends received on Investment in shares. Dividend income is recognised when the right to receive dividend is established;

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

- Fee and commission income include fees other than those that are an integral part of effective interest rate. Fee and commission income is recognised in accordance with the terms of the relevant contracts / agreement and when it is probable to collect;

- Profit on loss of control which consists of profit gained on a change in ownership interest in subsidiary resulting in a loss of control of that subsidiary;

- Net gain on fair value changes consists of the cumulative change in the fair value of a recognised asset, or an identified portion of such an asset as detailed in the significant accounting policies;

- Net gain on derecognition of assigned loans which consists of gain on assignment of loans in accordance with accounting standards. The Company transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the IndAS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised;

- Income from life insurance operations – policyholder's funds which consists of premium income from insurance business, dividend and interest income from investments, net fair value changes on investments, income from recoveries from reinsurance and other operating income from insurance business; and

- Income from non-life insurance operations – policyholder's funds which consists of premium income from insurance business, dividend and interest income from investments, net fair value changes on investments, income from recoveries from reinsurance and other operating income from insurance business.

Other Income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract. These activities include service fee income and miscellaneous receipts.

Expenses

- Finance cost consists primarily of interest expense the Company owes to the Company's depositors and to credit institutions on borrowings, deposits, bonds and debentures, and commercial papers;

- Impairment on Financial Instruments mainly consist of Expected Credit Losses on financial instruments that are not measured at fair value through profit and loss, including loans and advances to customers, other financial assets, debt instruments measured at amortised cost and at fair value through other comprehensive income, loan commitments and financial guarantees;

- Employee benefit expenses include salaries and bonuses as well as retirement cost in accordance with accounting standards;

- Depreciation, Amortisation and Impairment relates to the depreciation of property, plant and equipment, amortization of intangible assets and impairments of receivables. Effective April 1, 2019 the Company has adopted Ind AS 116 - Leases, which requires any lease arrangement to be recognised in the balance sheet of the lessee as a ‘right-of-use’ asset with a corresponding lease liability. Accordingly, depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly, interest expense has been recognised on lease liabilities under finance costs. As permitted by the standard, the Group has applied this standard with effect from April 1, 2019 and comparatives for the previous period / year have not been restated

- Establishment Expenses consist primarily of expense amounts owed in relation to the Group's properties, including for rents, repairs and maintenance, and electricity charges.

- Expense of life insurance operations – policyholder's funds consists of acquisition cost, impairment on financial instruments, employee benefit expenses, depreciation, amortisation and impairment, other expenses, premium on reinsurance ceded, gross benefits paid, net change in insurance contract liabilities, changes in policy holder's surplus to be allocated, change in funds for future appropriation – participating fund;

- Expense of non-life insurance operations – policyholders' funds consists of acquisition cost, impairment on financial instruments, employee benefit expenses, depreciation, amortisation and impairment, other expenses, premium on reinsurance ceded, gross benefits paid; and

- Other Expenses comprise a range of expense amounts including, amongst others, travel expenses, business development expenses, office maintenance and legal expenses.

Share of profit of associates

Share of profit of associates consists of the share of profits received by the Group in respect of an entity over which the Group has significant influence.

Tax Expenses

Tax expenses, which the Group presents as provision for tax, consists of current tax and deferred tax expense.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 (the "**Income Tax Act**").

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Balance Sheet

Assets

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash equivalents and includes balances with banks in current accounts and in deposit accounts with original maturity of three months or less, cash on hand, and cheques on hand.

Bank Balances

Bank balances (other than cash and cash equivalents) consist of other deposit accounts and earmarked balances with banks. Fixed deposits with banks earn interest at a fixed rate or floating rates based on daily bank deposit rates. Bank balances also include bank balances in other deposit accounts with original maturity of more than 3 months and earmarked balances with banks in the unclaimed dividend account, towards guarantees issued by banks, and any other balances against foreign currency loans

Derivative financial instruments

Derivative financial instruments primarily consist of foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Loans

Loans consist of loans given to individuals, corporate bodies and others at amortised cost. Financial Assets that are held under amortised cost where the objective is to hold financial assets in order to collect the contractual cash flows, and that have contractual cash flows that are Solely Payments of Principal and Interest (SPPI).

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. The Group's principal associates are:

- HDFC Bank Ltd.
- True North Ventures Private Ltd.
- Good Host Spaces Pvt Ltd.
- Magnum Foundations Private Ltd. (Through HDFC Property Ventures Ltd.)

Other Investments

Other investments comprise investments made by the Group in preference shares, debentures and bonds, pass through certificates and security receipts – for financing real estate projects, security receipts – others, government securities, mutual funds, venture funds, properties, all after providing for diminution in the value of investments.

Assets of life insurance business

Investments consist of government securities and other approved securities, equity shares, preference shares, debentures, fixed deposits, certificate of deposits, commercial paper, reverse repo instruments, security receipts and investment in units of venture capital fund/REITs. Other assets consist of reinsurance assets, outstanding premium, assets held for unclaimed amount of policyholders, receivable for fund management charges from unit linked schemes and others.

Assets of Non-life insurance business

Investments consist of mutual funds, government securities and other approved securities, equity shares, preference shares, debentures and fixed deposits. Other assets consist of reinsurance assets, outstanding premium, due from other insurance companies, recovery on claims outstanding and others.

Other financial assets

Other financial assets consist of security deposits, receivables on securitised loans, amounts receivable on swaps and other derivatives, inter corporate deposits, receivables on sale of investments and others.

Current Tax Assets and Deferred Tax Assets

Current tax assets represent the overpayment/advance payment of income tax which is set off against current tax provisions. Deferred tax assets are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized

Investment property

This covers the gross carrying amount, the accumulated depreciation, accumulated impairment and the net carrying amount on the Group's investment property. This also covers investment property that is a work in progress. The Group leases out its investments properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets.

Property, plant and equipment

Property, plant and equipment consists of land, buildings, computer hardware, furniture and fittings, office equipment and vehicles.

Other intangible assets

Other intangible assets consist of computer software, non-compete fees and development rights.

Capital work in progress and intangible assets under development

Capital work in progress comprise assets not ready for the intended use. Intangible assets under development comprise intangible assets not ready for the intended use.

Other non-financial assets and other assets

Other non-financial assets consist of unsecured assets, capital and other advances (such as amounts due from related parties) and pre-paid expenses.

Goodwill on consolidation

Goodwill on consolidation consists of the excess of amounts paid to acquire a subsidiary over its fair value on the date of acquisition including value of any intangibles including brand value, customer relationships, etc., acquired that may not be recorded in the balance sheet of the subsidiary based on purchase price allocation

Liabilities

Derivative Financial Instruments

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges.

Debt securities

Debt securities in issue consists of bonds and debentures, rupee denominated bonds and other debt securities, including commercial paper issued by the Company.

Borrowings

Borrowings comprises secured term loans from banks, external commercial borrowing, National Housing Bank and other parties and unsecured term loans from banks as well as loans repayable on demand by banks.

Deposits

Deposits consist of public deposits received from individuals and others, unsecured deposits from Bank and other. Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge and Lien in favour of the Trustee's for Depositors on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.

Subordinated Liabilities

Subordinated liabilities comprises of non-convertible subordinated debentures and loans. These debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy.

Liabilities pertaining to Life Insurance Business

Liabilities pertaining to Life Insurance Business comprise insurance contract liabilities, dues to policyholders, funds for future appropriation, investment contract liabilities, policyholders' surplus yet to be allocated, unallocated premium (policyholders), due to other insurance companies, purchase of investments pending settlement and deferred origination fees.

Liabilities pertaining to Non Life Insurance Business

Liabilities pertaining to Non Life Insurance Business comprise dues to policyholders, reserve for unexpired risk, unallocated premium (policyholders), reserve for claims, premium received in advance and due to other insurance companies.

Other Financial Liabilities

Other financial liabilities comprise interest accrued, amounts payable on securitised loans, security and other deposits received, unclaimed dividend, Unclaimed matured deposits including interest accrued and due thereon, Lease Liabilities and Other deposits and payables.

Current tax liabilities and Deferred tax liability (net)

Current tax liabilities comprise provision for tax (net of Advance Tax). In compliance with the Accounting Standard (AS 22) relating to '*Accounting for Taxes on Income*', deferred tax liability is shown net of deferred tax asset arising out of timing differences due to depreciation, balance in special reserves and others.

Provisions

Provisions consists of long term and short term provisions which includes provisions for employee benefits, provisions and contingencies against the Company's assets, provision for tax, proposed dividend and additional tax on dividend.

Other non-financial liabilities

Other long term liabilities include interest accrued but not due on borrowings and premium payable on redemption of debentures.

Equity

Equity Share Capital

Ordinary shares comprise 1,732,051,189 equity shares of ₹2 each as as on March 31, 2020 and 1,734,608,807 equity shares of ₹ 2 each as on June 30, 2020.

Other equity

Other equity consists of the following reserves:

- Securities premium account is credited when the shares are allotted at premium. It can be used to issue bonus shares, to provide for premium on redemption of debentures, write-off equity related expenses like underwriting costs, etc. in accordance with the provisions of Companies Act, 2013.

- General Reserve is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

- Special Reserve (I & II) has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Company.

- Statutory Reserve 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.

Other Comprehensive Income

- Effective portion of Cash Flow Hedge represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

- Cost of Hedge represents the cumulative charge for the derivative instrument, in the form of premium amortisation on Option contracts and forward contracts taken, designated as cash flow hedges through OCI.

- Employee Share Option Outstanding is used to recognise the value of equity-settled share-based payments.

Non-controlling interest

Non-controlling interest represents the share of minorities in the Consolidated balance sheet.

Recent Developments

Since June 30, 2020, the trend of month-on-month improvements in the individual loan business have continued. In July 2020, individual loan disbursements increased 18% over June 2020, and reached 81% of the level for July 2019.

As of June 30, 2020, individual loans under Moratorium 2 accounting for 16.6% of the assets under management, while 32.9% of non-individual loans (measured against assets under management) opted for Moratorium 2.

Discussion of the Standalone Financial Statements of the Company

The discussion set out below is based on: (i) the Company's unconsolidated reviewed financial statements for the three months ended June 30, 2019 and 2020; and (ii) the Company's unconsolidated audited financial statements as at March 31, 2018, 2019 and 2020, all of which are derived from the unconsolidated financial statements of our Company. The financial information as at, and for the years ended, March 31, 2018, 2019 and 2020 included under this caption "*Discussion of the Standalone Financial Statements of the Company*" may not be representative of the results of operations of the Group based on its consolidated financial statements, as set out under Discussion of the Consolidated Financial Statements of the Group. The Company accounted for 71.8%, 69.4% and 70.4% (net of inter-company balances) of total consolidated assets as of March 31, 2020, 2019 and 2018, respectively, and 57.7%, 45.2% and 54.5% (net of inter-company balances) of total consolidated revenue from operations for the years ended March 31, 2020, 2019 and 2018 respectively.

Standalone Financial Results Information for the three months ended June 30, 2020 and 2019

The table below sets forth, for the periods indicated, certain revenue and expense items for the Company's standalone operations.

		For the quarter ended	
		June 30, 2019	**June 30, 2020**
		(in ₹ millions)	
	Revenue from Operations		
(i)	Interest Income	104,782	107,907
(ii)	Surplus from deployment in Cash Management Schemes of Mutual Funds	3,028	3,617
(iii)	Dividend Income	10	2,982
(iv)	Rental Income	133	162
(v)	Fees and Commission Income	359	323
(vi)	Net gain / (loss) on Fair Value changes	(450)	940
(vii)	Profit on Sale of Investments	18,942	12,412
(viii)	Profit on Sale of Investment Properties	135	-
(ix)	Income on derecognised (assigned) loans	2,962	1,834
I	**Total Revenue from Operations**	129,903	130,177
II	Other Income	58	16
III	**Total Income (I+II)**	129,961	130,193
	Expenses		
(i)	Finance Cost	77,393	78,171
(ii)	Impairment on financial instruments (Expected Credit Loss)	8,900	11,990
(iii)	Employee Benefit Expenses	1,554	1,604
(iv)	Depreciation, amortisation and impairment	292	346
(v)	Establishment Expenses	183	133
(vi)	Other Expenses	1,788	1,881
IV	**Total Expenses**	90,110	94,125
V	**Profit Before Tax (III-IV)**	39,851	36,068
	Tax Expense		
-	Current Tax	9,036	8,394
-	Deferred Tax	(1,216)	(2,841)
VI	**Total Tax Expense**	7,820	5,553
VII	**Net Profit after Tax (V-VI)**	32,031	30,515
	Other comprehensive Income	2,620	20,189
	Total comprehensive income	34,651	50,704
	Basic EPS (in ₹)	19	18
	Diluted EPS (in ₹)	18	18

The Company's Loans increased from ₹ 4,165,970 million as at June 30, 2019 to ₹ 4,656,853 million as at June 30, 2020, which is a growth of 11.8%, net of Loans Sold. However, growth of loans slowed significantly during the quarter, such that the increase from March 31, 2020 was 3.3%.

Income

Particulars	For the three months ended June 30,	
	2019	2020
	(in ₹ millions)	
Interest Income	104,782	107,907
Surplus from deployment in Cash Management Schemes of Mutual Funds	3,029	3,617
Dividend Income	11	2,982
Rental Income	133	162
Fees and Commission Income	359	323
Net gain / (loss) on Fair Value changes	(450)	940
Profit on Sale of Investments	18,942	12,412
Profit on Sale of Investment Properties	135	-
Income on derecognised (assigned) loans	2,962	1,834
Total Revenue from Operations	129,903	130,177

The Company's revenue from operations increased from ₹ 129,903 million in the three months ended June 30, 2019 to ₹ 130,177 million in the three months ended June 30, 2020. This was primarily due to an increase in the Company's Interest income from ₹ 104,782 million for the three months ended June 30, 2019 to ₹ 107,907 million for the three months ended June 30, 2020, which is an increase of 3.0% and Dividend income of ₹ 2,982 million. For three months ended June 30, 2020 the profit on sale of investments stood at ₹ 12,412 million as compared to ₹ 18,942 million in three months ended June 30, 2019. In the three months ended June 30, 2019, profit on sale of investments reflected primarily sale of 63,586,774 equity shares of ₹ 2 each of GRUH. During the three months ended June 30, 2020, the Company sold 26,000,000 equity shares of HDFC Life Insurance Company Limited (HDFC Life) resulting in a pre tax gain of ₹ 12,412 million.

Expenses

The following table sets forth the details of the Company's expenditures and charges for the periods mentioned:

Particulars	For the three months ended June 30,	
	2019	2020
	(in ₹ million)	
Finance Cost	77,393	78,171
Employee Benefit Expenses	1,554	1,604
Establishment Expenses	183	133
Other Expenses	1,788	1,881
Depreciation, Amortisation and Impairment	292	346
Impairment on Financial instruments (Expected credit loss)	8,900	11,990
Total Expenses	90,110	94,125

The Company's total expenses increased by 4.5% from ₹ 90,110 million for the three months ended June 30, 2019 to ₹ 94,125 million for the three months ended June 30, 2020. This increase by ₹ 4,015 million was primarily due to an increase in Impairment loss allowance (Expected credit loss), reflecting conservative expected credit loss policy in connection with the Company's COVID-19 response strategy.

Profit for the Quarter

The total profit before tax for the three months ended June 30, 2020, stood at ₹ 36,068 million as compared to ₹ 39,851 million for the three months ended June 30, 2019. After providing ₹ 5,553 million for tax expenses, the net profit was ₹ 30,515 million as at June 30, 2020 as compared to ₹ 32,031 million for the three months ended June 30, 2019.

Standalone annual results of operations

The table below sets forth, for the periods indicated, certain revenue and expense items for the Company.

	For the year ended March 31,		
	2018	**2019**	**2020**
	(in ₹ millions)		
Revenue from Operations			
Interest Income	326,992	383,352	426,471
Surplus from deployment in Cash Management Schemes of Mutual Funds	4,339	9,438	11,022
Dividend Income	10,793	11,306	10,807
Rental Income	618	650	704
Fees and Commission Income	1,631	1,824	1,928
Net gain on fair value changes	1,092	5,521	91,190
Profit on Sale of Investments	56,090	12,124	35,238
Profit on Sale of Investments Properties	-	665	351
Income on Derecognised (assigned) Loans	5,337	8,600	9,678
Total Revenue from Operations	406,892	433,480	587,389
Other Income	183	300	244
Total Income	407,075	433,780	587,633
EXPENSES			
Finance Cost	234,980	278,377	310,014
Impairment on Financial Instruments (Expected Credit Loss)	21,150	9,350	59,131
Employee Benefit Expenses	13,721	7,165	5,929
Depreciation, Amortisation and Impairment	492	665	1,477
Establishment Expenses	1,000	1,076	404
Other Expenses	3,835	5,959	7,169
Total Expenses	275,178	302,592	384,124
Profit Before Tax	131,896	131,188	203,509
Tax Expense			
Current Tax	32,127	33,071	25,717
Deferred Tax	(9,824)	1,792	96
Total Tax Expense	22,303	34,863	25,813
Net Profit After Tax	109,594	96,325	177,696
Other Comprehensive Income			
Items that will not be reclassified to profit to (loss)	(488)	(1,864)	(73,986)
Income tax relating to items that will not be reclassified to profit or (loss)	254	474	6,830
Sub Total (A)	(234)	(1,390)	(67,156)
Items that will be reclassified to profit to (loss)	(746)	115	846
Income tax relating to items that will be reclassified to profit or (loss)	261	(40)	(213 **)**
Sub Total (B)	(486)	75	633
Other Comprehensive Income (A+B)	(719)	(1,315)	(66,523)
Total Comprehensive Income	108,875	95,010	111,173
Earnings per Equity Share			
Basic (₹ per share)	67	57	103
Diluted (₹ per share)	66	56	102

Particulars	**Fiscal**	
	2019	**2020**
	(in ₹ million)	
Interest Income	383,352	426,471
Surplus from deployment in Cash Management Schemes of	9,438	11,022

Particulars	Fiscal	
	2019	2020
Mutual Funds		
Dividend Income	11,306	10,807
Rental Income	651	704
Fees and Commission Income	1,824	1,928
Net gain on fair value changes	5,521	91,190
Profit on Sale of Investments	12,124	35,238
Profit on Sale of Investments Properties	665	351
Income on Derecognised (assigned) Loans	8,600	9,679
Total Revenue from Operations	**433,480**	**587,389**
Other Income	**300**	**244**
Total Income	**433,780**	**587,633**

In Fiscal 2020 the Company's total income increased by 35.5% from ₹ 433,780 million in Fiscal 2019 to ₹ 587,633 million. Interest income increased by ₹ 43,119 million, or 11.2%, due to growth in lending operations. Net gain on fair value changes increased by ₹ 85,669 million, primarily due to derecognition of the investment in GRUH Finance Limited ("**GRUH**").

In Fiscal 2020 the profit on sale of investments was ₹ 35,237 million as compared to ₹ 12,123 million in Fiscal 2019. Profit on sale of investments in Fiscal 2020 includes `profit of ₹ 35,237 million on account of the sale of equity shares in GRUH (previously a subsidiary) and profit on sale of investments in Fiscal 2019 include ₹ 8,957 million on offering of a 4.08% interest in its subsidiary, HDFC Asset Management Company Limited (HDFC AMC) by way of offer for sale in the initial public offering (IPO) of HDFC AMC.

Between May and August 2019 the Company sold 130,986,774 shares in GRUH to the open market. This ensured that the Company would only be entitled to 9.9% of the post-merger paid-up share capital of Bandhan as stipulated by the RBI. In October 2019 GRUH merged into Bandhan. The Company was allotted 159,363,149 shares aggregating 9.9% of the total issued share capital of Bandhan. On derecognition of investment in GRUH, the Company has recognised a fair value gain of ₹ 90,198 million.

Exceptional income

The Company had no exceptional income for Fiscal 2020 and Fiscal 2019.

Expenses

The following table sets forth the details of the Company's expenses for the periods mentioned:

Particulars	Fiscal	
	2019	2020
	(in ₹ millions)	
Finance Cost	278,377	310,014
Impairment on Financial Instruments (Expected Credit Loss)	9,350	59,131
Employee Benefit Expenses	7,166	5,929
Depreciation, Amortisation and Impairment	665	1,477
Establishment Expenses	1,076	404
Other Expenses	5,959	7,169
Total Expenses	**302,592**	**384,124**

In Fiscal 2020, the Company's total expenses increased from ₹ 302,592 million in Fiscal 2019 to ₹ 384,124 million, representing a growth of 26.9% primarily on account of an increase in finance cost, by ₹ 31,637 million, or increased by 11.4%, due to increased borrowings on account of overall growth in the Company's business activity, as well as an increase in Impairment on Financial Instruments (Expected Credit Losses) from ₹ 9,350 million in Fiscal 2019 to ₹ 59,131 million in Fiscal 2020. In accordance with its practice and in order to further strengthen the Company's balance sheet, the Company has made a higher impairment provision to reflect the prevailing uncertainties in the external environment.

Profit for the year

The total profit before tax for the year ended March 31, 2020, stood at ₹ 203,509 million as compared to ₹ 131,188 million for the year ended March 31, 2019. After providing ₹ 25,813 million for tax expense, the net profit after tax was 177,697 million for the year ended March 31, 2020 as compared to 96,325 million for the year ended March 31, 2019, representing a growth of 85%.

To facilitate a like-for-like comparison, adjusted profit before tax after deducting dividend income, profit on sale of investments, fair value changes & impairment on financial instruments (expected credit loss) for the year ended March 31, 2020 is ₹ 125,405 million compared to ₹ 111,587 million in the previous year, reflecting a growth of 12.4%.

Adjusted Profit Before Tax and Dividend income, Profit on sale of investments, Net gain on fair value changes & Impairment on financial instruments (Expected Credit Loss) (Non-GAAP measure)

Analysts, investors and other interested parties frequently use Adjusted Profit Before Tax and Dividend income, Profit on sale of investments, Net gain on fair value changes & Impairment on financial instruments (Expected Credit Loss) as a performance measure, and our management believes that providing this non-GAAP financial measure allows investors to make additional comparisons between our operating results and those of other companies and to understand our ongoing operations. Non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. Accordingly, these non-GAAP financial measures should be carefully evaluated.

In this section, Adjusted Profit Before Tax and Dividend income, Profit on sale of investments, Net gain on fair value changes & Impairment on financial instruments (Expected Credit Loss) and the reconciliation of our Profit Before Tax to Adjusted Profit Before Tax and Dividend income, Profit on sale of investments, Net gain on fair value changes & Impairment on financial instruments (Expected Credit Loss) has been presented.

The table below sets out our Adjusted Profit Before Tax and Dividend income, Profit on Sale of Investments, Net Gain on Fair Value Changes & Impairment on Financial Instruments (Expected Credit Loss), which has been adjusted for the items provided therein, for the periods indicated:

Particulars	**Fiscal**		
	2018	**2019**	**2020**
	(in ₹ millions)		
Profit Before Tax	**131,896**	**131,188**	**203,509**
Less: Net gain on fair value changes	1,093	5,521	91,190
Less: Dividend Income	10,793	11,306	10,807
Less: Profit on Sale of Investments	56,090	12,124	35,238
Add: Impairment on financial instruments (Expected Credit Loss)	21,150	9,350	59,131
Adjusted Profit Before Tax and Dividend income, Profit on Sale of Investments, Net Gain on Fair Value Changes & Impairment on Financial Instruments (Expected Credit Loss)	**85,070**	**111,587**	**125,405**

Investments

As of March 31, 2020, the Company's investments stood at ₹ 649,444 million as against ₹ 462,404 million as of March 31, 2019. The proportion of investments to total assets was 12.4%. The increase in the investment during the year was primarily on account of the larger amounts invested in high quality liquid assets.

The table below sets forth the details of the Company's investments as at the dates indicated:

Particulars	As of March 31, 2019	As of March 31, 2020
	(in ₹ millions)	
Mutual Fund	154,258	240,382
Government securities $	104,575	142,683
Equity Shares	13,679	55,560
Preference Shares	5	40
Debentures	7,733	5,595
Subsidiaries – Equity Shares	27,451	49,102
Subsidiaries – Debentures	-	963
Subsidiaries – Preference Shares	670	
Subsidiaries – Venture Fund	3,240	3,325
Associates – Equity Shares	141,195	142,062
Pass-through Certificates	273	226
Security Receipts	2,217	1,761
Investment in Units of Venture Capital Fund	7,114	7,752
Total – Gross (A)	462,409	649,450
Investments outside India	-	-
Investments in India	462,409	649,450
Total (B)	462,409	649,450
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	5	6
Total – Net (D) = (A) – (C)	462,404	649,444

Standalone Results of Fiscal 2019 compared to Fiscal 2018

In Fiscal 2019, Company's Loans increased from ₹ 3,628,114 million in Fiscal 2018 to ₹ 4,066,071 million, which is a growth of 12.1% net of Loans Sold. The Company's total income increased from ₹ 407,075 million in Fiscal 2018 to ₹ 433,780 million in Fiscal 2019, which is an increase of 6.6%. The Company's total expenses increased from ₹ 275,179 million in Fiscal 2018 to ₹ 302,592 million in Fiscal 2019, which is an increase of 10.0%

Income

Particulars	Fiscal	
	2018	2019
	(in ₹ millions)	
Interest Income	3,26,992	3,83,352
Surplus from deployment in Cash Management Schemes of Mutual Funds	4,339	9,438
Dividend Income	10,793	11,306
Rental Income	618	650
Fees and Commission Income	1,631	1,824
Net gain on fair value changes	1,092	5,521
Profit on Sale of Investments	56,090	12,124
Profit on Sale of Investments Properties	-	665
Income on Derecognised (assigned) Loans	5,337	8,600
Total Revenue from Operations	406,892	433,480
Other Income	183	300
Total Income	**407,075**	**433,780**

The Company's total income for Fiscal 2019 increased by 6.6% from ₹ 407,075 million in Fiscal 2018 to ₹ 433,780 million. Interest income increased by ₹ 56,360 million, or 17.2%, reflecting the increase in lending activities. Net gain on fair value changes increased by ₹ 4,429 million. In Fiscal 2019 the profit on sale of investments was ₹ 12,123 million, a decrease from ₹ 56,090 million in Fiscal 2018. Profit on sale of investments for Fiscal 2019 includes profit of ₹ 8,957 million in connection with the offering of up to 85,92,970 equity shares of ₹5 each of equity shares of its subsidiary, HDFC AMC in connection with the Initial Public Offering (IPO) of HDFC

AMC. During Fiscal 2018, the Company offered 19,12,46,050 equity shares of ₹10 each in HDFC Life Insurance Company Limited (HDFC Life), in the initial public offering of HDFC Life, resulting in profit of ₹ 52,566 million.

Expenditure and charges

The following table sets forth the details of the Company's expenses for the periods mentioned:

Particulars	**Fiscal**	
	2018	**2019**
	(in ₹ millions)	
Finance costs	234,980	278,377
Impairment on Financial Instruments (Expected Credit Loss)	21,150	9,350
Employee Benefit Expenses	13,721	7,165
Depreciation, Amortisation and Impairment	492	665
Establishment Expenses	1,002	1,076
Other Expenses	3,835	5,959
Total Expenses	**275,179**	**302,592**

In Fiscal 2019, the Company's total expenses increased from ₹ 275,179 million in Fiscal 2018 to ₹ 302,592 million, primarily on account of increase in finance costs, partially offset by decreased impairment on financial instruments (expected credit loss). The increase in finance costs reflected primarily increased levels of borrowings, in line with the overall growth in the Company's business activity.

Profit for the year

The total profit before tax for the year ended March 31, 2019, stood at ₹ 131,188 million as compared to ₹ 131,896 million for the year ended March 31, 2018 – a decrease of 0.5%. After providing ₹ 34,863 million for tax expenses, the profit after tax for the year ended March 31, 2019 stood at ₹ 96,325 million as compared to ₹ 109,593 million for the year ended March 31, 2018, representing a decrease of 12.1%.

Investments

As of March 31, 2019, the Company’s investments stood at ₹ 462,404 million as against ₹ 307,167 million as of March 31, 2018.

The table below sets forth the details of the Company's investments for the periods mentioned:

Particulars	**As of March 31, 2018**	**As of March 31, 2019**
	(in ₹ millions)	
Mutual Fund	102,248	154,258
Government securities $	94,347	104,575
Equity Shares	12,670	13,679
Preference Shares	427	5
Debentures	5,396	7,733
Subsidiaries – Equity Shares	25,524	27,451
Subsidiaries – Preference Shares	670	670
Subsidiaries – Debentures	900	-
Subsidiaries – Venture Fund	2,935	3,240
Associates – Equity Shares	55,497	141,195
Pass-through Certificates	330	273
Security Receipts	2,243,50	2,217
Investment in Units of Venture Capital Fund	3,979	7,114
Total – Gross (A)	307,167	462,409
Investments outside India	-	-
Investments in India	307,167	462,409
Total (B)	307,167	462,409

Particulars	As of March 31, 2018	As of March 31, 2019
	(in ₹ millions)	
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	-	5
Total – Net (D) = (A) – (C)	307,167	462,404

Consolidated Operations

The table below sets forth, for the periods indicated, certain revenue and expense items for the Group's consolidated operations.

	For the year ended March 31, *(in ₹ million)*		
	2018	**2019**	**2020**
Revenue from Operations			
Interest Income	3,86,711	4,10,453	4,52,533
Surplus from deployment in Cash Management Schemes of Mutual Funds	4,490	9,977	11,189
Dividend Income	4,650	295	892
Rental Income	1,037	681	471
Fees and Commission Income	22,149	24,751	21,388
Profit on Loss of Control	-	-	97,991
Net gain on fair value changes	8,584	7,113	-1,797
Profit on Sale of Investments Properties	-	216	351
Net gain on derecognition of assigned loans	5,337	8,600	9,679
Income from Life Insurance Operations - Policyholder’s funds	2,62,279	3,77,775	2,80,415
Income from Non-Life Insurance Operations - Policyholder’s funds	99,501	1,19,292	1,44,145
Total Revenue from Operations	**7,94,738**	**9,59,153**	**10,17,257**
Other Income	**3,458**	**2,796**	**702**
Total Income	**7,98,196**	**9,61,949**	**10,17,959**
EXPENSES			
Finance Costs	2,47,185	2,95,258	3,21,095
Impairment on Financial Instruments (Expected Credit Loss)	21,434	9,912	59,511
Employee Benefit Expenses	33,944	14,484	13,567
Depreciation, Amortisation and Impairment	1,165	960	2,561
Establishment Expenses	3,264	2,397	568
Expense of Life Insurance Operations - Policyholder’s Funds	2,66,938	3,64,321	2,66,180
Expense of Non-Life Insurance Operations - Policyholder’s funds	95,092	1,16,329	1,39,345
Other Expenses	26,465	11,196	10,660
Total Expenses	**6,95,487**	**8,14,857**	**8,13,487**
Profit before share of profit of Associates	**1,02,709**	**1,47,092**	**2,04,472**
Share of profit of associates	59,364	73,898	57,461
PROFIT BEFORE TAX	**162,073**	**220,990**	**261,933**
Tax Expense			
Current Tax	40,796	43,700	34,158
Deferred Tax	(9,836)	1,484	(490)
Total Tax Expense	**30,960**	**45,184**	**33,668**
Net Profit After Tax	**1,31,113**	**1,75,806**	**2,28,265**
Other Comprehensive Income			
Items that will not be reclassified to profit to (loss)	(2,151)	(724)	(71,505)
Income tax relating to items that will not be reclassified to profit or (loss)	834	178	6,201

Sub Total (A)	**(1,317)**	**(546)**	**(65,304)**
Items that will be reclassified to profit to (loss)	(1,432)	(124)	2,040
Income tax relating to items that will be reclassified to profit or (loss)	360	(7)	(315)
Sub Total (B)	(1,072)	(131)	1,725
Share of Other Comprehensive Income of an associate	(3,674)	1,493	1,445
Other Comprehensive Income (A+B)	**(6,063)**	**816**	**(62,134)**
Total Comprehensive Income	**1,25,050**	**1,76,622**	**1,66,131**
Profit attributable to:			
Owners of the Company	1,19,799	1,62,318	2,14,346
Non-Controlling Interest	11,314	13,488	13,919
Other Comprehensive Income attributable to:			
Owners of the Company	(5809)	1194	(63742)
Non-Controlling Interest	(254)	(378)	1,608
Total Comprehensive Income attributable to:			
Owners of the Company	**1,13,990**	**1,63,512**	**1,50,604**
Non-Controlling Interest	**11,060**	**13,110**	**15,527**
Earnings per Equity Share			
Basic (₹ per share)	75	95	124
Diluted (₹ per share)	74	95	123

The table below sets forth, as of the dates indicated, the Company's consolidated balance sheet information:

	As of March 31		
Particulars	**2018**	**2019**	**2020**
ASSETS:		**(in ₹ million)**	
Financial Assets			
Cash and Cash Equivalents	28,147	31,833	51,985
Bank Balances other than above	3,138	13,532	3,031
Derivative Financial Instruments	4,563	14,034	57,581
Receivables			
Trade Receivables	2,451	6,120	3,363
Other Receivables	130	286	66
Loans	3,761,750	4,223,638	4,454,962
Investments in Associates	284,720	438,747	488,837
Other Investments	250,318	328,372	510,273
Assets of Life Insurance Business			
− Investments	1,045,283	1,248,823	1,296,052
− Other Assets	22,613	49,870	77,267
Assets of Non-Life Insurance Business			
− Investments	81,734	91,876	137,318
− Other Assets	37,507	42,296	61,364
Other Financial Assets	54,654	44,363	39,837
Total Financial Assets	5,577,008	6,533,790	7,181,935
Non-Financial Assets			
Current Tax Assets (Net)	38,220	32,800	36,965
Deferred Tax Assets (Net)	13,372	9,191	16,997
Investment Property	4,609	3,956	9,815
Property, Plant and Equipment	11,682	11,880	17,443
Other Intangible Assets	949	1012	11,495
Capital Work in Progress	44	204	204
Intangible assets under development	190	38	385
Other Non-Financial Assets	13,763	9,625	6,904

Particulars	As of March 31		
	2018	**2019**	**2020**
Goodwill on consolidation	6,255	6,255	16,007
Total Non-Financial Assets	89,085	74,961	116,214
Total Assets	**5,666,092**	**6,608,751**	**7,298,149**
LIABILITIES:			
Financial Liabilities			
Derivative Financial Instruments	5,100	1,648	3,548
Trade Payables	17,159	19,974	21,652
Other Payables	5,966	4,630	2,390
Debt Securities	1,820,244	1,846,397	1,797,992
Borrowings (Other than Debt Securities)	560,540	902,564	1,079,147
Deposits	927,059	1,070,720	1,323,048
Subordinated Liabilities	56,323	57,358	53,489
Liabilities pertaining to Life Insurance Business	1,062,519	1,253,445	1,310,067
Liabilities pertaining to Non-Life Insurance Business	100,941	111,743	174,233
Other Financial Liabilities	128,409	144,600	165,370
Total Financial Liabilities	**4,684,258**	**5,413,078**	**5,930,935**
Non-Financial Liabilities			
Current Tax Liabilities (Net)	1,136	1,705	2,598
Deferred Tax Liabilities (Net)	496	654	325
Provisions	3,155	3,694	3,721
Other Non-Financial Liabilities	8,372	9,834	22,205
Total Non-Financial Liabilities	13,159	15,888	28,849
Total Liabilities	**4,697,417**	**5,428,966**	**5,959,785**
EQUITY:			
Equity Share Capital	3,352	3,443	3,464
Other Equity	915,381	1,113,889	1,261,328
Non-controlling interest	49,943	62,454	73,573
Total Equity	968,676	1,179,785	1,338,365
Total Liabilities and Equity	**5,666,092**	**6,608,751**	**7,298,149**

Fiscal 2020 compared to Fiscal 2019

In Fiscal 2020, the Group's total income increased by 5.8%, from ₹ 961,949 million in Fiscal 2019 to ₹ 1,017,959 million. This was primarily due to an increase in the Group's revenue from operations from ₹ 959,153 million in Fiscal 2019 to ₹ 1,017,257 million in Fiscal 2020, an increase of 6.1%. The increase in the Group's revenue from operations was driven by the increased size of the Group's Loans, as well as recognition of a gain from the merger of GRUH Finance Limited (‘GRUH”) with Bandhan Bank Limited; before accounting for income tax, this gain was recognized as Profit on Loss of Control of ₹ 97,991 million in Fiscal 2020.

Interest Income increased by 10.3% from ₹ 410,453 million in Fiscal 2019 to ₹ 452,433 million in Fiscal 2020 primarily due to increase in Loans from ₹ 4,283,359 million in Fiscal 2019 to ₹ 4,564,834 million in Fiscal 2020 reflecting an increase in lending activity.

Income from Life Insurance Operations – Policyholder's funds decreased by 25.8%, from ₹ 377,775 million in Fiscal 2019 to ₹ 280,415 million in Fiscal 2020 primarily due to higher fair valuation losses on the policyholder investment portfolio. The premium income, during the period grew by 11.6% from ₹ 284,190 million in Fiscal 2019 to ₹ 317,071 million partially offset by net loss on fair value changes on Investments of ₹ 102,870 million in Fiscal 2020 as against net gain on net fair value changes on Investments of ₹ 36,332 million in Fiscal 2019.

Income from Non- Life Insurance Operations – Policyholder's funds increased by 20.8% from ₹ 119,292 million in Fiscal 2019 to ₹ 144,145 million in Fiscal 2020 primarily due to higher premium income in connection with non-life insurance from ₹ 77,613 million to ₹ 95,092 million, representing growth of 22.5%, and increase in income from reinsurers from ₹ 36,310 million in Fiscal 2019 to ₹ 41,770 million in Fiscal 2020.

Exceptional income

The Group had no exceptional income for Fiscal 2020 and Fiscal 2019.

Expenses

In Fiscal 2020, the Group's expenses have decreased slightly, from ₹ 814,857 million in Fiscal 2019 to ₹ 813,488 million, representing a decline of 0.2% primarily on account of a decrease in Expense of Life Insurance Operations – Policyholder's funds on account of actuarial valuations which was partially offset by an increase in Impairment on Financial Instruments (Expected Credit Loss).

Finance Costs increased by 8.8%, from ₹ 295,258 million in Fiscal 2019 to ₹ 321,095 million in Fiscal 2020 primarily due to an increase in the volume of the Group's borrowings and deposits, in connection with the overall growth in its business activity.

Impairment on Financial Instruments (Expected Credit Loss) increased from ₹ 9,912 million in Fiscal 2019 to ₹ 59,511 million in Fiscal 2020 primarily on account of recognition of an impairment on loans at amortized cost. In accordance with its practice and in order to further strengthen the Company’s balance sheet, the Company has made a higher impairment provision to reflect the prevailing uncertainties in the external environment.

Expense of Life Insurance Operations – Policyholder's funds decreased by 26.9%, from ₹ 364,321 million in Fiscal 2019 to ₹ 266,180 million in Fiscal 2020 primarily due to net change in insurance contract liabilities Gross benefits paid, however, increased by 41.0%, from ₹ 127,249 million in Fiscal 2019 to ₹ 179,364 million in Fiscal 2020.

Expense of Non-Life Insurance Operations – Policyholder's funds increased by 19.8%, from ₹ 116,329 million in Fiscal 2019 to ₹ 139,345 million in Fiscal 2020 primarily due to higher claims paid and premiums on reinsurance ceded.

Profit for the year

The total profit before tax for the year ended March 31, 2020, stood at ₹ 261,933 million as compared to ₹ 220,990 million for the year ended March 31, 2019. After providing ₹ 33,668 million for tax expenses, the net profit was ₹ 228,265 million for the year ended March 31, 2020 as compared to ₹ 175,805 million for the year ended March 31, 2019, representing an increase of 29.8%.

Financial condition

The table below sets forth the details of the Group's financial and non-financial assets as at the dates indicated:

Particulars	**As of March 31**	
	2019	**2020**
Assets	***(in ₹ million)***	
Financial Assets		
Cash and cash equivalents	31,833	51,985
Bank balances other than cash and cash equivalents	13,532	3,031
Receivables		
− Trade receivables	6,120	3,363
− Other receivables	286	66
Derivative financial instruments	14,034	57,581
Loans	4,223,638	4,454,962

Particulars	As of March 31	
	2019	2020
Investments in Associates	438,747	488,837
Other Investments	328,372	510,273
Assets of Life Insurance Business		
− Investments	1,248,823	1,296,052
− Other Assets	49,870	77,267
Assets of Non-Life Insurance Business		
− Investments	91,876	137,318
− Other Assets	42,296	61,364
Other financial assets	44,363	39,837
Total Financial Assets	**6,533,790**	**7,181,935**
Non-Financial Assets		
Current Tax assets (Net)	32,800	36,965
Deferred tax assets (Net)	9,191	16,997
Investment property	3,956	9,815
Property, Plant and equipment	11,880	17,443
Other intangible assets	1,012	11,495
Capital work in progress	204	204
Intangible assets under development	38	385
Other non-financial assets	9,625	6,904
Goodwill on consolidation	6,255	16,007
Total Non-Financial Assets	**74,961**	**116,214**
Total Assets	**6,608,751**	**7,298,149**

Other Investments (excluding investments in associates accounted using equity method and investments of insurance business)

As of March 31, 2020, the Group's Other investments stood at ₹ 510,273 million as against ₹ 328,372 million as of March 31, 2019. The proportion of other investments to total assets was 7.0%. The increase in investments during the year was primarily on account of the larger amounts invested in high quality liquid assets, certain new fresh equity investments and fair valuations.

The table below sets forth the details of the Group's Other investments (excluding investments in associates and investments of Insurance business) for the periods mentioned:

Particulars	As of March 31, 2019	As of March 31, 2020
	(in ₹ million)	
Mutual Fund	178,498	281,623
Government securities	106,189	142,835
Equity Shares	15,852	57,324
Preference Shares	948	867
Debentures	17,068	17,630
Pass-through Certificates	273	226
Security Receipts	2,217	1,761
Investment in Units of Venture Capital Fund and Alternate Investment Funds	7,793	8,413
Total – Gross (A)	328,838	510,679
Investments outside India	551	584
Investments in India	328,287	510,095
Total (B)	328,838	510,679
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	466	406

Particulars	As of March 31, 2019	As of March 31, 2020
	(in ₹ million)	
Total – Net (D) = (A) – (C)	328,372	510,273

Consolidated Results of Fiscal 2019 compared to Fiscal 2018

Income

Particulars	Fiscal	
	2018	2019
	(in ₹ million)	
Interest Income	3,86,711	4,10,453
Surplus from deployment in Cash Management Schemes of Mutual Funds	4,490	9,977
Dividend Income	4,650	295
Rental Income	1,037	681
Fees and Commission Income	22,149	24,751
Net gain on fair value changes	8,584	7,113
Profit on Sale of Investments	-	216
Net gain on derecognition of assigned loans	5,337	8,600
Income from Life Insurance Operations - Policyholder’s funds	2,62,279	3,77,775
Income from Non-Life Insurance Operations - Policyholder’s funds	99,501	1,19,292
Total Revenue from Operations	7,94,738	9,59,153
Other Income	**3,458**	**2,796**
Total Income	**7,98,196**	**9,61,949**

The Group's total income for Fiscal 2019 increased by 20.5% from ₹798,196 million in Fiscal 2018 to ₹ 961,949 million in Fiscal 2019. This was primarily driven by an interest income and Income from Life Insurance Operations – Policyholder's funds.

Interest Income increased by 6.1%, from ₹ 386,711 million in Fiscal 2018 to ₹ 410,453 million in Fiscal 2019 primarily due to increase in Net Loans from ₹ 3,761,750 million in Fiscal 2018 to ₹ 4,223,638 million in Fiscal 2019.

Income from Life Insurance Operations – Policyholder's funds increased by 44.0%, from ₹ 262,279 million in Fiscal 2018 to ₹ 377,775 million in Fiscal 2019 primarily due to increase in premium income and other operating income. Premium income increased by 27%, from ₹ 223,802 million in Fiscal 2018 to ₹ 284,190 million in Fiscal 2019**.**

Income from Non-Life Insurance Operations – Policyholder's funds increased by 19.9% from ₹ 99,501 million in Fiscal 2018 to ₹ 119,292 million in Fiscal 2019 primarily due to higher premium income and income reinsurance assets.

Exceptional income

The Group had no exceptional income for the Fiscal 2019 and Fiscal 2018.

Expenditure and charges

In Fiscal 2019, the Group's expenses increased from ₹ 695,487 million in Fiscal 2018 to ₹ 814,857 million primarily on account of increases in total Finance Costs and Expense of Life Insurance Operations – Policyholder's funds.

Finance Costs increased by 19.4% from ₹ 247,185 million in Fiscal 2018 to ₹ 295,258 million in Fiscal 2019 primarily due to an increase in the Group's borrowings and deposits. The increase in finance costs reflected increased borrowings on account of overall growth in its business activity.

Expense of Life Insurance Operations – Policyholder's funds increased by 36.5% from ₹ 266,938 million in Fiscal 2018 to ₹ 364,321 million in Fiscal 2019 primarily due to higher actuarial valuations. The claims paid increased by 12.7% from ₹ 112,893 million in Fiscal 2019 to ₹ 127,179 million in Fiscal 2019.

Expense of Non-Life Insurance Operations – Policyholder's funds increased by 22.3% from ₹ 95,092 million in Fiscal 2018 to ₹ 116,329 million in Fiscal 2019 primarily due to higher claims paid. The claims paid increased by 29.4% from ₹ 44,243 million in 2018 to ₹ 57,248 million in Fiscal 2019.

Profit for the year

The total profit before tax for Fiscal 2019, stood at ₹ 220,990 million as compared to ₹ 162,073 million for Fiscal 2018, an increase of 36.4%. After providing ₹ 45,185 million for tax expense, the profit after tax for Fiscal 2019 stood at ₹ 175,805 million as compared to ₹ 131,112 million for Fiscal 2018, representing an increase of 34.1%

Financial and Non-Financial Assets

The table below sets forth the details of the Group's financial and non-financial assets for the periods mentioned:

Particulars	**As of March 31**	
	2018	**2019**
	(in ₹ million)	
Assets		
Financial Assets		
Cash and cash equivalents	28,147	31,833
Bank balances other than cash and cash equivalents	3,138	13,532
Receivables		
− Trade receivables	2,451	6,120
− Other receivables	130	286
Loans	3,761,750	4,223,638
Investments in Associates	284,720	438,747
Other Investments	250,318	328,372
Assets of Life Insurance Business		
Investments	1,045,283	1,248,823
Other Assets	22,613	49,870
Assets of Non-Life Insurance Business		
Investments	81,734	91,876
Other Assets	37,507	42,296
Other financial assets	54,654	44,363
Total Financial Assets	**5,577,008**	**6,533,790**
Non-Financial Assets		
Current Tax assets (Net)	38,220	32,800
Deferred tax assets (Net)	13,372	9,191
Investment property	4,609	3,956
Property, Plant and equipment	11,682	11,880
Other intangible assets	949	1,012
Capital work in progress	44	204
Intangible assets under development	190	38
Other non-financial assets	13,763	9,625
Goodwill on consolidation	6,255	6,255
Total Non-Financial Assets	**89,085**	**74,961**

Particulars	As of March 31	
	2018	2019
	(in ₹ million)	
Total Assets	**5,666,092**	**6,608,751**

Other Investments (excluding investments in associates accounted using equity method and investments of insurance business)

As of March 31, 2019, the Group's Other investments (excluding investments in associates and investments of insurance business) stood at ₹ 328,372 million as against ₹ 250,318 million as of March 31, 2018.

The table below sets forth the details of the Group's Other investments for the periods mentioned:

Particulars	As of March 31, 2018	As of March 31, 2019
	(in ₹ million)	
Mutual Fund	117,584	178,498
Government securities	96,059	106,189
Equity Shares	14,427	15,852
Preference Shares	1,340	948
Debentures	13,753	17,068
Pass-through Certificates	330	273
Security Receipts	2,244	2,217
Investment in Units of Venture Capital Fund and Alternate Investment Funds	4,620	7,793
Total – Gross (A)	250,356	328,838
Investments outside India	568	551
Investments in India	249,788	328,287
Total (B)	250,356	328,838
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	38	466
Total – Net (D) = (A) – (C)	2,50,318	328,372

Consolidated Cash flow information

	Year Ended March 31,		
	2018	2019	2020
	(in ₹ million)		
Net cash from / (used in) operating activities	(579,280)	(443,014)	(268,850)
Net cash from / (used in) investing activities	79,537	103,156	98,737
Net cash from / (used in) financing activities	633,441	549,856	387,738
Net increase/(decrease) in cash and cash equivalents	(25,376)	3,686	20,152
Cash and cash equivalents at the beginning of the year	53,523	28,147	31,833
Cash and cash equivalents at the end of the year	28,147	31,833	51,985

Liquidity and capital resources

The Company has historically financed liquidity and capital resource needs primarily through the use of funds generated from operations, customer deposits, borrowings, issue of debentures and securities, new issuances of equity capital and subordinated debt.

The Company is subject to NHB capital adequacy requirements, which are primarily based on the capital adequacy accord reached by the Basel Committee of Banking Supervision, Bank of International Settlements in 1988. NHB has issued guidelines to HFCs on prudential norms for income recognition, provisioning, asset classification, provisioning for bad and doubtful debts, capital adequacy and concentration of credit/investments. See "—Capital adequacy".

The Company plans to finance its liquidity and capital resource needs primarily through its earnings, borrowings, issue of debentures and securities, cash on hand and from the proceeds of this Issue. In addition, in the future the Company may issue additional equity securities. There can be no assurance that financing will be available if needed, on terms favourable to us, or at all. For further details, please see "*Risk Factors – Due to challenging conditions in the global capital markets, the economy generally and the Company's credit rating in particular, the Company may be unable to secure funding at competitive rates*".

If additional funds are raised through issuance of equity securities, the percentage ownership of the Company's stockholders may be reduced, its stockholders may experience additional dilution in net book value per share and such securities may have rights, preferences or privileges senior to those of the current holders of its common stock.

Investing activities of the Company

The Investment Committee constituted by the Board of Directors is responsible for approving investment proposals in line with the limits as set out by the Board of Directors.

The investment function supports the core business of housing finance. The investment mandate includes ensuring adequate levels of liquidity to support core business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk.

As of March 31, 2020, the investments of the Company stood at ₹ 649,444 million as against ₹ 462,404 million as of March 31, 2019 and ₹ 307,167 million as at March 31, 2018. The proportion of investments to total assets was 12.4% as of March 31, 2020, 10.1% as of March 31, 2019 and 7.7% as of March 31, 2018. The increase in investments during the year the larger amounts invested in high quality liquid assets.

HFCs are required to maintain a statutory liquidity ratio ("**SLR**") in respect of public deposits raised. Currently the SLR requirement is 13% of public deposits. As of March 31, 2020, the Company held ₹ 142,683 million in government securities to fulfil the SLR requirements.

As of March 31, 2020, the market value of listed equity investments was higher by ₹ 1,544.61 billion as compared to the value at which these investments are reflected in the balance sheet. This unaccounted gain includes appreciation in the market value of investments in HDFC Bank held by HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited. This amount excludes the unrealised gains on the unlisted investments, such as HDFC ERGO General Insurance Company Limited and HDFC Credila Financial Services Private Limited, amongst others.

Indebtedness

The following table sets forth the details of the Group's consolidated indebtedness as of the dates mentioned:

Particulars	**As of March 31,**		
	2018	**2019**	**2020**
	(in ₹ million)		
Bonds	342	274	201
Non Convertible Debentures	1,281,646	1,353,269	1,444,669
Non Convertible Subordinated Debentures	56,323	57,357	53,489

Particulars	As of March 31,		
	2018	2019	2020
	(in ₹ million)		
Synthetic Rupee Denominated Bonds	96,000	111,000	61,000
Commercial Papers	441,486	379,478	289,384
Perpetual Debt Instrument	1,994	2,743	2,744
Term loans from Scheduled Banks (secured)	265,222	529,294	693,033
Term loans from Scheduled Banks (unsecured)	61,617	65,431	58,463
Loans repayable on demand from Banks	46,874	32,350	20
Term loans from Asian Development Bank	2,964	2,558	2,116
Term loans from National Housing Bank (NHB)	107,287	128,254	143,768
External Commercial Borrowing	76,575	145,866	182,606
Deposits	929,365	1,073,537	1,326,449
Less: Unamortised borrowing cost	(3,530)	(4,373)	(4,267)
TOTAL	3,364,165	3,877,038	4,253,675

The Group's ability to incur additional debt in the future is subject to a variety of uncertainties including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect investor demand for its securities and those of other Indian entities, the liquidity of the Indian capital markets and its financial condition and results of operations. The Group intends to continue to utilize long-term debt.

See "Financial Indebtedness" for further information on the Company's borrowings.

Non-convertible debentures

During Fiscal 2020, the Company raised ₹ 464,370 million through the issue of non-convertible debentures – secured on a private placement basis in multiple tranches to investors. The Company's non-convertible debentures – secured have been listed on the Wholesale Debt Market segment of NSE and BSE. The non-convertible debentures – secured have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable', by CRISIL and ICRA respectively.

Debt – equity ratio

The net debt to equity ratio of the Company (on a standalone basis) as at March 31, 2020 (pre-Issue) was 4.83:1 as compared to 4.72:1 as at March 31, 2019 and 4.88:1 as at March 31, 2018. The net debt to equity ratio [(on a standalone basis) (post-issue) (A) adjusted to reflect the proceeds from (i) 56,818,181 Equity Shares at Equity Issue Price of ₹ 1,760 per Equity Share, including premium of ₹ 1,758 per Equity Share; (ii) 36,930 5.40% secured redeemable non-convertible debentures of face value of ₹ 1,000,000; and (iii) 17,057,400 Warrants at a Warrant Issue Price of ₹ 180 per Warrant, to be issued, pursuant to the Issue; (B) excluding adjustments for issue related expenses; and (C) excluding any other adjustments or movements for any line items in the financial statements post March 31, 2020] of the Company post-Issue is 4.35.

Interest coverage ratio

The following table sets the Company's interest coverage ratio (on a Standalone basis) as at June 30, 2020 and as at March 31, 2020 on a standalone basis.

	As at March 31, 2018	As at March 31 2019	As at March 31 2020	As at June 30 2020
Interest coverage ratio [(1)]	1.56	1.47	1.66	1.46

[(1)] *Interest coverage ratio is the ratio to Profit Before Tax plus finance costs, divided by finance costs*

Contractual commitments

As at June 30, 2020, the Group did not have any contractual commitments other than in the ordinary course of business.

Property, plant, equipment and intangible assets

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is recognised on prospective basis.

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

The Group's property plant equipment and intangible assets (net of accumulated depreciation) as at March 31, 2020 amounted to ₹ 28,937 million compared to ₹ 12,892 million as of March 31, 2019. The increase was primarily on account Business combination accounting of acquisition of 51.2% of the equity share capital of HDFC ERGO Health Insurance Limited (Formerly Apollo Munich Health Insurance Limited) wherein certain identifiable intangible assets were acquired and recognised at fair value on acquisition date.

Impairment loss allowance – Expected credit loss

During Fiscal 2020, the total balance of Impairment loss allowance (expected credit loss) (provisions carried) was ₹ 109,595 million as against ₹ 58,474 million in Fiscal 2019.

The exposure at default was ₹ 4,509,028 million as on 31st March 2020 and ₹ 4,066,071 million as on 31st March 2019. The expected credit loss as a percentage of exposure at default was 2.4% as on 31st March 20, and 1.4% as on 31st March 2019. Gross exposure at default in Stage 3 was ₹ 102,439 million as of 31st March, 2020 and ₹ 57,083 million as of 31st March 2019.

Expected credit loss in Stage 3 was ₹ 48,631 million as on 31st March 2020 and ₹ 24,717 million as of 31st March 2019**.** In Stage 3, the coverage ratio was 47.6% as on 31st March 2020 and 43.6% as on 31st March 2019.

The company has written off loans aggregating to ₹ 9,946 million during Fiscal 2020. These loans have been written off pursuant to one-time settlements, where the Company will continue making efforts to recover the money.

Quantitative and qualitative disclosures about market risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. The Company is exposed to various types of market risk, including changes in interest rates and foreign exchange rates, in the ordinary course of business. The Company enters into forward foreign exchange contracts, foreign currency swaps, option contracts and interest rate swaps with banks to hedge against interest rate and foreign exchange rate risks, the application of which is primarily for hedging purposes and not for speculative purposes.

The Company maintains its accounting records and prepare its financial statements in Indian Rupees.

Risk management

The Financial Risk Management and Asset Liability Management Policy, as approved by the Company's Board, sets limits for exposures on currency and interest rates. The Company manages its interest rate and currency risk in accordance with the guidelines prescribed. The risk management strategy has been to protect against foreign exchange risk, whilst at the same time exploring any opportunities for an upside, so as to keep the maximum all-in cost on the borrowing in line with or lower than the cost of a borrowing in the domestic market for a similar maturity.

The Company has to manage various risks associated with the lending business. These risks include credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Company manages credit risk through stringent credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles.

The Company has, from time to time, entered into risk management arrangements in order to hedge its exposure to foreign exchange and interest rate risks. The currency risk on the borrowings is actively hedged through a combination of foreign currency swaps, forward contracts, option contracts and principal only swaps.

As of March 31, 2020, the Company has foreign currency borrowings of USD 4,427 million and JPY 53,200 million. The Company has undertaken currency swaps, forward contracts and option contracts of a notional amount of USD 4,407 million and JPY 53,200 million and foreign currency arrangements of USD 20 million to hedge the foreign currency risk. As of March 31, 2020, the Company's net foreign currency exposure on borrowings net of risk management arrangements is Nil.

As a part of asset liability management on account of the Company's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Company has entered into INR interest rate swaps of a notional amount of ₹ 651,000 million, Coupon Only Swaps of ₹ 10,594 million, USD Interest rate Swaps of ₹ 127,504 million as of March 31, 2020 for varying maturities into floating rate liabilities linked to various benchmarks.

Asset-liability management ("ALM")

The Company's ALM position is based on the maturity buckets as per the guidelines issued by NHB. In computing the information, certain estimates, assumptions and adjustments have been made by the Company.

As of March 31, 2020, assets and liabilities with maturity up to one year amounted to ₹ 1,194,358 million and ₹ 1,179,157 million respectively. Asset and liabilities with maturity of between two years and five years amounted to ₹ 2,388,990 million and ₹ 2,301,500 million, respectively and assets and liabilities with maturity beyond five years amounted to ₹ 1,767,180 million and ₹ 1,869,870 million respectively.

The Company's loans are predominantly floating rates whereas liabilities, especially deposits and nonconvertible debentures are fixed rates. Some of the fixed rate liabilities are converted into floating rate denominated liabilities by way of interest rate swaps. The Company monitors the money market conditions closely and enters into interest rate swaps at appropriate times to minimise the interest rate gap.

As of March 31, 2020, 85% of the total assets and 75% of the total liabilities were on a floating rate basis.

Further, the Company has a fixed rate home loan scheme and have kept some liabilities on a fixed rate basis to match out the expected disbursals under the fixed rate product.

See also "Selected Statistical Information"

Exchange rate risk

The Company's risk management policy allows it to keep the foreign currency risk open up to 5% of the total borrowings. The Company uses a combination of foreign currency swaps, option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Company designates intrinsic value of the forward contracts and option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the intrinsic value of the forward contracts or the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the forward contracts or option contracts are deferred in the costs of hedging reserve and recognised against the related hedged transaction when it occurs. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2020 and 2019, the Company did not have any hedging instruments with terms which were not aligned with those of the hedged items. The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Subsidiaries and Associates

Though housing remains the core business, the Company has continued to make investments in its Subsidiaries and Associates. These investments are made in companies where there are strong synergies. The Company will continue to explore avenues for such investments with the objective of providing a wide range of financial services and products under the "HDFC" brand name.

In Fiscal 2020, the Company made gross investments in the equity capital of its Subsidiaries and Associates, HDFC Credila Financial Services Private Limited (₹ 6,360 million) and HDFC ERGO Health Insurance Limited (formerly known as Apollo Munich Health Insurance Co Ltd (₹ 14,958 million), Good Host Spaces Private Limited (₹ 870 million), HDFC Education and Development Services Private Limited (₹ 200 million), and HDFC ERGO General Insurance Company Limited (₹ 46 million).

Further, in December 2019, the Company acquired 11,470,000 equity shares of face value of ₹ 10 each representing 9.1% of the equity share capital on a fully diluted basis of HDFC Credila from the other promoters of the company, where upon HDFC Credila became a wholly-owned subsidiary of the Company.

In January 2019, the Board of Directors of GRUH and Bandhan Bank Limited ("Bandhan") approved a scheme of amalgamation or the merger of GRUH into and with Bandhan. The share exchange ratio was 568 equity shares of face value ₹ 10 each of Bandhan for every 1,000 fully paid-up equity shares of face value ₹ 2 each of GRUH.

Pursuant to receipt of approvals from Reserve Bank of India, Insurance Regulatory and Development Authority of India and Competition Commission of India, the Company has, on January 9, 2020, acquired 51.2% of the equity share capital of HDFC ERGO Health (formerly Apollo Munich Health Insurance Limited) at total consideration of ₹ 14,958 million. HDFC ERGO Health is a public company registered under the Companies Act, 2013 and with the IRDAI to carry on the business of general insurance in India and be a standalone health insurance company. Further, the Company has initiated necessary steps of merger of HDFC ERGO Health Insurance Company Ltd (HDFC ERGO Health) and HDFC ERGO General Insurance Company Ltd (HDFC ERGO), subsidiary of the Company, subject to approval of the National Company Law Tribunal, Mumbai. The Scheme *inter alia* envisages amalgamation of the HDFC ERGO Health into and with HDFC ERGO and dissolution of the HDFC ERGO Health without winding up. This merger will result in the shareholders holding shares in a single company carrying on the business of general insurance, leading to synergy in operations, greater financial strength, and improve the position of the merged entity by offering unified yet comprehensive services.

The Company's shareholding (together with its nominees) in its key Subsidiaries and Associates, as at March 31, and June 30, 2020 is as follows:

Entity	As of March 31, 2020	As of June 30, 2020
HDFC Investments Limited	100.0%	100.0%

Entity	As of March 31, 2020	As of June 30, 2020
HDFC Holdings Limited	100.0%	100.0%
HDFC Trustee Company Limited	100.0%	100.0%
HDFC Property Ventures Limited	100.0%	100.0%
HDFC Sales Private Limited	100.0%	100.0%
HDFC Ventures Trustee Company Limited	100.0%	100.0%
HDFC Credila Financial Services Private Limited	100.0%	100.0%
HDFC Venture Capital Limited	80.5%	80.5%
HDFC ERGO General Insurance Company Limited	50.5%	50.5%
HDFC Life Insurance Company Limited	51.5%	50.1%
HDFC Asset Management Company Limited	52.7%	52.7%
HDFC Bank Limited	21.2%	21.2%
HDFC ERGO Health Insurance Limited	51.2%	51.2%
HDFC Education and Development Services Private Limited	100.0%	100.0%
HDFC Capital Advisors Limited	100.0%	100.0%

Auditor Observations and Matters of Emphasis

There are no reservations, qualifications, or adverse remarks, highlighted by the auditors in their reports to our financial statements for the last five fiscal years preceding the date of this Placement Document, and accordingly, no corrective steps are required or proposed to be taken by our Company.

There are no qualifications or matters of emphasis highlighted by the auditors in their reports to our financial statements for the last five fiscal years preceding the date of this Placement Document, except as disclosed below:

1. Emphasis of matter paragraph in audit report of FY 2019-2020 on account of COVID-19 in Groups' consolidated audit report

   As described in Note 8.3 to the consolidated financial statements, in accordance with Reserve Bank of India COVID-19 Regulatory Package, ageing of accounts opting for moratorium offered by the Company and moving into Stage3 (based on days past due status as of 31 March 2020) has been determined with reference to position as of 29 February 2020.

   As described in Note 3.35 to the consolidated financial statements and as highlighted wherever by respective auditors in their reports relating to the subsidiaries and associates of the Company, the extent to which the COVID-19 pandemic will impact the financial performance of the Group and its associates is dependent on future developments, which are highly uncertain.

2. Emphasis of matter paragraph in audit report of FY 2019-2020 on account of COVID-19 in Company's standalone audit report

   As described in Note 4 and 9(f) to the standalone financial statements, in accordance with Reserve Bank of India COVID-19 Regulatory Package, ageing of accounts opting for moratorium offered by the Company and moving into Stage3 (based on days past due status as of 31 March 2020) has been determined with reference to position as of 29 February 2020. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

3. Emphasis of matter paragraph in audit report of FY 2016-2017 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's consolidated audit report

   Note 5.2 to the consolidated financial statements describes the accounting treatment used by the Holding Company and one of its subsidiary company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National

Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

The auditor's opinion was not modified in respect of this matter.

4. Emphasis of matter paragraph in audit report of FY 2016-2017 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's Standalone audit report

   Note 3.2 to the financial statements describes the accounting treatment used by the Company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

5. Emphasis of matter paragraph in audit report of FY 2015-2016 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's consolidated audit report

   Note 5.2 to the consolidated financial statements describes the accounting treatment used by the Holding Company and one of its subsidiary company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

   The auditor's opinion was not modified in respect of this matter.

6. Emphasis of matter paragraph in audit report of FY 2015-2016 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's Standalone audit report

   Note 3.2 to the financial statements describes the accounting treatment used by the Company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

   The auditor's opinion was not modified in respect of this matter.

It is hereby clarified for Fiscals 2016 and 2017, Deloitte Haskins & Sells LLP were the auditors and for Fiscals 2018, 2019 and 2020, B S R & Co. LLP, Chartered Accountants, are the Statutory Auditors of our Company.

See also "*Financial Statements*" in this Placement Document.

RECENT DEVELOPMENT

Please see the Unaudited Standalone Financial Results and Unaudited Consolidated Financial Results in the section "Financial Statements" and 'Management's Discussion and Analysis of Financial Condition and Result of Operations' on pages F1, F5, and 155, respectively.

SELECTED STATISTICAL INFORMATION

The following information should be read together with our Company's Standalone Financial Statements, including the notes thereto, and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Placement Document. Unless the context otherwise requires, all amounts presented in this section relate to the standalone financial information of our Company.

Certain non-Ind AS (and non-generally accepted accounting principles) financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. We compute and disclose such financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such financial measures and other statistical and operational information when reporting their financial results. Such financial measures and such other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. Such measures should be read together with the nearest Ind AS measure.

ASSETS AND LIABILITIES

Average Balance Sheet of our Company

The tables below present the average balances for interest-earning assets and interest-bearing liabilities. The average balance represents the simple average of the assets and liabilities outstanding as of the last day of the relevant period and as of the last day of the immediately prior period

	Fiscal		
	2018	**2019**	**2020**
	(₹ in billions, except percentages)		
Average interest-earning assets (A) [(1)]	3,481	4,036	4,528
Average total equity and Borrowings (B) [(2)]	3,539	4,143	4,744
Average total assets (C) [(3)]	3,670	4,288	4,914
Average interest-earning assets as a percentage of average total assets (D = A/C)	95%	94%	92%

Notes:

(1) Average balance of Interest-earning assets represents the simple average of our Company's interest earning loans and investments (Government Securities, Debentures, Subsidiaries – Debentures, Pass-through Certificates, Inter-Corporate Deposits, Bank Deposits and Liquid Fund Investments) as of the last day of the relevant period and as of the last day of the immediately prior period.

(2) Average total equity & borrowings represents the simple average of our Company's borrowings and total equity as of the last day of the relevant period and our Company's and the last day of the immediately prior period. Borrowings comprises debt securities, borrowings (other than debt securities), deposits and Subordinated Liabilities

(3) Average total assets represents the simple average of our Company's total balance sheet assets as of the last day of the relevant period and immediately prior period.

Yields and Margins

The following tables set forth, for the periods indicated, the yields and interest margins on our Company's interest-earning assets and interest-bearing liabilities.

	Fiscal		
	2018	2019	2020
	(₹ in billions, except percentages)		
Income on interest-earning assets (A) [(1)]	339	405	450
Finance Cost (B)	235	278	310
Yield on assets [(2)] (C)	9.7%	10.0%	9.9%
Cost of funds [(3)] (D)	6.6%	6.7%	6.5%
Net interest margin (E = C -D)	3.1%	3.3%	3.4%

Notes:

[(1)] Income on interest earning assets represents interest income, surplus from deployment in cash management schemes of Mutual Funds, rental income, fees and commission income, profit on sale of investment properties and income on de-recognized (assigned) loans.

(2) Yield on assets is based on income on interest-earning assets to the Average interest earning assets given in the preceding table

(3) Cost of funds is derived from finance cost to the Average total equity and Borrowings comprising of debt securities, borrowings (other than debt securities), deposits and subordinated liabilities.

Equity and Assets

The following table presents selected return ratios for our Company for the periods indicated.

	Fiscal		
	2018	2019	2020
	(₹ in billions, except percentages)		
Net profit after Tax (A)	110	96	178
Average total assets (B) [(1)]	3,670	4,288	4,914
Average total equity (C) [(2)]	544	713	818
Net profit after Tax as a percentage of average total assets (D=A/B)	3.0%	2.2%	3.6%
Net profit after Tax as a percentage of average total equity (E = A/C)	20.2%	13.5%	21.8%
Average total equity as a percentage of average total assets (F=C/B)	14.8%	16.6%	16.6%

Notes

[(1)] Average total assets represents the simple average of our Company's balance sheet assets as of the last day of the relevant period and the immediately prior period.

[(2)] Average total equity represents the simple average of our Company's Balance Sheet Total Equity as of the last day of the relevant period and as of the last day of the immediately prior period.

Profit & Loss

	Fiscal		
	2018	2019	2020
	(₹ in billions, except percentages)		
Interest Income[1]	331	393	439
Finance Cost	235	278	310
Net Interest Income	**96**	**115**	**129**
Fees and Other Charges (EIR)	0	(0)	(2)
Other Operating Income [2]	8	11	13
Total Income	**104**	**126**	**140**
Total Other Expenses [3]	**19**	**14**	**15**
Other Income	0	0	0
Adjusted Profit Before Tax and Dividend income, Profit on sale of investments, Net gain on fair value changes & Impairment on financial instruments (Expected Credit Loss)	**85**	**112**	**125**
Net gain/(loss) on fair value changes	1	5	1
Fair value gain consequent to merger of GRUH with Bandhan Bank	-	-	90
Dividend Income	11	11	11
Profit on Sale of Investments	56	12	36
Impairment on financial instruments (Expected Credit Loss)	21	9	59
Profit Before Tax	**132**	**131**	**204**
Tax Expense	22	35	26
Net Profit After Tax	**110**	**96**	**178**
Other Comprehensive Income	(1)	(1)	(67)
Total Comprehensive Income	**109**	**95**	**111**

[1] Interest income comprises interest on loans (inclusive of fees and other charges (EIR), interest income from investments, interest on deposits, other interest income and surplus from deployment in Cash Management Schemes)

[2] Other operating income comprises Income on derecognised (assigned) loans, rental income, fees and commission income, profit on sale of investment properties

[3] Total Other Expenses comprises employee benefit expenses, depreciation amortization and impairment, establishment expenses and other expenses

Adjusted Profit Before Tax and Dividend Income, Profit on Sale of Investments, Net Gain on Fair Value Changes & Impairment on Financial Instruments (Expected Credit Loss) (Non-GAAP measure)

In this section, Profit Before Tax as adjusted for Dividend income, Profit on sale of investments, Net gain on fair value changes & Impairment on financial instruments (Expected Credit Loss) and the reconciliation of our Profit Before Tax to Profit Before Dividend income, Profit on sale of investments, Net gain on fair value changes &

Impairment on financial instruments (Expected Credit Loss) has been presented.

The table below sets out our Adjusted Profit Before Tax and Dividend income, Profit on Sale of Investments, Net Gain on Fair Value Changes & Impairment on Financial Instruments (Expected Credit Loss) (Non-GAAP measure), which has been adjusted for the items provided therein, for the periods indicated:

Particulars	**Fiscal**		
	2018	**2019**	**2020**
	(₹ in billions)		
Profit Before Tax	132	131	204
Less: Net gain/ (loss) on fair value changes	1	6	91
Less: Dividend Income	11	11	11
Less: Profit on Sale of Investments	56	12	35
Add: Impairment on financial instruments (Expected Credit Loss)	21	9	59
Adjusted Profit Before Tax and Dividend Income, Profit on Sale of Investments, Net Gain on Fair Value Changes & Impairment on Financial Instruments (Expected Credit Loss)	**85**	**112**	**125**

Loans and Investments

As of March 31, 2018, March 31, 2019 and March 31, 2020, our Company's investments comprised 7.7%, 10.0% and 12.4% of its total standalone assets, respectively, while Loans were 91.0%, 88.6% and 86.0% of our Company's total standalone assets, respectively.

Loan Portfolio

The following table sets forth, for the periods indicated, our Company's Assets Under Management classified by product groups.

	As of March 31		
	2018	**2019**	**2020**
	(₹ in billions, except percentages)		
Individuals	73%	74%	76%
Construction Finance	13%	12%	11%
Corporate	6%	5%	5%
Lease Rental Discounting	8%	9%	8%

The following table sets forth, for the periods indicated, our Company's loan portfolio classified into secured and unsecured loans.

Particulars	**Loans as of Fiscal**		
	2018	**2019**	**2020**
Secured	98.5%	98.5%	97.1%
Unsecured	1.5%	1.5%	2.9%

The following table sets forth, for the periods indicated, our Company's loan portfolio specifying the volume of loans on our Company's books.

(₹ in billions)

Particulars	**Loan Book as of Fiscal**		
	2018	**2019**	**2020**
Assets Under Management	4,029	4,619	5,168
Less: Loans Sold	401	553	659
Loans	3,628	4,066	4,509

The following table sets forth, for the periods indicated, our Company's advances portfolio classified by housing loan approvals to customers based on income slabs.

Category	**Household income per annum**	**Fiscal 2019**		**Fiscal 2020**	
		In % value terms	**In % no. terms**	**In % value terms**	**In % no. terms**
Economically Weaker Section	Up to ₹ 300,000	2%	7%	2%	6%
Low Income Group	₹ 300,000 – 600,000	16%	30%	16%	30%
Middle Income Group	₹ 600,000 – 1,800,000	46%	47%	46%	47%
High Income Group	More than ₹ 1,800,000	36%	16%	36%	17%

Notes:

(1) Comparable data as of fiscal year 2018 is not available as these classifications were implemented from Fiscal 2019 onwards.

Concentration of Loans

As of March 31, 2020, aggregate loans to our Company's twenty largest borrowers amounted to ₹ 521 billion representing 11.0% of its total advances. As of March 31, 2019, Loans to our Company's twenty largest borrowers amounted to ₹ 410 billion representing 9.6% of its total advances.

Investment Portfolio

The following tables set forth, as of the dates indicated, information related to our Company's Investments on a standalone basis:

(₹ in billions)

Investments (1)	**As of March 31**		
	2018	**2019**	**2020**
Mutual Funds	102	154	240
Government securities (2)	94	105	143
Other approved securities	-	-	-

Investments (1)	As of March 31		
	2018	2019	2020
Equity shares	13	14	56
Preference Shares	0	0	0
Debentures	5	8	6
Subsidiaries – Equity Shares	26	27	49
Subsidiaries – Preference Shares	1	1	-
Subsidiaries - Debentures	1	-	1
Subsidiaries – Venture Fund	3	3	3
Associates – Equity Shares	56	141	142
Pass-through Certificates	0	0	0
Security Receipts	2	2	2
Investment in Units of Venture Capital Fund	4	7	8
Total	307	462	649

Notes:

(1) In view of the scheme of amalgamation filed by GRUH Finance Limited ("**GRUH**"), a subsidiary of our Company, and Bandhan Bank Limited ("**Bandhan**") and the subsequent directive by the Reserve Bank of India to our Company to hold not more than 9.9% of the share capital of Bandhan post merger, our Company sold the shares of the GRUH during the period, and our Company's shareholding in GRUH was reduced to 38% on August 30, 2019, accordingly the same was classified as an associate company. The effective date of the merger of GRUH into and with Bandhan was October 17, 2019. Our Company was allotted 159,363,149 shares aggregating 9.90% of the total issued share capital of Bandhan. On derecognition of investment in GRUH, our Company has recorded a fair value gain of ₹ 90 billion in its income statement for Fiscal 2020.

Pursuant to receipt of approvals from Reserve Bank of India, Insurance Regulatory and Development Authority of India and Competition Commission of India, our Company has, on January 9, 2020, acquired 51.16% of the equity share capital of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) consequently the same became subsidiary of our Company. Further, our Company has initiated necessary steps of merger of HDFC ERGO Health Insurance Ltd ("**HDFC ERGO Health**") and HDFC ERGO General Insurance Company Ltd ("**HDFC ERGO**"), subsidiary of our Company, subject to approval of the National Company Law Tribunal, Mumbai. HDFC ERGO Health Insurance Limited would be merged with HDFC ERGO General Insurance Company Limited, subject to the approval of the National Company Law Tribunal, Mumbai.

During Fiscal 2020, our Company has entered into debt assets swap, wherein the gross carrying amount of the financial and non financial assets taken over as at March 31, 2020 stood at ₹ 0.6 billion and ₹ 8.4 billion respectively, the properties taken over by our Company are mix of residential and commercial properties located in key metro cities. The properties are either for our Company's own use or being held for capital appreciation, which our Company will dispose of at an appropriate time and in accordance with the applicable regulations.

(2) Our Company has not recognized any provision under Expected Credit Loss on Investments made in Government Securities.

Unaccounted gains on listed investments in subsidiary & associate companies

(₹ in billions)

Listed Equity Shares (Market Value)(1)	Fiscal		
	2018	2019	2020
HDFC Bank Limited (including those held through HDFC Investments Limited & HDFC Holdings Limited)	1,027	1,350	1,004
HDFC Life Insurance Company Limited	471	393	458
HDFC Asset Management Company Limited	-	172	237
GRUH Finance Limited	122	114	-
Total Strategic Investments	**1,621**	**2,029**	**1,699**

Notes:

(1) Investments in associates and subsidiaries are recognised at cost.

Borrowings

Our Company's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. Our Company's principal sources of funds are term deposits from retail and corporate customers, term loans from banks, commercial papers, non-convertible debentures, external commercial borrowings and refinancing from the National Housing Bank.

The following tables sets forth, for the periods indicated, information related to our Company's Borrowings.

(₹ in billions)

	As of March 31		
	2018	**2019**	**2020**
Term Loans [1]	468	777	1,050
Debt securities and Subordinated Debt	1,818	1,831	1,819
Deposits [2]	915	1,059	1,327
Total Borrowings [3]	**3,201**	**3,667**	**4,196**

Notes:

(1) Term Loans comprise domestic and foreign currency denominated term loans, refinancing from the NHB and external commercial borrowings.
(2) Deposits comprise public deposits and 'exempt deposits' as defined in the NHB guidelines.
(3) Total Borrowings is gross of any unamortised cost of borrowings.

Debt Securities

The following tables set forth, for the periods indicated, information related to our Company's debt securities.

(₹ in billions)

	As of March 31		
	2018	**2019**	**2020**
Bonds - Secured	0.3	0.3	0.2
Non-Convertible Debentures - Secured	1,237	1,293	1,420
Synthetic Rupee Denominated Bonds - Unsecured	96	111	61
Commercial Papers - Unsecured	429	372	287
Subordinated debt	**55**	**55**	**50**
Total Debt Securities [1]	**1,818**	**1,831**	**1,819**

Notes:
(1) Total Debt Securities is gross of unamortised cost of borrowings.

Term Loans

The following tables set forth, for the periods indicated, information related to our Company's Borrowings.

(₹ in billions)

	As of March 31		
	2018	**2019**	**2020**
Term Loans from Banks - Secured	**240**	**472**	**670**
Term Loans from other parties - Secured	**330**	**565**	**816**
Asian Development Bank	3	3	2
National Housing Bank	87	91	144
Others	-	-	-
Term Loans from Banks - Unsecured	**138**	**211**	**234**
Scheduled Banks	62	65	58
External Commercial Borrowing - Low Cost Affordable Housing	77	146	175
Total Term Loans (1)	**468**	**777**	**1,050**

Notes:
(1) Total Term Loans is gross of unamortised cost of borrowings.

Deposits

The following tables set forth, for the periods indicated, information related to our Company's deposits.

(₹ in billions)

	As of March 31		
	2018	**2019**	**2020**
Public Deposits	625	756	878
From Banks	3	1	2
From Others – Secured	0	0	82
From Others - Unsecured	287	302	365
Total Deposits (1)	**915**	**1,059**	**1,327**
Weighted Average Residual Maturity of Total Deposits (Months)	15.9	16.2	16.1
Weighted Average Residual Maturity of Public Deposits (Months)	20.0	20.4	21.1

Notes:
(1) Total Deposits is gross of unamortised cost of borrowings.

Asset Liability Gap

The following tables set forth our Company's asset liability gap position for the specified periods.

(₹ in billions, except percentages)

	As of March 31, 2020

	Up to 1 month	1- 2 months	2-3 months	3-6 months	6 months – 1 year	1–3 years	3–5 years	5–7 years	7–10 years	Over 10 years	Total
Advances (1)	73	73	52	159	333	1,257	887	568	605	502	4,509
Investments	37	20	96	80	193	9	160	5	7	42	649
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Total assets (A)	**110**	**93**	**148**	**239**	**526**	**1,266**	**1,047**	**573**	**612**	**544**	**5,158**
Deposits (1)	46	37	64	110	182	459	280	145	-	-	1,323
Borrowings from Banks	3	16	41	37	64	238	149	127	2	-	678
Market Borrowings	42	35	46	93	116	570	313	278	325	-	1,819
Foreign Currency Liabilities	-	7	2	54	33	114	128	33	-	-	371
Total liabilities (B)	**91**	**95**	**153**	**294**	**395**	**1,381**	**870**	**583**	**327**	**-**	**4,191**
Liquidity gap (A-B)	**19**	**-2**	**-5**	**-55**	**131**	**-115**	**177**	**-10**	**285**	**544**	
Cumulative liquidity gap	**19**	**17**	**12**	**-43**	**88**	**-27**	**150**	**140**	**425**	**969**	
Cumulative liabilities	**91**	**186**	**339**	**633**	**1,028**	**2,409**	**3,279**	**3,862**	**4,189**	**4,189**	
Cumulative liabilities gap as a percentage of Cumulative liabilities	**20.9%**	**9.1%**	**3.6%**	**-6.8%**	**8.6%**	**-1.1%**	**4.6%**	**3.6%**	**10.1%**	**23.1%**	

Notes:

(1) In calculating the Advances and Deposits, certain estimates, assumptions and adjustments have been made by our Company's management which have been relied upon by the auditors.

(₹ in billions, except percentages)

	As of March 31, 2019										
	Up to 1 month	**1- 2 months**	**2-3 months**	**3-6 months**	**6 months – 1 year**	**1–3 years**	**3–5 years**	**5–7 years**	**7–10 years**	**Over 10 years**	**Total**
Advances (1)	66	52	57	149	316	1,076	810	495	504	536	4,061
Investments	30	-	9	0	229	1	4	160	5	25	463
Foreign Currency Assets	**0**	**-**	**0**	**2**	**2**	**1**	**0**	**0**	**-**	**-**	**5**
Total assets	**96**	**52**	**66**	**151**	**547**	**1,078**	**814**	**655**	**509**	**561**	**4,529**

	As of March 31, 2019										
	Up to 1 month	**1-2 months**	**2-3 months**	**3-6 months**	**6 months – 1 year**	**1–3 years**	**3–5 years**	**5–7 years**	**7–10 years**	**Over 10 years**	**Total**
(A)											
Deposits[1]	38	17	56	77	116	380	244	128	-	-	1,056
Borrowings from Banks	3	6	11	46	70	191	106	102	15	-	550
Market Borrowings	23	35	30	84	166	699	270	207	305	-	1,819
Foreign Currency Liabilities	0	3	0	8	13	90	99	13	-	-	226
Total liabilities (B)	**64**	**61**	**97**	**215**	**365**	**1,360**	**719**	**450**	**320**	**-**	**3,651**
Liquidity gap (A-B)	**32**	**-9**	**-31**	**-64**	**182**	**-282**	**95**	**205**	**189**	**561**	
Cumulative liquidity gap	**32**	**23**	**-8**	**-72**	**110**	**-172**	**-77**	**128**	**317**	**878**	
Cumulative liabilities	**64**	**125**	**222**	**437**	**802**	**2,162**	**2,881**	**3,331**	**3,651**	**3,651**	
Cumulative liabilities gap as a percentage of Cumulative liabilities	**50%**	**18.4%**	**-3.6%**	**-16.5%**	**13.7%**	**-8.0%**	**-2.7%**	**3.8%**	**8.7%**	**24.0%**	

Notes:
[1] In calculating the Advances and Deposits, certain estimates, assumptions and adjustments have been made by our Company's management which have been relied upon by the auditors.

Interest Rate Gap Analysis

The following table sets forth, for the periods indicated, the interest rate gap between floating rate assets and floating rate liabilities of our Company's loan portfolio.

Particulars	**Fiscal**		
	2018	**2019**	**2020**
Floating Interest Rate Assets	85%	86%	85%
Floating Interest rate Liabilities	68%	73%	75%

Our Company's loan book is predominantly floating rates, whereas liabilities especially deposits and non-convertible debentures are fixed rates. Some of the fixed rate liabilities are converted into floating rate denominated liabilities by way of interest rate swaps. Our Company monitors the money market conditions and enters into interest rate swaps at appropriate times to minimize the interest rate gap.

Asset Quality

The following tables set forth, for the periods indicated, information about our Company's Asset quality.

(₹ in billions, except percentages)

	As of and for the year ended March 31,		
	2018	**2019**	**2020**
Loans – Exposure at Default [1]			
Stage 1[4]	3,425	3,843	4,159
Stage 2[5]	163	176	248
Stage 3[6]	47	57	103
Total Loans – Exposure at Default [1]	**3,634**	**4,076**	**4,509**
Expected Credit Loss Provision[2]			
Stage 1[4]	2	2	3
Stage 2[5]	33	31	58
Stage 3[6]	20	25	49
Total Expected Credit Loss Provision[2]	**54**	**59**	**110**
Loans – Exposure at Default (net of Expected Credit Loss)[3]			
Stage 1[4]	3,423	3,840	4,155
Stage 2[5]	130	145	190
Stage 3[6]	27	32	54
Total Loans – Exposure at Default (net of Expected Credit Loss)	**3,580**	**4,018**	**4,399**
Coverage ratio[7]			
Stage 1	0.1%	0.1%	0.1%
Stage 2	20.2%	17.8%	23.2%
Stage 3	41.8%	43.6%	47.6%
Total Coverage Ratio[7]	**1.5%**	**1.4%**	**2.4%**

Notes:

(1) Total Loans – Exposure at Default represents gross principal outstanding of loans and advances and accrued interest thereon as of the specified date. It includes loans and intercorporate deposits.
(2) Expected Credit loss represents the total expected loss that can occur if the borrower defaults on payments. It includes loans and intercorporate deposits.
(3) Loans – Exposure at Default (net of Expected Credit Loss) represents the gross principal outstanding of loans and advances and accrued interest thereon less the expected credit loss provision for the relevant asset category and the relevant period.
(4) Stage 1 represents loans and advances which are past due for 0-30 days.
(5) Stage 2 represents loans and advances which are past due for 31-90 days.
(6) Stage 3 represents loans and advances which are past due for more than 90 days along with account that are impaired on qualitative assessments.
(7) The coverage ratios represent the percentage of Expected Credit Loss as to the Total Loans – Exposure at Default.

Analysis of NPAs by product and customer segment

The following table sets forth, for the periods indicated, our Company's NPAs, broken down into sector-wise borrower-type classifications.

Sector	Fiscal 2018	Fiscal 2019	Fiscal 2020
A. Housing Loans:			
Individual	0.6%	0.7%	0.9%
Builder/Project Loans	1.4%	5.0%	8.8%
Corporates	0.6%	2.7%	20.7%
B. Non-Housing Loans:			
1 Individual	1%	0.9%	1.5%
2 Builder/Project Loans	0.8%	0.6%	0.2%
3 Corporates	5.0%	2.5%	8.3%

Non-performing loans and provisioning

(₹ in billions, except percentages)

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Non Performing Loans (more than 3 months due)	40	48	89
Provisions carried (Expected Credit Loss)	54	59	110
Regulatory provisions as per period of default and standard assets	28	32	42
Non performing loan proportion of our Company's loan portfolio			
Individual	0.64%	0.7%	0.95%
Non Individual	2.18%	2.34%	4.71%
Total	**1.11%**	**1.18%**	**1.99%**

The following tables set forth, for the periods indicated, our Company's movement in NPAs and Provisions

(₹ in billions)

Movement of NPAs	Fiscal 2018	Fiscal 2019	Fiscal 2020
Movement of NPAs (Gross)			
Opening balance	24	41	48
Additions during the year	27	30	58
Reductions during the year	10	22	17
Closing balance	41	48	89
Movement of Net NPAs			
Opening balance	16	29	34
Additions during the year	20	24	49
Reductions during the year	8	19	17
Closing balance	29	34	66

Movement of provisions for NPAs (excluding provisions on standard assets)			
Opening balance	8	12	14
Additions during the year	7	6	9
Reductions during the year	3	3	1
Closing balance	12	14	23

Financial Ratios

The following tables set forth certain key financial indicators of our Company, calculated on a standalone basis, as of and for the periods indicated.

	Year Ended March 31		
	2018	**2019**	**2020**
Dividend payout ratio(1)	46.2%	44.1%	20.5%
No. of permanent employees(2)	2,575	2,840	3,095
Profit per employee (₹ billion) (3)	0.02	0.03	0.03
Assets per employee (₹ billion)(4)	1.50	1.56	1.63
Admin expense to Assets %(5)	0.26%	0.25%	0.24%
Net Debt to Equity ratio(6)	4.88	4.72	4.83
Interest coverage ratio(7)	1.56	1.47	1.66
Cost to income ratio(8)	9.2%	8.5%	9.0%

(1) Dividend payout ratio is the ratio of dividend to net profit after tax
(2) The number of permanent employees is at the end of the relevant period.
(3) Profit per Employee is the ratio of Profit for the period to the number of permanent employees. To make ratios comparable, profit on sale of strategic investments have not been considered.
(4) Assets per Employee is the ratio of Assets reduced by current liabilities to number of permanent employees as at the end of the relevant period
(5) Admin expense to assets is the ratio of the expenses comprising employee benefit expenses excluding share based payments to employees, depreciation, amortisation and impairment, establishment expenses and other expenses excluding Corporate Social Responsibility Expenses to the average assets. Average assets is the simple average of our Company’s total assets reduced by derivative financial instruments, trade payables, other financial liabilities and non-financial liabilities as of the last day of the relevant period and immediately preceding prior period
(6) Net Debt to Equity Ratio is the ratio of Borrowings comprising of debt securities, borrowings (other than debt securities), deposits and subordinated liabilities adjusted for Cash and Cash Equivalents to the Total Equity at the end of the relevant period
(7) Interest coverage ratio is the ratio of Profit Before Tax plus finance costs, divided by finance costs
(8) Cost to income ratio has been calculated as below:

Cost to Income Ratio (Non-GAAP Measure)

(₹ in billions)

Particulars	**For the year ended**

	March 31, 2018	March 31, 2019	March 31, 2020
Operating income			
Interest Income	327	383	426
Surplus from deployment in cash management schemes of mutual funds	4	9	11
Rental Income	1	1	1
Fees and Commission Income	1	2	2
Net gain/(loss) on fair value changes	1	6	91
Profit on Sale of Investment in Properties	-	1	0
Income on derecognised (assigned) loans	5	9	10
Other Income	0	0	0
Subtotal	340	410	542
Less: Fair value gains consequent to merger of GRUH*			90
Less: Finance Cost	235	278	310
Total (A)	**105**	**132**	**141**
Operating expenses			
Employee Benefit Expenses	14	7	6
Depreciation, Amortisation and Impairment	0	1	1
Establishment Expenses	1	1	0
Other Expenses	4	6	7
Subtotal	**19**	**15**	**15**
Less: Share based payments to employees	9	2	0
Less: Corporate social responsibility expenses	-	2	2
Total (B)	**10**	**11**	**13**
Cost to Income Ratio (B / A)	**9.2%**	**8.5%**	**9.0%**

*To make ratios comparable, fair value gains consequent to merger of GRUH Finance Ltd. with Bandhan Bank during the year ending March 31, 2020 has not been considered.

Capital Adequacy

The following tables set out our Company's capital adequacy ratios as of the specified dates:

(₹ in billions, except percentages)

	As of March 31,		
	2018	**2019**	**2020**
Tier I capital[(1)]	531	613	646
Tier II capital[(1)]	57	54	45
Total Capital[(1)]	588	667	691
Total risk weighted assets [(1)]	3,067	3,496	3,929

	As of March 31,		
	2018	**2019**	**2020**
Capital Adequacy Ratio – Tier I capital[(1)]	17.3%	17.5%	16.4%
Capital Adequacy Ratio –Tier II capital[(1)]	1.9%	1.6%	1.2%
Total Capital Adequacy Ratio [(1)]	19.2%	19.1%	17.6%

Notes:
[(1)] The Capital Adequacy is computed on the basis of the National Housing Bank (NHB) regulations applicable to Indian housing finance companies.

INDUSTRY OVERVIEW

*All data in this section has been extracted from (i) websites of and publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the Reserve Bank of India ("**RBI**") and the National Housing Bank ("**NHB**") (ii) reports from CRISIL Research, and (iii) The World Factbook. The data from CRISIL Research is subject to the disclaimer set out below. The data may have been re-classified by us for the purpose of presentation.*

Wherever we have relied on figures published by NHB, unless stated otherwise, we have relied on the latest and historical NHB Annual Reports and NHB Report on Trend and Progress of Housing in India. Industry sources and publications referred to by us state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, or any of the Lead Managers or any of their advisors, and should not be relied on as if it had been so verified. Industry sources and publications are prepared based on information as of specific dates and may no longer be current or reflect the current trend. Industry sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect. Statements in this section that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to differ materially. Accordingly, investors should not place undue reliance on the information contained in this section.

*Certain information set out below has been extracted from the reports, CRISIL Research – NBFC Report released in India on September 15, 2019 and September 16, 2019 the CRISIL Housing Finance Report, released in India in July 2020 (the "**Reports**") prepared by CRISIL Research, a division of CRISIL Limited ("**CRISIL**"). CRISIL has taken due care and caution in preparing the Reports based on the Information obtained by CRISIL from sources which it considers reliable (the "Data"). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Reports and is not responsible for any errors or omissions or for the results obtained from the use of Data / Reports. The Reports are not a recommendation to invest / disinvest in any entity covered in the Reports and no part of the Reports should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Reports. Without limiting the generality of the foregoing, nothing in the Reports is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. The Issuer is responsible for ensuring compliance and consequences of non-compliance for use of the Reports or any part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Reports are those of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of the Reports may be published or reproduced in any form without CRISIL's prior written approval.*

For the purposes of this Industry Overview, references to a "fiscal" or "fiscal year" are to the year ended, and as of, March 31.

Overview of the Indian economy

Global Economy

Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity—especially manufacturing and trade—in the second half of 2019. Despite these headwinds, some indications emerged toward year-end that global growth may be bottoming out. Moreover, monetary policy easing continued into the second half of 2019 in several economies. Since early 2020 however, the COVID-19 pandemic has been inflicting high and rising human costs worldwide, with a severe impact on economic activity. There is extreme uncertainty around the global growth forecast; consequently, the IMF projects the global economy, from having grown at an estimated 2.9% in 2019, to contract by 4.9% in 2020. In 2021 however, the IMF also projects global economic growth to recover strongly with 5.4% growth. Recent significant actions of large central banks with monetary stimulus and liquidity facilities to reduce systemic stress have supported confidence and limited amplification of the shock, ensuring that the economy is better placed to recover. Broad-based fiscal stimulus can pre-empt a steeper decline in confidence, lift aggregate demand, and avert an even deeper downturn. *(Source: IMF, World Economic Outlook, January, June 2020)*

Indian Economy

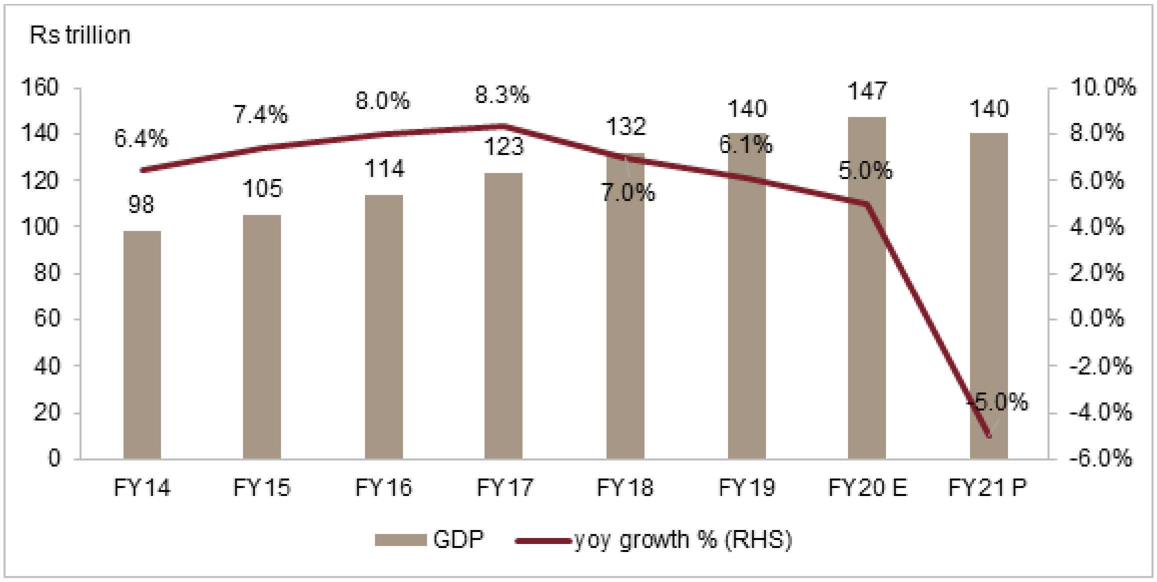
In recent years, India has been a popular destination for foreign direct investment ("**FDI**"), owing to its well-developed private corporate sector, large untapped consumer market potential, large, well-educated and English speaking skilled workforce, political stability and improved ease of doing business. Overall, India attracted FDI of approximately U.S$73.5 billion in the fiscal year 2020 and U.S$62 billion in fiscal year 2019 as compared to an average of U.S$30.3 billion from fiscal year 2001 to fiscal year 2018. (*Source: Govt. of India, DPIIT, Fact sheet on foreign direct investment*). As one of the largest economies in the world, the Indian economy is estimated to have attained a gross domestic product ("**GDP**") of ₹203.4 trillion, for fiscal year 2020 (at current prices). It is one of major economies in the world, with an estimated GDP growth of 4.2% for fiscal year 2020, driven largely by private consumption. The services sector is a key driver of India’s economic growth, with the sector contributing 55.39 per cent to India’s Gross Value Added at current price in fiscal 20. As India imports over 85% of its crude oil requirements, the economy has also benefited from lower global oil prices.

GDP Review & Outlook:

Fiscal year 2019 was characterized by moderate growth for the Indian economy amidst global trade uncertainties. GDP growth rate showed a marginal decline from 7.1% in fiscal year 2018 to 6.1% in fiscal year 2019, largely due to a decrease in government expenditure. Real GDP growth for fiscal year 2020 is estimated to have slowed to 4.2%, weighed in part by the impact of the COVID-19 pandemic as nationwide lockdown imposed by India's Central Government led to a slowdown in economic activity across sectors. Against the backdrop of a 4.9% contraction projected for the global economy, IMF projects the Indian economy to contract by 4.5% on account of the COVID-19 pandemic. However, the IMF also projects the Indian economy to grow by 6.0% in 2021. *(Sources: RBI, Monetary Policy Report, 2020 April*; *RBI, Annual Report 2018-19; Ministry of Petroleum and Natural Gas, Statistics, 2018-19, Ministry Of Statistics And Programme Implementation, Press notes January 31 and May 29, 2020; IMF, World Economic Outlook, June 2020*)

The Covid-19 lockdown is likely to slow down the Indian economy, which will potentially lead to a contraction in GDP. CRISIL Research forecasts that India’s GDP will contract 5% in fiscal 2021. While non-agricultural GDP is expected to contract 6%, the agriculture sector should cushion the blow by growing 2.5%. *(Source: CRISIL Housing Finance Report, July 2020)*

GDP to decline by 5% in fiscal 2021:



Note: E - Provisional estimates, P - Projected

Source: Central Statistics Office, International Monetary Fund (IMF), CRISIL Research
(Source: CRISIL Housing Finance Report, July 2020)

Inflation, as measured by the Consumer Price Index ("**CPI**"), rose in fiscal year 2020, averaging 4.8% against 3.4% in fiscal year 2019. In the first half of fiscal year 2020, CPI averaged ~3.3%, largely due to benign food inflation, still recovering from deflationary pressures from the latter half of the previous fiscal year. Subsequent recovery and further inflation in food prices, primarily due to unfavourable base effects and adverse supply shocks, drove the rise in CPI, averaging at 6.3% for the second half of fiscal year 2020. During the first quarter of fiscal year 2021, CPI averaged 6.5%, driven largely by varying extent of demand and supply disruptions of the lockdowns on different consumption categories. As the lockdowns disrupted the collection of inflation data after March 2020, CPI for April 2020 at 7.2% and May 2020 at 6.3% were based on imputed data. Inflation for the quarter was driven largely by higher prices of food articles and transportation, while core inflation lowered, reflecting weak demand conditions. *(Source: RBI, Monetary Policy Reports, October 2019 and April 2020; GOI and MOSPI, June 2020)* The RBI's MPC, in its meetings from May 20 to 22, 2020, was of the view that headline inflation may remain firm in the first half of fiscal year 2021 but would ease in the second half, aided also by favourable base effects. CRISIL expects the CPI-linked inflation for fiscal 2021 to be 4.0%, compared with 4.8% in fiscal 2020. Demand destruction due to the lockdown measures has put significant downward pressure on core inflation this fiscal. Fuel inflation too is expected to remain soft, both because of subdued demand and sharp fall in crude oil prices. Food inflation, however, is likely to put upside pressure on inflation, as suggested in the recent retail food price trends. *(Sources: RBI, Governor Statement, May 22, 2020 and CRISIL Housing Finance Report, July 2020)*

Indian Rupee

The Indian Rupee, at the end of fiscal year 2020 closed at ₹75.39 per US$ after depreciating ~9.0%, most of it taking place in the last two months due to capital outflows driven by COVID-19. In the first quarter of fiscal year 2021, the Rupee has remained stable and largely unchanged, closing at ₹75.53 against 1 US$ *(Sources: RBI, Monetary Policy Report, April 2020; FBIL for Rupee's fiscal year 2021 first quarter data).*

Special Economic Package of over ₹20 trillion – 'AtmaNirbhar Bharat Abhiyan' ("Self Reliant India Campaign")

On the backdrop of COVID-19 pandemic, India's Prime Minister announced a special economic package of ₹20.97 trillion on May 12, 2020, serving as an important link in the 'Self Reliant India Campaign'. As per his address to the nation, the campaign will stand on five pillars of (i) Economy, (ii) Infrastructure, (iii) System, (iv) Vibrant Demography and (v) Demand. This package included economic announcements which are decisions of RBI, Pradhan Mantri Garib Kalyan Package ("**PMGKP**"), various economic packages announced by the Ministry of Finance, among others. As part of the 'Self Reliant India Campaign', the Ministry of Finance made several announcements catering to various sections, including (i) collateral free automatic loans for businesses including MSMEs, (ii) special liquidity facility for NBFCs, HFCs, MFIs (iii) Partial credit guarantee scheme 2.0 for NBFCs, (iv) liquidity injection for power distribution companies, (v) Government Reforms and Enablers, (vi) extension of credit linked subsidy scheme for middle income group, (vii) concessional credit through Kisan Credit Cards, (viii) additional emergency working capital for farmers through NABARD, (ix) Agri.-Infrastructure Fund for farm-gate infrastructure for farmers. *(Source: Press Information Bureau of Government of India.)*

Recent Policy Measures undertaken by RBI

RBI's specific policy measures to address the stress in financial conditions caused by COVID-19
Monetary Policy Committee on March 24, 26 and 27, 2020

In its off-cycle meeting, noting the risks brought upon by the COVID-19 pandemic to both demand and supply sides, the RBI announced several additional measures, inter-alia, to address liquidity concerns (*Source: RBI, Monetary Policy Report, April 2020*)

- Targeted Long-Term Repo Operations ("**TLTRO**") entailing repos of up to three years tenor of appropriate sizes for a total amount of up to ₹1 trillion at a floating rate linked to the policy repo rate, to be deployed by banks in investment grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 27, 2020
- Cash Reserve Ratio ("**CRR**") was reduced by 100 bps from 4.0% of Net Demand Time Liabilities ("**NDTL**"), to 3.0%, augmenting liquidity in the system by about ₹1.37 trillion
- Under Marginal Standing Facility ("**MSF**"), limit of dipping into their Statutory Liquidity Ratio ("**SLR**") raised from 2.0% of NDTL to 3.0%, allowing the banking system to avail an additional ₹1.37 trillion of liquidity at the reduced MSF rate of 4.7% from 5.4%.

Additional measures announced on April 17, 2020

On April 17, 2020 the RBI cut the reverse repo rate to 3.75%, thereby further widening the policy rate corridor to 90 bps.

Announcements also included a reduction in a liquidity cover ratio ("**LCR**") from 100% to 80%, a special ₹5 billion refinancing facility at the repo rate for All India Financial Institutions (NABARD, SIDBI, NHB) and another TLTRO ("**TLTRO 2.0**"), targeted at NBFCs with 50% of the liquidity availed reserved for small and mid-sized NBFCs and MFIs. TLTRO 2.0, of ₹500 billion, with focus, inter-alia, on NBFCs by reserving 50% of the said amount for NBFCs with asset sizes between ₹5 billion and ₹50 billion, NBFCs less than ₹5 billion and Micro Finance Institutions ("**MFI**") *(Source: RBI, Notifications on April 17, 2020.)*

Meeting of the Monetary Policy Committee Meeting from May 20 to 22, 2020

In its first bi-monthly meeting for fiscal year 2021, the MPC of the RBI announced a 40 basis point cut to the repo rate to 4.00%. Consequently, the reverse repo rate and MSF rate also were reduced to 3.35% and 4.25% respectively, maintaining the policy rate corridor at 90 bps. *(Source: RBI, Monetary Policy Committee, May 2020)*

Developmental and regulatory policy measures by RBI (May, 2020)

On May 22, 2020, in addition to the repo rate cut, the RBI announced further policy measures, including the following specific measures to ease financial stress:

1. Lending institutions permitted (with approval from their board) to extend the moratorium on instalments of all term loans, by another three months (earlier between March 1, 2020 and May 31, 2020), from June 1, 2020 to August 31, 2020, along with similar measure for deferment of interest for another three months on working capital facilities.
2. Lending institutions allowed (with approval from their board) to convert accumulated interest on working

capital facilities over the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than March 31, 2021.

3. Asset classification benefits (i.e. not resulting in downgrade) on account of moratorium will continue till August 31, 2020.
4. With regards to resolution of stressed assets, lending institutions have been permitted to exclude the entire moratorium/deferment period from March 1, 2020 to August 31, 2020 from the calculation of 30-day review period or 180-day resolution period, if the review/ resolution period had not expired as on March 1, 2020.

Liquidity support for NBFCs, HFCs and MFIs

Of the various stimulus offered, the policy has been focused mainly towards providing liquidity support to NBFCs, HFCs and MFIs, in addition to the TLTRO 2.0 window. This includes a special liquidity scheme of up to ₹ 300 bn for NBFCs, HFCs and MFIs which is fully guaranteed by the central government. Primary and secondary market transactions in investment-grade debt paper of NBFCs, HFCs and MFIs are eligible. Banks' participation in TLTRO 2.0, which focused on NBFCs, remained limited because of the higher credit risk perception on mid-sized and small non-banks. Now, the 100% government guarantee is expected to improve fund availability with NBFCs. In addition, the policy also implemented the Partial Credit Guarantee Scheme of ₹ 450 bn for NBFCs, rated AA and below. Within this scheme, the first 20% of the loss will be borne by the Government of India. This will provide liquidity relief to small and mid-sized non-banks that were facing liquidity issues. *(Source: CRISIL Housing Finance Report, July 2020)*

Outlook

COVID-19 has adversely impacted near term growth outlook globally as well as with respect to India, with the RBI stating that the combined impact of demand compression and supply disruption will depress economic activity in the first half of the fiscal year 2021. However, assuming a phased restoration of economic activity, especially in the second half, and considering favourable base effects, the RBI expects a combination of fiscal, monetary and administrative measures currently undertaken to create conditions for a gradual revival in activity in the second half of 2020-21. *(Source: RBI, Governor Statement, May 22, 2020)*

In its bi-monthly Monetary Policy Statement on March 27, 2020, the RBI noted that the macroeconomic fundamentals of the Indian economy were sound and, in fact, stronger than what they were in the aftermath of the global financial crisis – as the fiscal deficit and the current account deficit were now much lower; inflation conditions relatively benign; and financial volatility measured by change in stock prices from recent peaks and average daily change in the exchange rate of the rupee distinctly lower. *(Source: RBI, Monetary Policy Statement, March 27, 2020)*

Macro variable	**Fiscal 19**	**Fiscal 20**	**Fiscal 21**
GDP (%, y-o-y)	6.1	5.0*	-5.0
CPI inflation (%, y-o-y)	3.4	4.8	4.0
10-year G-sec yield (%, March-end)	7.5	6.2	6.5
CAD/GDP (%)	2.1	1.0^	0.2-0.4
Rs/$ (March average)	69.5	74.4	74

Note: *Second advance estimate by National Statistical Office (NSO), ^CRISIL estimate, P - Projected
Source: RBI, NSO, CRISIL Research
(Source: CRISIL Housing Finance Report, July 2020)

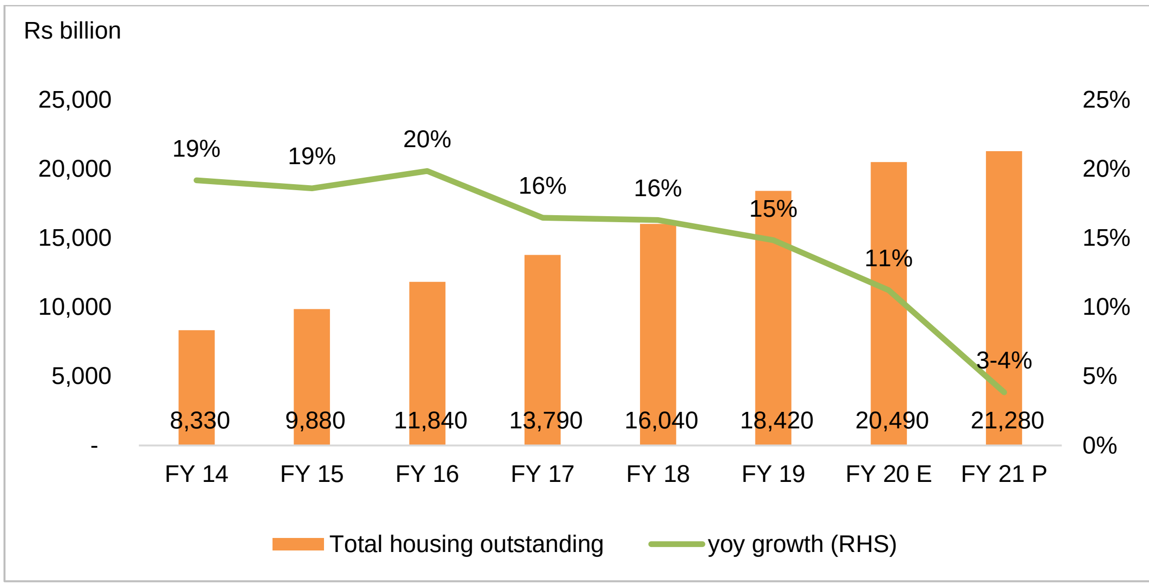
<u>Indian Housing Finance Market</u>

Overview

The housing finance sector in India houses a large number of institutions with financial institutions (FIs), scheduled commercial banks, scheduled cooperative banks, regional rural banks, agriculture and rural development banks, HFCs, state level apex co-operative housing finance societies, NBFCs, MFIs and self-help groups meeting the demand for credit. In the past, the demand for home loans rose on account of the increasing demand from Tier-II and Teir-III cities, rising disposable incomes, and government initiatives such as interest rate subvention schemes and fiscal incentives. *(Source: CRISIL Housing Finance Report, July 2020)*

The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to growth in construction and demand for housing. The total home loans outstanding in India stands at ₹ 20.5 trillion as of fiscal 2020, more than double the figure five years back. The segment logged a healthy 16% CAGR between fiscals 2014-2020. However, it slowed down in fiscals 2019 and 2020 led by decline in credit growth across HFCs. CRISIL Research believes home loans outstanding (for banks and NBFCs) will grow only a tepid 3-4% on-year in fiscal 2021 vis-à-vis the double-digit pace posted in the past few years. *(Source: CRISIL Housing Finance Report, July 2020)*

Overall housing growth moderated in fiscal 2020



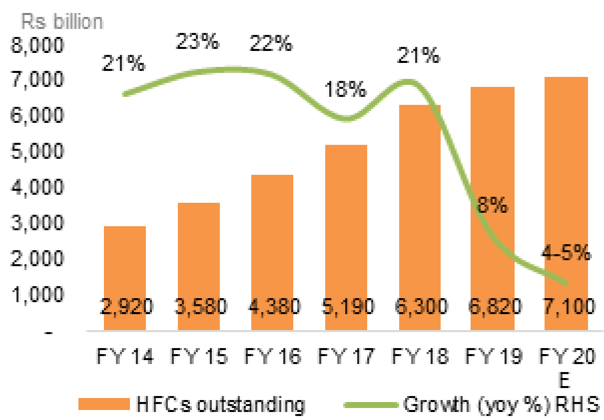
E: Estimated;

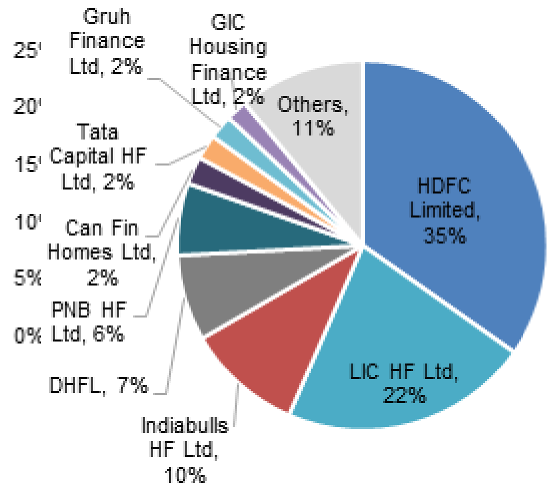
Source: Company reports, RBI, CRISIL Research
(Source: CRISIL Housing Finance Report, July 2020)

From fiscal 2013 to first half of fiscal 2019, HFCs' home loans outstanding saw 20% CAGR. However, the growth slowed considerably after September 2018 due to liquidity constraints and players started focusing on managing asset liability mismatches, rather than growing their book. Consequently, HFCs' home loan credit is estimated to have grown 4-5% on-year in fiscal 2020, however the Covid-19 pandemic has only intensified the headwinds for the sector. CRISIL Research expects the outstanding book of HFCs in the home loans segment to continue to face challenges, growing a mere 0-2% on-year in fiscal 2021. *(Source: CRISIL Housing Finance Report, July 2020)*

Housing finance portfolio of HFCs is estimated to have grown at slowest pace

Top-5 HFCs command the lion's share in retail finance outstanding





E: Estimated;

Source: Company reports, RBI, CRISIL Research
(Source: CRISIL Housing Finance Report_July 2020)

Note: Above share is indicative and is based on retail housing outstanding of HFCs as of Fiscal 19;

Source: Company reports, RBI, CRISIL Research
(Source: CRISIL Housing Finance Report_July 2020)

To strengthen asset-liability management, non-banks are tapping alternate sources of funding such as issuances of retail bonds, securitisation, and external commercial borrowings ("**ECBs**"), as well as increasing borrowing from banks. Securitisation has emerged as a major source of funding and this is expected to continue in fiscal 2021. A higher level of securitisation will restrict growth in the outstanding book of HFCs going forward. The credit growth of HFCs is also expected to slow down over the medium term because of competition from banks, sluggishness in real estate demand and increased risk perception. *(Source: CRISIL Housing Finance Report, July 2020)*

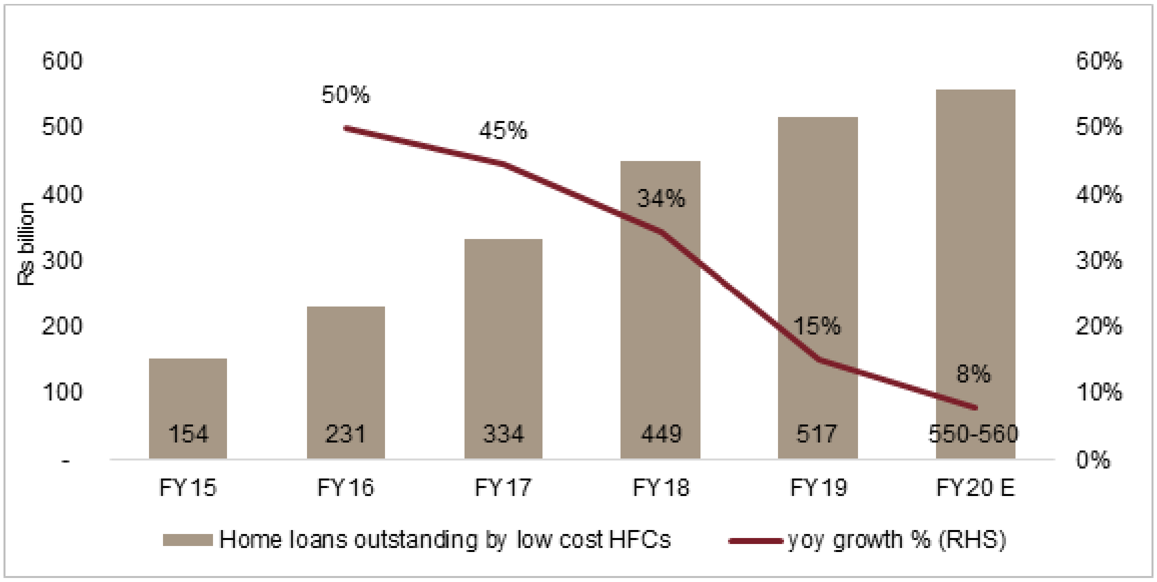
In the wake of tightened liquidity, HFCs are encountering structural challenges in the form of increased refinancing risk and asset liability mismatch, which is expected to slow down disbursements over the next two years. On the other hand, banks have increased focus on the retail segments in the wake of subdued growth in corporate lending. Consequently, banks which were losing market share to HFCs from fiscals 2013-18 gained share in fiscal 2019 and are expected to further gain share over the next two years. *(Source: CRISIL Research, NBFC Report, September 2019).* Consequently, CRISIL Research expects banks' home loan growth to outpace that of HFCs, rising 5% on-year in fiscal 2021. *(Source: CRISIL Housing Finance Report, July 2020)*

Low Cost Housing Segment:

CRISIL Research defines low-cost housing as a housing market with housing finance-focused players, whose average ticket size is less than ₹ 1 million. It is believed that the primary cause in the shortage of low-cost housing finance is the lack of housing finance options for low-income households. The supply of low-cost housing finance is constrained mainly by; the inability of banks to accurately assess the credit risk associated with low-income borrowers, lower profit margins, lack of land titles, and the uncertainty of repossession. The key reasons for restricted lending to this segment are; the high costs of serving on account of the small ticket size and lower volumes, the unknown risks associated with the informal segment and finally, the wariness of financiers due to high delinquencies and uneven payback patterns. *(Source: CRISIL Housing Finance Report, July 2020)*

While the mortgage-to-GDP ratio in India is already miniscule, mortgage penetration in low-income housing is even smaller. Due to the burgeoning traditional mortgage finance market, a few commercial banks have entered the low-income housing market. These banks tend to offer long-term mortgage loans, which extend to 20 years and require down payments of between 10% and 30% of the home value, as well as requiring payslips, and evidence of legal title to property. With strong growth in the overall housing finance market and the increasing average ticket size of home loans, the number of HFCs serving the financially excluded, lower-income informal customers has also increased. CRISIL believes the outstanding home loan book of low-cost focused housing players will grow at a relatively slow pace over the next two years because of the decline in demand, increased refinance risk and asset liability mismatch, which in turn, will result in a disbursement slowdown over the medium term *(Source: CRISIL Housing Finance Report, July 2020)*

The housing loans of low-cost oriented players logged a CAGR of over 35% from fiscal 2015 until the first half of fiscal 2019, outpacing the overall housing finance market (which grew ~20%). This was largely because of the government's increased focus on the sector and due to more players emerging in the low-cost housing market. However, growth slowed down considerably in the second half of fiscal 2019 due to liquidity constraints. Consequently, growth stood at 15% in fiscal 2019. CRISIL Research estimates the home loans outstanding of low-cost housing focused players has grown at a relatively slow ~8% in fiscal 2020 and believe that the outstanding home loan book of low cost-focused housing players will grow at a muted 0-2% in over the next two years. *(Source: CRISIL Housing Finance Report, July 2020)*



Note: For home loans outstanding of low-cost housing focused players; E: Estimated;

(Source: CRISIL Housing Finance Report, July 2020)

<u>Housing Finance Companies</u>

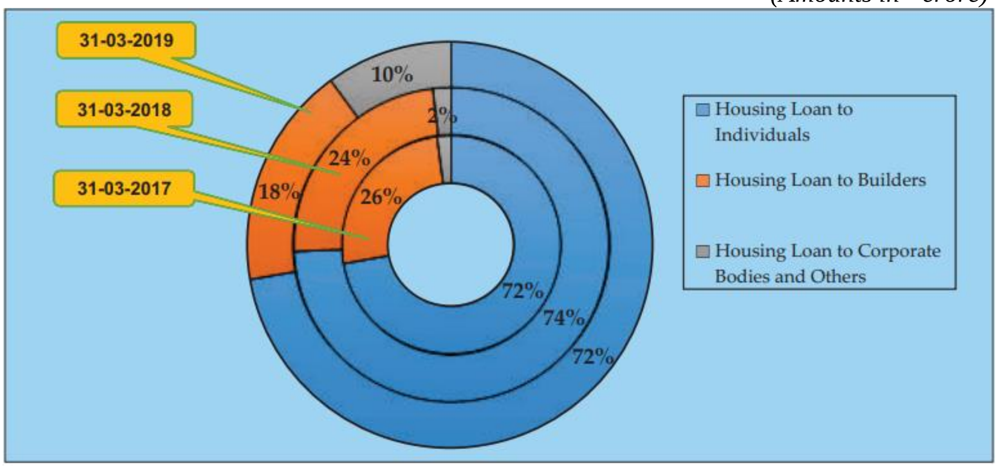
The Indian financial system includes banks and NBFCs/HFCs. NBFCs and HFCs have played a vital role in the Indian economy over the years as they have been at the forefront of catering to the financial needs of the un-bankable masses in the rural and semi-urban areas, through their strong linkage to these segments.

As of 31 March, 2019, there are 99 HFCs that have been granted a Certificate of Registration, 18 of these with permission to accept public deposits and 81 which cannot accept public deposits. Out of 99 HFCs, 79 were public limited companies and 20 were private limited companies. *(Source: NHB, Report on Trend and Progress of Housing in India 2019).* HFCs branches and other offices increased from 5,107 as of March 31, 2018 to 6,266 as of March 31, 2019, with an annual growth of about 23%. *(Source: NHB, Report on Trend and Progress of Housing in India 2019).*

Borrowers' type-wise disbursements of housing loans

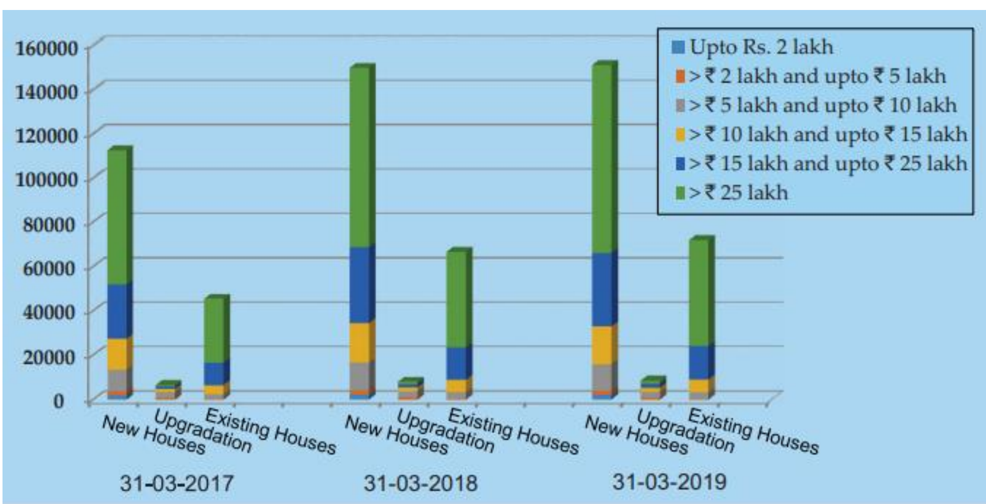
The disbursements on housing loans by HFCs registered a growth rate of about 6 percent in 2018-19 over 2017-18. Borrowers' type-wise dissection of disbursement of housing loans in 2018-19, further shows that around 72 percent of their housing loans were to individuals, 18 percent to builders and 10 percent to corporate bodies & others. This indicates that HFCs' main service concentration of housing loan was on individuals. The following graph depicts the disbursement for housing loans by borrower type, for the years 2016-2017 to the years 2018-2019:

(Amounts in ` crore)



(Source: NHB, Report on Trend and Progress of Housing in India 2019).

Among the retail housing loans portfolio in the year 2018-2019, approximately 65% of the loans were for construction or buying new houses, 4% were for upgrades including repairs of existing houses, and the remaining 31% were for acquisition of old or existing houses (resale transactions). The data demonstrates that new assets creation were the main activity financed by housing loans disbursed by HFCs. The following graph sets out the disbursements of housing loans by HFCs, by purposes of the housing loans, for the year 2016-2017 to the year 2018-2019:



(Source: NHB, Report on Trend and Progress of Housing in India 2019).

Trend in total housing loans disbursements to individuals by HFCs:

(Amount in ₹ Billion)

Particulars	2016-17	2017-18	2018-19

Particulars	2016-17	2017-18	2018-19
Up to ₹ 2,00,000	21	23 (8.3%)	22 (-4.4%)
Above ₹ 2,00,000 and up to 500,000	31	33 (4.6%)	32 (-1.9%)
Above ₹ 500,000 and up to ₹ 10,00,000	143	182 (27.4%)	174 (-4.4%)
Up to ₹ 10,00,000	**196**	**238 (21.7%)**	**228 (-4.2%)**
Above ₹ 10,00,000 and up to ₹ 15,00,000	194	251 (29.7%)	245 (-2.5%)
Above ₹ 15,00,000 and up to ₹ 25,00,000	355	503 (41.7%)	500 (-0.5%)
Above ₹ 25,00,000	901	1251 (38.8%)	1338 (6.9%)
Total (4) = (1) + (2) + (3)	**1,645**	**2,243 (36.3%)**	**2,311 (3.0%)**

Note: The above percentages pertain to year on year growth.
(Source: NHB, Report on Trend and Progress of Housing in India 2019).

The total disbursements of housing loans to individuals have gone up by 3.0 percent in 2018-19 as compared to 36.3 percent in 2017-18. Of the total housing loans disbursements, HFCs' loans up to ₹ 2.5 million constituted 42.1 percent in 2018-19 as compared to 44.2 percent in 2017-18. The disbursements of housing loans in the category of above ₹ 2.5 million have gone up by 6.9 percent in 2018-19 as compared to 38.8 percent in 2017-18. *(Source: NHB, Report on Trend and Progress of Housing in India 2019).*

Out of the total housing loan disbursements of ₹ 2311 billion to individuals in 2018-19, HFCs have disbursed housing loans of ₹ 228 billion constituting 9.9 percent in the category of housing loans up to ₹ 1 million and ₹ 973 billion constituting 42.1 percent in the category of housing loans up to ₹ 2.5 million. The loans above 2.5 million were ₹ 1338 billion constituting 57.9 percent of the total housing loans disbursed to individual by HFCs during 2018-19. *(Source: NHB, Report on Trend and Progress of Housing in India 2019).*

Top 10 states of disbursement of housing loans to individuals:

The following table sets out the top ten states of disbursements of housing loans to individuals for the years 2016-2017, 2017-2018 and 2018-2019 *(Source: NHB, Report on Trend and Progress of Housing in India 2018 and Report on Trend and Progress of Housing in India 2019)*:

(All amounts in ₹ Billion)

Rank	Top States	Fiscal 2016-17		Fiscal 2017-18		Fiscal 2018-19	
		Disbursement amount	% share in total (all states)	Disbursement amount	% share in total (all states)	Disbursement amount	% share in total (all states)
1	Maharashtra	443	26.9%	606	27.0%	586	25.4%
2	Karnataka	174	10.6%	224	10.0%	233	10.1%
3	Tamil Nadu	171	10.4%	207	9.2%	217	9.4%
4	Gujarat	136	8.3%	204	9.1%	199	8.6%
5	Uttar Pradesh	125	7.6%	180	8.0%	187	8.1%
6	Telangana	96	5.8%	146	6.5%	180	7.8%
7	Delhi	73	4.4%	107	4.8%	106	4.6%
8	Haryana	71	4.3%	93	4.1%	101	4.4%
9	Rajasthan	69	4.2%	91	4.1%	100	4.3%
10	Madhya Pradesh	60	3.7%	82	3.6%	86	3.7%
Total – Top 10 States		1,418	86.2%	1,940	86.5%	1,996	86.4%
Total – All States		1,645		2,243		2,311	

Disbursement of Housing Loans to Individuals has been dominated by the urban market. It has been 79.6% in Fiscal 2016-17, 79.0% in Fiscal 2017-18 and 81.6% in Fiscal 2018-19

An improvement in finance penetration is also expected to support the industry's growth. Rising demand for housing from Tier-II and Tier-III cities and a subsequent surge in construction activity, has increased the focus of financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to ~44% in fiscal 2019, from ~39% in fiscal 2012. Boosted by the affordable housing push and rising competition in higher ticket size loans, CRISIL Research expect finance penetration to increase to 45% in urban areas in fiscal 2020. *(Source: CRISIL Research, NBFC Report, September 2019).*

Profitability

Key financial indicators

The key financial indicators of all HFCs as of March 31, 2017, 2018 and 2019 are set out below:
(₹ Billion)

Particulars	2017	2018	Growth %	2019	Growth %
Paid up Capital	93	305	226.4	345	13.3
Free Reserves	946	1261	33.3	1,445	14.6
Net Owned Fund (NOF)	955	1,387	45.3	1,536	10.8
Public Deposits	866	931	7.6	1,037	11.4
Other Borrowings	6,699	8,472	26.5	9,914	17.0
Outstanding Housing Loans and Advances	5,985	7,528	25.8	8,482	12.7
Outstanding Total Loans	8,185	10,383	26.9	12,042	16.0

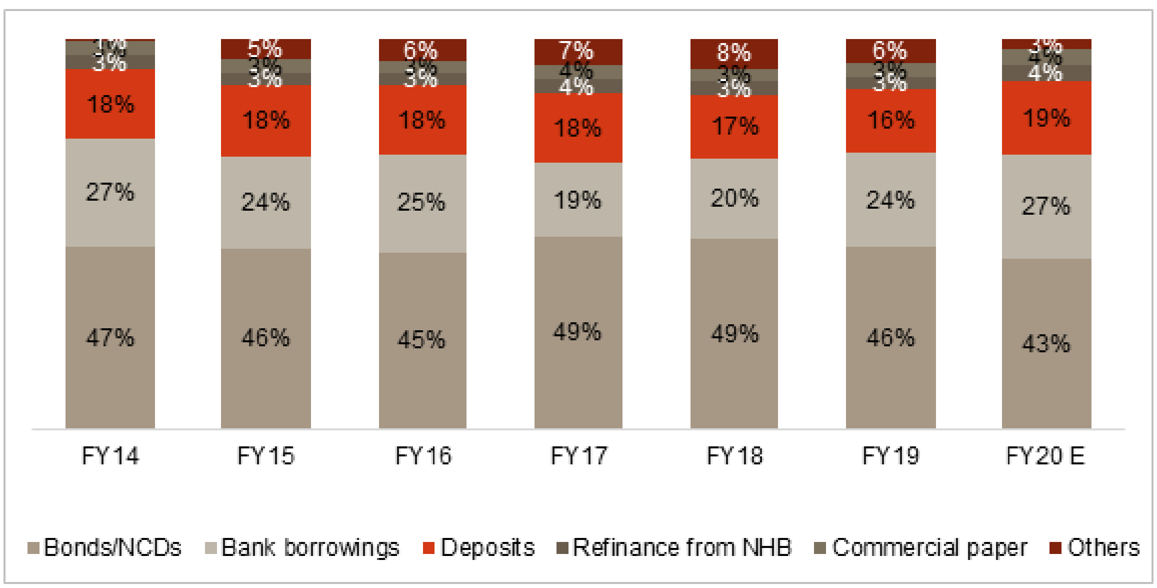
(Source: NHB, Report on Trend and Progress of Housing in India 2019).

Liability Profile

The funding for HFCs consists of fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This affords HFCs with increased flexibility in their borrowings, allowing them to manage costs. However, HFCs generally do not have the same level of access to low-cost deposits, such as current account savings account as do banks; hence, their cost of funds is generally higher than banks. Managing the cost of funds is therefore vital for HFCs to be competitive in this space.

During the first half of fiscal 2019, market rates had increased sharply as indicated by the benchmark rates on commercial papers ("**CPs**") and non-convertible debentures ("**NCDs**"). These rates increased 140 bps and 120 bps, respectively, during April-October 2018. Additionally, risk perception in the NBFC sector has also increased after the Infrastructure Leasing & Financing Services Ltd ("**IL&FS**") default, which further restricted the NBFCs' easy access to market borrowings. During this period, while players with high ALM mismatch and a higher share of non-retail portfolio found it difficult to raise funds, players with strong parent company support and relatively higher proportion of retail assets were able to raise funds from the market. However, over time and with aggressive repo rate cuts by the RBI, the benchmark CP and NCD rates have softened. Despite a reversal in the interest rate cycle, risk perception remains elevated in the market for players with a high share of non-retail portfolio and players without a strong parent company support. CRISIL believes the proportion of bank borrowings is expected to remain high over the medium term. *(Source: CRISIL Housing Finance Report, July 2020)*

Bonds/NCDs continue to lead the borrowing mix of HFCs:

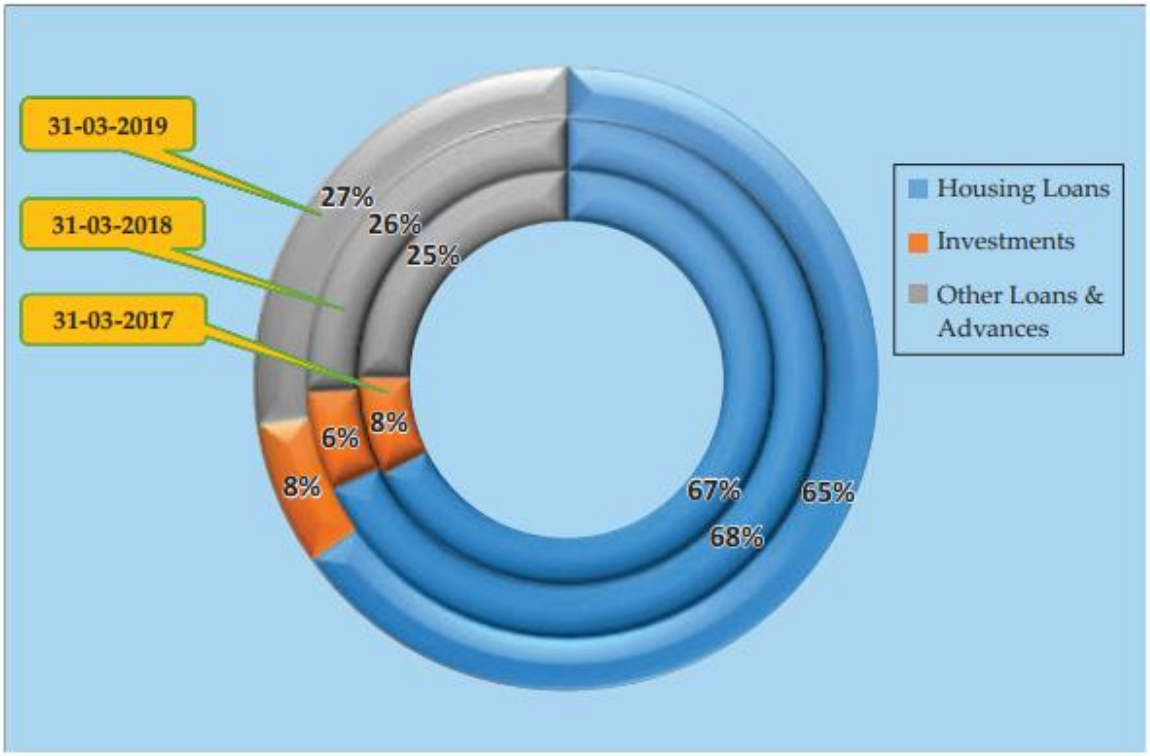


E: Estimated

(Source: CRISIL Housing Finance Report, July 2020)

Asset Profile

The following chart provides the trend in the distribution of earning assets of HFCs in the last three years:



The asset profile of HFCs mainly comprise of housing loans, other loans and advances and investments. As of March 31, 2019, total assets of all HFCs amounted to over ₹13 trillion and housing loans contributed around 65% of the total assets portfolio of HFCs, with an annual growth rate of 13% as on March 31, 2019, as compared to a growth of about 26% as on March 31, 2018. *(Source: NHB, Report on Trend and Progress of Housing in India 2019).*

The following table sets out the assets profiles of HFCs, by type of assets, as of March 31, 2017, 2018 and 2019:

(₹ Billion)

Particulars	**2017**	**2018**	**Growth %**	**2019**	**Growth %**
1 - Loans and Advances	8,185	10,383	26.9	12,042	16.0
a) Housing Loans	5,985	7,528	25.8	8,482	12.7
b) Other Loans & Advances	2,201	2,855	29.8	3,560	24.7
2 – Investments	683	688	0.7	973	41.4
Total	**8,869**	11,072	24.8	**13,015**	**17.6**

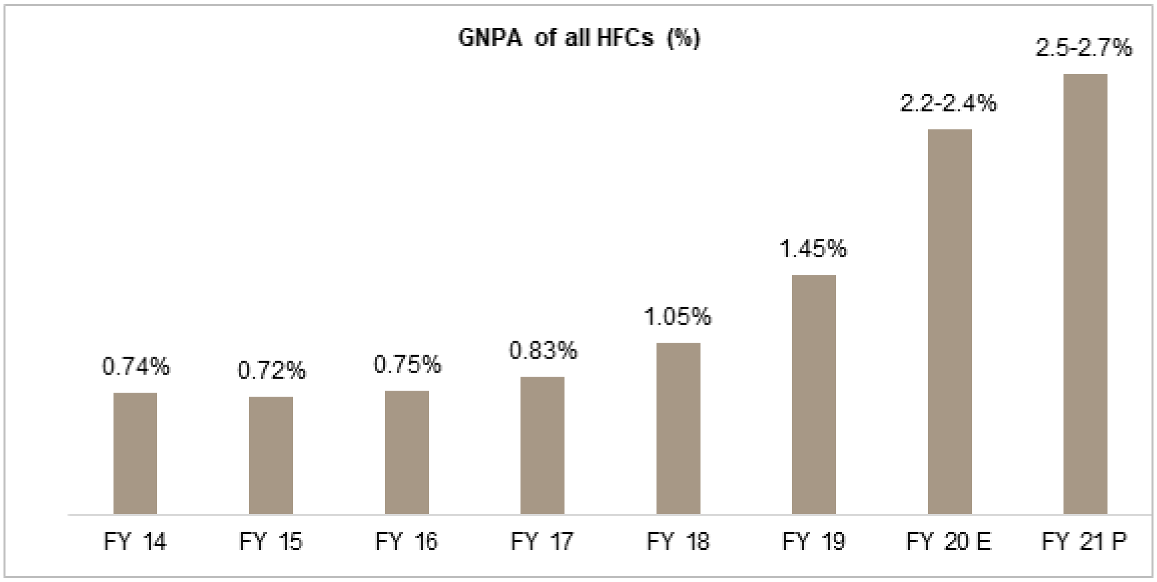
(Source: NHB, Report on Trend and Progress of Housing in India 2019).

Asset quality

Over the past few years, delinquencies have been slowly inching up in the segment. The key reason for this is the seasoning of portfolios, which had seen a robust growth of over 20% for five years until September 2018. Amid a time of aggressive credit underwriting due to increased competition, the years of high growth are now returning to haunt the sector as delinquencies rise. *(Source: CRISIL Housing Finance Report, July 2020)*

The seasoning of portfolios and the rise in slippages in low-ticket size segments were key factors that worsened asset quality. In addition, companies with developer finance books expect to see significant pressure on their asset quality, due to a sharp decline in real estate demand and an increase in unsold inventories amid a challenging refinancing scenario. *(Source: CRISIL Housing Finance Report, July 2020)*

HFCs' GNPA inching up:



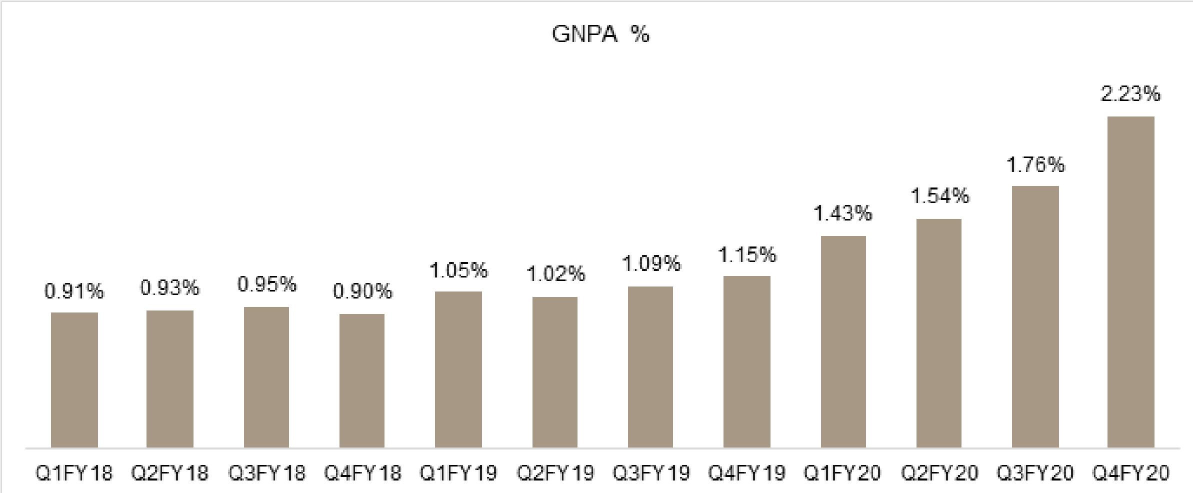
E: Estimated: E, Projected: P *(Source: CRISIL Housing Finance Report, July 2020)*

While the GNPAs increased by 10-20 bps in earlier quarters of fiscal 2020, the number increased by almost 50 bps in last quarter. Players mentioned the issue of collection difficulties during the lockdown in March (last 10 days), which were crucial in the collection period. (*Source: CRISIL Housing Finance Report, July 2020)*

The asset quality of HFCs is likely to deteriorate 30-40 bps by March 2021, on account of higher slippages in the self-employed segment (~35% of overall borrowers), who are acutely vulnerable to the economic slowdown. Support has come from the RBI, which in March 2020, allowed a moratorium of three months on repayment of term loans. According to the RBI's Financial Stability Report (July 2020), almost 50% of individual borrowers (55% of total outstanding) availed of this moratorium, as of April 30, 2020. The central bank in May extended the moratorium period by another three months, up to August 31. *(Source: CRISIL Housing Finance Report, July 2020)*

However, CRISIL Research's assessment suggests that the number of individual borrowers availing the moratorium extension has reduced in the second phase. Assessment by CRISIL Research also indicates that, in many cases, the tenure of loan has been extended, keeping the same monthly installments. Accordingly, a typical three-month moratorium would lead to an extension of tenure by 4-9 months, depending on the level of principal outstanding. However, future policy actions or extension of the moratorium after August 31 remains monitorable. A clearer picture on asset quality will emerge once the moratorium period expires. *(Source: CRISIL Housing Finance Report, July 2020)*

GNPA of key players increased ~50 bps in Q4 Fiscal 20:

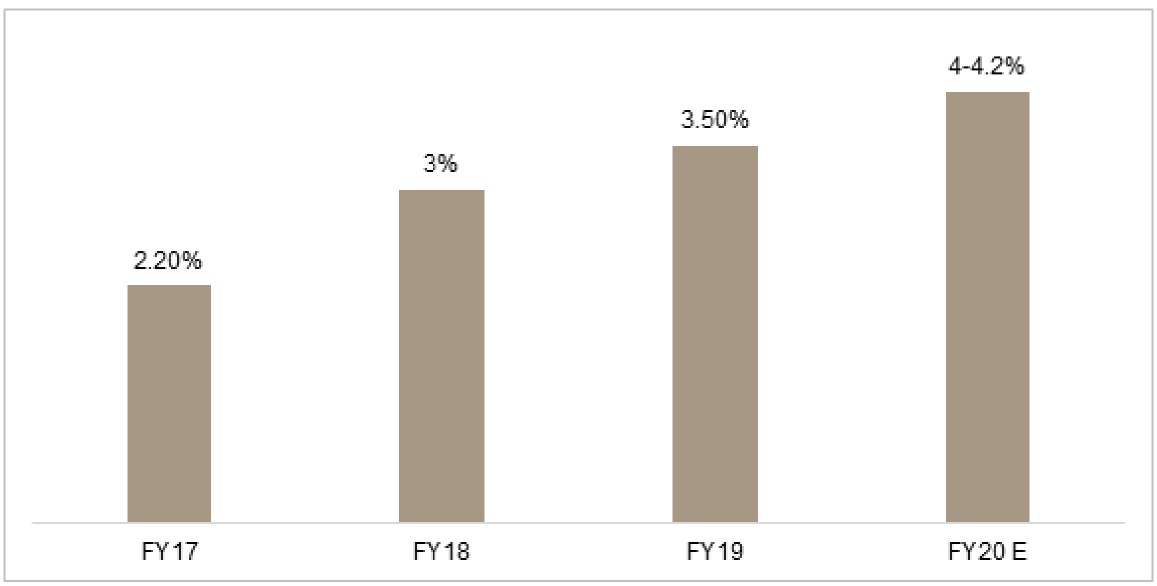


E: Estimated; above trend depicts aggregate movement in GNPA for HDFC Ltd, LIC HF Ltd, Indiabulls HF Ltd., PNB HF Ltd and CanFin Homes Ltd. These five HFCs form more than 70% of retail housing outstanding of all HFCs

(Source: CRISIL Housing Finance Report, July 2020)

Low-ticket focused HFCs catering to semi-urban and rural areas (where borrowers' income is highly irregular as it depends largely on macro factors, such as the monsoon, and as their credit history is unavailable) are exposed to higher geographical concentration risk. To mitigate this, they charge higher yield and use different assessment strategies. Their GNPAs have been deteriorating over the past four years with the figure for fiscal 2020 estimated at 4.0-4.2%. *(Source: CRISIL Housing Finance Report, July 2020)*

GNPAs of low cost HFCs continue to remain elevated:



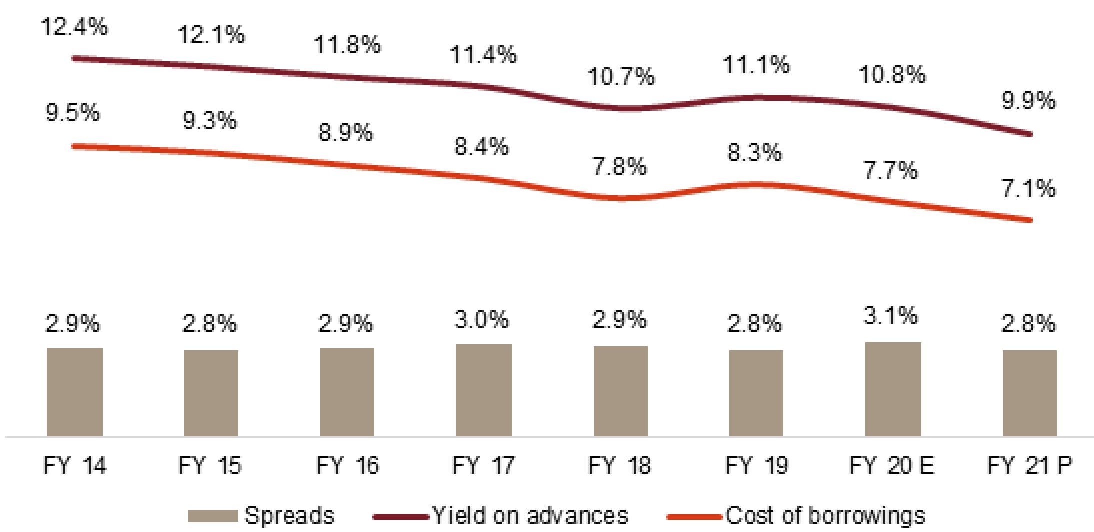
Note: For home loans outstanding of low-cost housing focused players; E: Estimated; *(Source: CRISIL Housing Finance Report, July 2020)*

Profitability improved marginally in fiscal 2020

In fiscal 2019, the rising interest rate in the first half and tight liquidity in the second half increased the cost of borrowing by ~50 basis points (bps). This, however is estimated to have declined by 50-60 bps in fiscal 2020. On the other hand, yield on advances is estimated to have declined around ~30 bps in fiscal 2020 as market rates declined. *(Source: CRISIL Housing Finance Report, July 2020)*

CRISIL Research expects the profitability of HFCs to contract ~30 bps in fiscal 2021, as deterioration in asset quality will lead to higher credit cost. And while the cost of borrowing is expected to fall ~60 bps as market rates decline, the benefit will be passed on to home loan borrowers (lowering the yield on advances), given the current competitive climate. The compression on profitability will also be because of intensifying competition from banks. *(Source: CRISIL Housing Finance Report, July 2020)*

Cost of borrowing decreased more than yield in fiscal 2020:

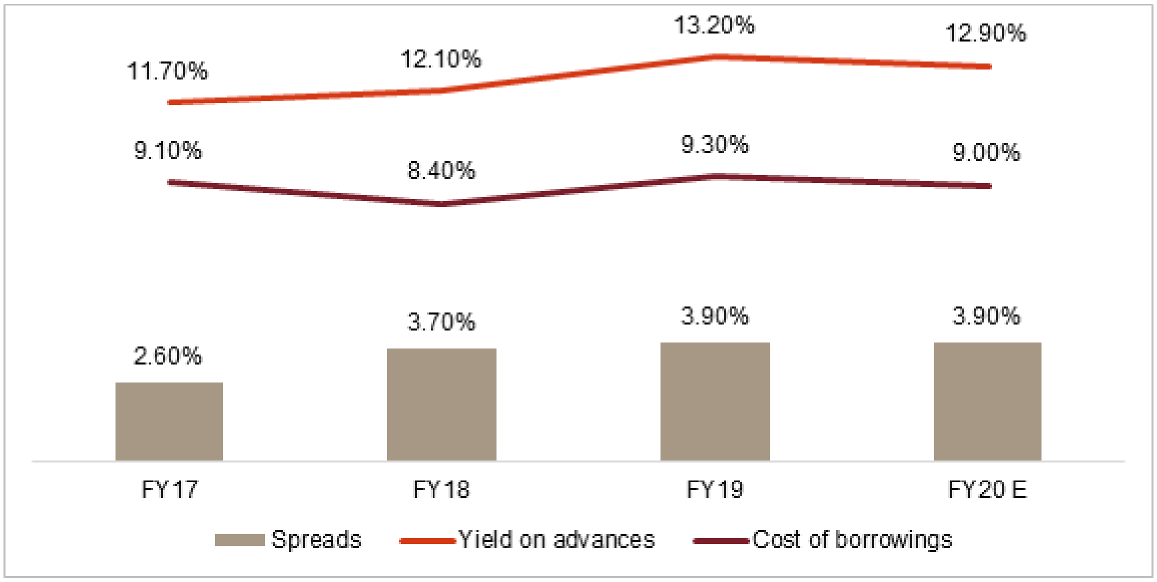


E: Estimated; P: Projected

Source: Company reports, RBI, CRISIL Research

In the low-cost housing finance segment, the overall cost of funds is higher than that of large and medium-sized HFCs, owing to weak credit ratings and a lack of access to the bond market. However, a significant portion of the funding from the NHB refinance, which is relatively cheaper than other avenues, reduces the overall cost of borrowing. Yield on advances is estimated to have declined around ~30 bps in fiscal 2020, as market rates fell and this has been passed on to home loan borrowers. Accordingly, spreads of low-cost housing focused HFCs remained at fiscal 2019 level. *(Source: CRISIL Housing Finance Report, July 2020)*

Cost of borrowing in sync with yields over the last two years:



Note: For home loans outstanding of low-cost housing focused players; E: Estimated;

(Source: CRISIL Housing Finance Report, July 2020)

<u>Recent government initiatives for the housing sector</u>

NHB Measure:

During the year 2018-19 (July-June), amidst tight liquidity conditions across the NBFC sector including the HFC sector, NHB succeeded in providing timely liquidity to HFCs. NHB increased the Refinance Limit for 2018-19 from ₹ 240 billion to ₹ 300 billion. During the year 2018-19 (July-June), refinancing of ₹ 327 billion was sanctioned to 45 HFCs, which included sanctions to 12 new HFCs. The amount of refinancing to be extended to new HFCs was also increased from ₹. 1 billion to ₹ 2 billion. During the year 2018-19 (July-June), aggregate refinance disbursements of INR 252 billion were made with almost 86 per cent of disbursements being made to HFCs and 13 per cent to Scheduled Commercial Banks (SCBs). Outstanding refinancing from NHB was ₹ 691 billion as on June 30, 2019. Of this, HFCs' and SCB's share was about 73 percent (₹ 501 billion) and 26 percent (₹ 180 billion) respectively. (*Source: NHB, Report on Trend and Progress of Housing in India 2019***)**

Partial Guarantee Scheme to Public Sector Banks for addressing asset liability mismatch of NBFCs/ HFCs:

To address temporary asset liability mismatches of otherwise solvent NBFCs/HFCs without having to resort to distress sale of their assets for meeting their commitments, a scheme for providing Partial Credit Guarantee to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from financially sound NBFCs/HFCs was announced in the 2019-20 budget. The Scheme guidelines were issued in August, 2019. As per the guidelines of the scheme, one-time guarantee provided by the Government on the pooled assets would be valid for 24 months from the date of purchase and can be invoked in the event of default. The Banks can invoke the Government guarantee if the interest and/or instalment of the principal remains overdue for a period of more than 90 days during the validity of such guarantee, subject to the condition that the guarantee is for the first loss up to 10 percent (*Source: NHB, Report on Trend and Progress of Housing in India 2019*)

Measure by the RBI to promote liquidity:

In order to encourage NBFCs to securitise/assign their eligible assets, the Minimum Holding Period (MHP) requirement for originating NBFCs was relaxed in November 2018 in respect of loans with an original maturity of over five years. The MHP relaxation is in respect of receipt of repayment of six monthly instalments or two quarterly instalments (as applicable), subject to the prudential requirement that minimum retention requirement (MRR) for such securitisation/assignment transactions would be 20 per cent of the book value of the loans being securitised or 20 per cent of the cash flows from the assets being assigned. This dispensation was given initially for a period of six months, i.e., up to May 2019, however it was extended to December 31, 2019. On review, the relaxation provided therein was further extended until June 30, 2020. All other instructions governing securitisation and direct assignment transactions remain unchanged. *(Source: NHB, Report on Trend and Progress of Housing in India 2019, RBI circular DOR.NBFC (PD) CC.No.107/03.10.001/2019-20 dated 31st December, 2019).*

NHB Measure to structurally strengthen the HFCs:

Having considered it to be in the public interest, and on being satisfied that for the purpose of enabling it to regulate the housing finance system of the country to its advantage, the NHB have made the following key amendments:

- The minimum Tier 1 capital adequacy to be maintained by HFCs has been increased from 6% to 10% at any point in time;
- The overall capital adequacy ratio requirement has been increased from 12% to 15% in a graded manner by year ending March 31, 2022;
- The maximum leverage that HFCs can take up has been reduced to 12 times from 16 times over three years ending March 31, 2022; and
- The ceiling on deposits that HFCs can mobilise has been lowered to three times of net-owned funds from five times.

(Source: NHB notification Notification No.NHB.HFC.DIR.22/MD&CEO/2019 dated 17th June, 2019, NHB, Report on Trend and Progress of Housing in India 2019)

Proposed changes to the extant regulatory framework for HFCs

The Finance (No.2) Act, 2019 (23 of 2019) amended the National Housing Bank Act, 1987, conferring powers for regulation of HFCs to the RBI. Subsequently, a review of the guidelines applicable to HFCs was carried out, with a view to regulating HFCs as a category of NBFCs. Accordingly, the RBI has decided that in areas where the existing HFC regulation is in tandem with NBFC regulation, the relevant sections of the NBFC Master Directions would be made applicable *mutatis mutandis* to HFCs. Where HFC regulation differs from that for NBFCs, either the existing provisions will be retained, or changes would be brought out wherever possible while ensuring that the changes are made in the least disruptive way. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes)*

The major changes envisaged in the HFC regulatory framework in terms of the RBI report titled 'Review of extant regulatory framework for Housing Finance companies (HFCs) – Proposed Changes' are as follows:

Applicable law

In order to avoid dual regulation, HFCs were granted exemption from the provisions of Chapter IIIB of the RBI Act *vide* notification dated June 18, 1997 by exercising powers under Section 45NC of RBI Act. With the transfer of the HFC regulation to the RBI, it was decided that these exemptions would be withdrawn and the provisions of Chapter IIIB, except Section 45-IA of RBI Act, would be made applicable to all HFCs. The notification No.DOR.047/CGM (MM)-2019 withdrawing the exemptions granted to HFCs was issued on November 19, 2019. Companies intending to function as HFCs shall seek registration with the Reserve Bank under Section 29A of NHB Act and existing HFCs holding CoR issued by NHB need not approach the RBI for fresh CoR. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes).*

Defined terms

The RBI observed that the term 'providing finance for housing' or 'housing finance' is not formally defined and proposed to have an inclusive definition of the terms 'providing finance for housing' or 'housing finance' as per provisions of RBI's master circular on housing finance addressed to banks and NHB's illustrative list of housing loans. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes).* Accordingly, the draft framework state that 'housing finance' means financing, for purchase/construction/reconstruction/renovation or the repair of residential dwelling units, which includes:

a) Loans to individuals or groups of individuals including co-operative societies for construction/purchase of new dwelling units.
b) Loans to individuals for purchase of old dwelling units.
c) Loans to individuals for purchasing old/new dwelling units by mortgaging existing dwelling units.
d) Loans to individuals for the purchase of plots for construction of residential dwelling units, provided a declaration is obtained from the borrower that he intends to construct a house on the plot within a period of three years from the date of availing of the loan.
e) Loans to individuals for renovation/reconstruction of existing dwelling units.
f) Lending to public agencies including state housing boards for construction of residential dwelling units.
g) Loans to corporates/Government agencies (through loans for employee housing).
h) Loans for construction of educational, health, social, cultural or other institutions/centres, which are part of housing project in the same complex and which are necessary for the development of settlements or townships;
i) Loans for construction of houses and related infrastructure within the same area, intended to improve the conditions in slum areas for which credit may be extended directly to the slum-dwellers on the guarantee of the Government, or indirectly to them through the State Governments;
j) Loans given for slum improvement schemes to be implemented by Slum Clearance Boards and other public agencies;
k) Lending to builders for construction of residential dwelling units

All other loans, including those given for furnishing dwelling units, loans given against mortgage of property for any purpose other than buying/construction of a new dwelling unit/s or renovation of the existing dwelling unit/s, will be treated as non-housing loans. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes)* Furthermore, the draft framework states that post the enactment of Finance Act 2019, the amended provisions under Section 29A (1) of NHB Act, RBI includes the term 'principal business' and with the amendment to NHB Act the need for defining the term principal business for HFCs has arisen. The RBI has proposed that the existing definition used for NBFCs would be extended to HFCs. As per the RBI Press Release no.1998-99/1269 dated April 08, 1999 a company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and if its income from financial assets is more than 50% of the gross income and both of these tests are required to be satisfied as the determinant factor for the 'principal business' of an NBFC. However, as HFCs cater to the housing sector, it was proposed to introduce the concept of 'qualifying assets' for HFCs as has been done in the case of NBFC-MFIs. HFCs who do not fulfil the criteria will be treated as NBFC-Investment and Credit Companies (NBFC-ICCs) and are required to approach RBI for the conversion of their Certificate of Registration from HFC to NBFC-ICC. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes)*

Graded approach to HFC regulation

Presently HFC regulations are common for all HFCs irrespective of their asset size and ownership. The RBI proposes to issue HFC regulations by classifying HFCs as either systemically important or non-systemically important and as such, will introduce a graded approach as applicable to NBFCs in general. Non-deposit taking HFCs (HFC-ND) with an asset size of ₹ 5 billion and above and all deposit taking HFCs (irrespective of asset size) will be treated as systemically important HFCs, with HFCs with an asset size of less than ₹ 5 billion will be treated as non-systemically important HFCs (HFC-non-SI). While the regulations for HFC-NDSI and HFC-Ds will be as existing under NHB regulations or harmonised with NBFC regulations, the regulations for HFC-non-SI (i.e., HFCs with asset size below ₹500 crore) will be brought on par with relevant regulations for NBFC-ND-non-SI. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes)*

Minimum Net Owned Fund (NOF) of ₹200 million

In exercise their powers conferred under Section 29A (1) (b) of NHB Act, 1987, the RBI proposes to increase the minimum NOF for HFCs from the current requirement of ₹ 100 million to ₹ 200 million. For existing HFCs, the glide path would be to reach 150 million within 1 year and 200 million within 2 years. This step is aimed at strengthening the capital base, especially of smaller HFCs, and companies proposing to seek registration under the NHB Act. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory* *framework for HFCs – Proposed Changes)*

Harmonising the definitions of Capital (Tier I & Tier II) and Public Deposits with that of NBFCs

The components of Tier I and Tier II capital are similar for NBFCs and HFCs, with the exception of the treatment of perpetual debt instruments (PDI). Presently PDIs are not considered as part of the capital of HFCs, unlike that of NBFCs. RBI proposes to align these definitions. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes).*

The RBI proposes to align the definition of public deposits for NHBs and NBFCs as the existing definitions provided under the relevant RBI & NHB regulation are similar except that any amount received from NHB or any public housing agency are also exempt from the definition of public deposit as per definition in NHB directions. The RBI proposes to apply the definition given under the RBI master direction, with the addition that any amount received by HFCs from NHB or any public housing agency is also exempt from the definition of public deposit. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes).*

Liquidity risk framework

Non-deposit taking NBFCs with an asset size of ₹ 1 billion and above, systemically important Core Investment Companies and all deposit taking NBFCs (except Type 1 NBFC-NDs, Non-Operating Financial Holding Companies and Standalone Primary Dealers) were advised to adhere to the guidelines as provided for in the Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies dated November 04, 2019 (DOR.NBFC (PD) CC. No.102/03.10.001/2019-20). The RBI proposes to extend these guidelines to all non-deposit taking HFCs with asset size of ₹ 1 billion and above and to all deposit taking HFCs. As a matter of prudence, the RBI has encouraged all other HFCs to adopt these guidelines, on a voluntary basis. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes).*

HFCs exposure to group entities limited

To address concerns on double financing, due to HFCs lending to both construction companies in a group and also to individuals purchasing flats from the latter, HFCs may now only to lend at one level of a project. HFCs can either undertake exposure in the group company in their real estate business or lend to retail individual home buyers in the projects of their group entities, but not both. If the HFC decides to take any exposure in its group entities (lending and investment) directly or indirectly, such exposure cannot be more than 15% of owned fund for a single entity in the group and 25% of owned fund for all such group entities. With regards to extending loans to individuals who choose to buy housing units from entities in the group, the HFC would follow arm's length principles in letter and spirit. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes)*

Other changes

The RBI propose to harmonise all instructions with respect to fraud monitoring for HFCs, with the existing instructions in place for NBFCs. In addition, the Information Technology Framework for NBFCs is proposed to be made applicable to HFCs. The IT Framework for NBFCs covers IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing and is categorized into two parts, those which are applicable to all NBFCs with asset size above ₹500 crore (considered Systemically Important) and for NBFCs with asset size below ₹500 crore. In view of the decision to classify the HFCs into systemically important and non-systemically important entities these instructions will apply accordingly. NHB does not have prescribed guidelines on securitisation and RBI proposes to bring all HFCs within the ambit of the guidelines on securitisation transactions as applicable to NBFCs. Currently, there are no guidelines in place for lending against the security of shares by HFCs. In the interest of uniformity, it is proposed to extend the instructions applicable to NBFCs when lending against the collateral of listed shares (set out in the Master Direction) to all HFCs. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes)*

Guidelines created for NBFCs surrounding the outsourcing of financial services and foreclosure charges/pre-payment penalties regarding repayment of loans by borrowers will be extended to HFCs. In addition, the instructions issued relating to the Implementation of Indian Accounting Standards will also be extended to HFCs. *(Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes)*

In addition to the above, there exist certain major differences between extant regulations of the HFCs vis-à-vis those for NBFCs which are as follows: (a) Capital requirements ("**CRAR**" and risk weights); (b) Income Recognition, Asset Classification and Provisioning ("**IRACP**") norms; (c) Norms on concentration of credit / investment; (d) Limits on exposure to Commercial Real Estate ("**CRE**") & Capital Market ("**CME**"); (e) Regulations on acceptance of Public Deposits. Harmonising the above-mentioned regulations will be carried out in a phased manner over a period of two to three years, until such time, HFCs will continue to follow the extant norms. (*Source: Department of Regulation, Central Office – HFC Division, RBI – Review of extant regulatory framework for HFCs – Proposed Changes*)

Key growth drivers

Housing for All by FY2022

The Government has launched initiatives for providing housing in both rural and urban areas through various schemes. The "Housing for All" Mission launched by the Government of India aims to provide every family with "a pucca house with water connection, toilet facilities, 24x7 electricity supply" by 2022. The target is to construct 11.2 million houses in urban areas and 29.5 million in rural areas. (*Source: NHB, Report on Trend and Progress of Housing in India 2019)*

PMAY-U Scheme

PMAY(U) - Housing for All Mission was launched on June 25, 2015 with an objective to provide Central assistance to implementing agencies through States/Union Territories ("**UTs**") for providing houses to all eligible families/beneficiaries by 2022. In order to address Housing for All in urban areas, the Mission has four verticals: i. In-situ Slum Redevelopment ("**ISSR**") ii. Credit Linked Subsidy Scheme ("**CLSS**") iii. Affordable Housing in Partnership ("**AHP**") iv. Beneficiary-led Construction ("**BLC**") New / Enhancement ("**BLE**") (*Source: NHB, Report on Trend and Progress of Housing in India 2019)*

PMAY-U Achievement as on 20th July, 2020 (Provisional figures)

Investment (Central, State & Beneficiary)	INR 6,410 billion
Central Assistance Committed	INR 1,665 billion
Central Assistance Released	INR 724 billion
Demand of no. of Houses	11.22 million
No. of Houses Sanctioned	10.56 million
Houses Grounded for construction	6.61 million
Construction of Houses Completed	3.51 million

Vertical wise breakup of 10.56 million Sanctioned Houses:

CLSS	1.07 million
CLSS - MIG	0.36 million
CLSS - EWS/ LIG	0.71 million
ISSR	0.46 million
AHP	2.80 million
BLC	6.21 million

(Source: pmay-urban.gov.in)

PMAY-G: Pradhan Mantri Awas Yojana (Gramin)

To address the gaps in rural housing program and to fulfil Government's commitment to provide "Housing for All" by 2022, the Scheme of Indira Awas Yojana IAY was re-structured into Pradhan Mantri Awas Yojana – Gramin (PMAY(G)) w.e.f. April 01, 2016. PMAY(G) aims at providing a pucca house, with basic amenities, to all houseless householders and those households living in kutcha and dilapidated houses, by 2022.

The main features of the scheme of PMAY(G) are as under:

- Identification of beneficiaries as per the housing deprivation parameters and exclusion criteria prescribed under Socio Economic Caste Census (SECC) 2011 after due verification by Gram Sabha.
- Providing assistance for construction of 29.5 million pucca houses for eligible rural households by March, 2022 in phases i.e. 10 million houses in Phase I (2016-17 to 2018-19) and 19.5 million houses in Phase II (2019-20 to 2021-22). 11.05 million houses have been completed under PMAYG as on July 26, 2020.
- Enhancement of unit assistance from ₹ 70,000 (IAY) to INR 1,20,000 in plain areas and from ₹ 75,000 (IAY) to ₹1,30,000 lakh in Hilly States, NE States, difficult areas and IAP districts.
- Provision of assistance for construction of toilets amounting to ₹12,000 through Swachh Bharat Mission-Gramin (SBM-G), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) or any other dedicated source of funding and 90/95 days of unskilled wages under MGNREGS over and above the unit assistance.
- Enhancement of the minimum unit size of house from 20 sq. mtr. (IAY) to 25 sq. mtr.
- Facilitating willing beneficiaries to use loans from Financial Institutions for an amount of up to ₹ 70,000.

(Sources: NHB, Report on Trend and Progress of Housing in India 2019, https://pmayg.nic.in/netiay/Report/YearWiseHousesCompSchemePhaseWiseDistRpt.aspx)

Credit Linked Subsidy Scheme – Key component of Housing For All – 2022

Beneficiaries of Economically Weaker Section ("**EWS**")/Low Income Group ("**LIG**"), Middle Income Group (MIG)-I and Middle Income Group (MIG)-II seeking housing loans from Banks, Housing Finance Companies and other such institutions for acquiring/constructing houses are eligible under the scheme (*Source: NHB, Report on Trend and Progress of Housing in India 2019)*

The NHB, Housing and Urban Development Corporation ("**HUDCO**") and State Bank of India ("**SBI**") from November 1, 2019 for their own branches have been designated as the Central Nodal Agencies ("**CNAs**") to channelize this subsidy to the lending institutions and for monitoring the progress of this component (*Source: NHB, Report on Trend and Progress of Housing in India 2019)*

The beneficiary category wise subsidy assistance under the Scheme is summarised below:

Particulars	**EWS**	**LIG**	**MIG I**	**MIG II**
Household Income (₹)	Up to 300,000	> 300,000 and up to 600,000	> 600,000 and up to 1.2million	> 1.2 million and up to 1.8 million
Carpet Area in sq. mtr.	30	60	160	200
Interest Subsidy (% p.a.)		6.5%	4%	3%
Maximum Loan Tenure				20 Years

Particulars	EWS	LIG	MIG I	MIG II
Eligible Loan Amount (₹)		6,00,000/-	9,00,000/-	12,000,000/-
Discounted NPV Rate				9%
Upfront amount for Subsidy (Rs.) for a 20 Year Loan		2,67,280/-	2,35,068	2,30,156/-
Approx. monthly savings in (₹) @ Loan Interest of 10%		2,500/-	2,250/-	2,200/-

(Source: NHB, Report on Trend and Progress of Housing in India 2019).

Tax initiatives promoting the housing sector

The government has traditionally used tax regulations to promote the housing sector. Tax sops for the housing sector have been instrumental in driving growth in the housing and housing finance sectors. Some of the tax benefits announced in Union Budget 2019-20 include an interest deduction on loans taken until March 31, 2020, for the purchase of a house valued up to ₹ 4.5 million, enhanced to ₹ 350,000 from ₹ 200,000. This interest deduction of ₹ 150,000 would reduce the effective home loan interest rate by around 40-50 basis points (bps) for a typical 15-year loan. *(Source: CRISIL Research, NBFC Report, September 2019).*

Below is an illustrative table on how tax incentives and CLSS have lowered the effective rate on mortgages:

	FY 2020	FY 2002	FY 2000
Loan amount (Rs)	27,00,000	27,00,000	27,00,000
Less: Subsidy under CLSS	2,30,156	-	-
Revised loan amount	24,69,844	27,00,000	27,00,000
Nominal Interest Rate(%)	7.50%	10.75%	13.25%
Max deduction for interest allowed	2,00,000	1,50,000	75,000
Deduction on principal	1,50,000	20,000	20,000
Tax rate	30.90%	31.50%	34.50%
Tenor (years)	20	20	20
Total amount paid per year	3,35,238	3,28,944	3,85,380
Interest component	1,85,238	2,90,250	3,57,750
Principal repaid	1,50,000	38,694	27,630
Tax amount saved	1,08,150	53,550	32,775
Effective interest paid on home loan	77,088	2,36,700	3,24,975
Effective interest on home loan	2.9%	8.8%	12.0%

GST cut a leg-up for realty demand

Over the past two years, preference for completed projects has been clearly visible because of the additional GST burden and execution risks associated with under-construction properties. With the RERA framework evolving and GST reduced, end-user confidence towards under-construction properties will improve. This should also gradually improve volume growth in the housing segment.

A drastic 700 bps reduction in the Goods and Services Tax ("**GST**") from 8% to 1% for under-construction affordable housing projects (effective rate after deducting one-third towards land cost) and from 12% to 5% for other under-construction housing projects (effective rate after deducting one-third for land cost), is likely to increase end user demand. Also, the GST Council adopted a new definition of affordable housing, which is now described as a residential house / flat with a carpet area of up to 90 square metres in non-metropolitan cities/towns, and 60 square metres in a metro, and having value up to ₹ 4.5 million. Metros identified are Bengaluru, Chennai, Delhi NCR (limited to New Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon and Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region). It should be noted that 40-45% of ongoing supply in these six cities fall below the ₹ 4.5 million ticket size, so the effective 1% GST rate should stoke demand. *(Source: CRISIL Research, NBFC Report, September 2019).*

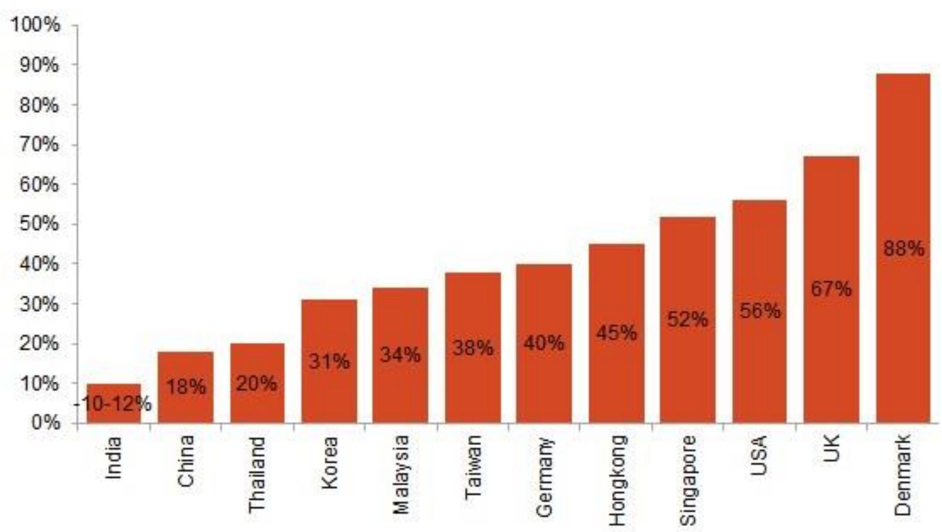
Effective implementation of RERA will led greater transparency and drive growth in the long term

The government has also introduced the Real Estate (Regulation & Development) Act 2016 ("**RERA**"). The objective of the Act is to bring in transparency and enhance disclosures of project information, thereby enabling consumers to be better informed of the properties they are buying into. While implementation of real estate regulations at the state levels may take time, over the longer term, it will increase efficiency in the Indian real estate markets

The RERA could have some impact over the next 1-2 fiscal years until the industry adjusts to the new regulations, as it has forced developers to focus on completing their existing projects. This, coupled with sluggish demand, has resulted in fewer new launches of residential properties. However, CRISIL Research expects RERA will lead to better structure, transparency and discipline in the sector in future.

Mortgage penetration (% of GDP)

Despite the strong growth in outstanding housing loans in India in recent years, India's housing finance sector remains underpenetrated in comparison to other advanced economies, evidenced by its low mortgage-to-GDP ratio. India's mortgage-to-GDP ratio was still low at 10-12% in fiscal 2019, but this showed an increase from 7.4% in fiscal 2010. This is as result of rising incomes, improving affordability, growing urbanisation and nuclearisation of families, emergence of Tier-II and Tier-III cities, ease of financing, tax incentives, and the widening reach of financiers. *(Source: CRISIL Research, NBFC Report, September 2019)*.



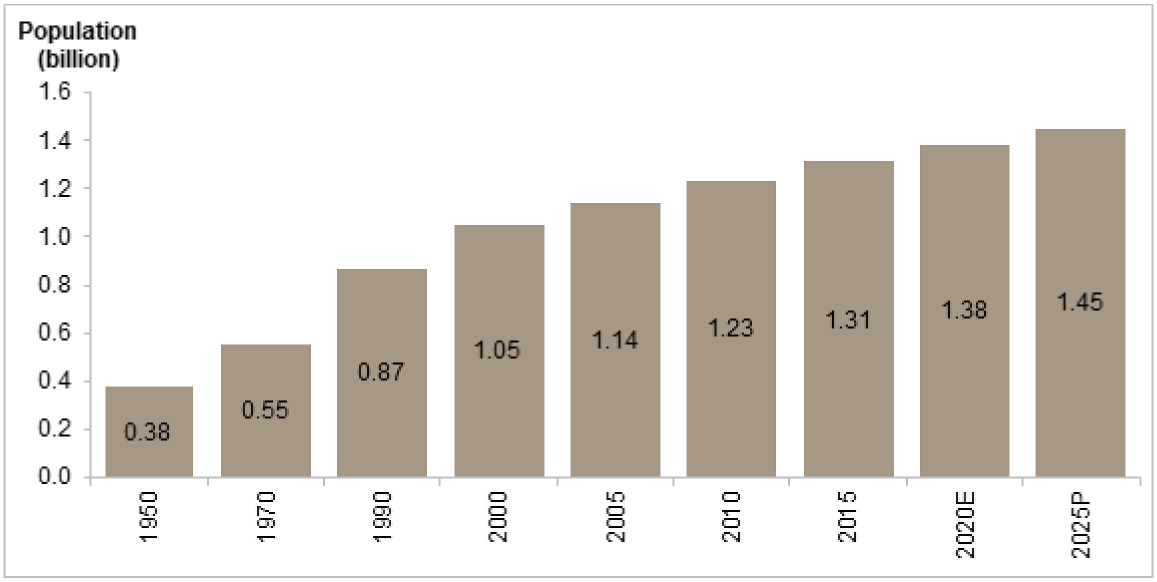
Note: India data for Fiscal 19, Other countries data for CY15

Source: HOFINET, CRISIL Research

Mortgage penetration in India is estimated to be 9-11 years behind other regional emerging markets, such as China and Thailand. However, due to various structural drivers, such as a young population, smaller family sizes, urbanisation and rising income levels, growth rates in the mortgage segment are expected to remain strong over the long term. *(Source: CRISIL Research, NBFC Report, September 2019)*.

India has the second-largest population

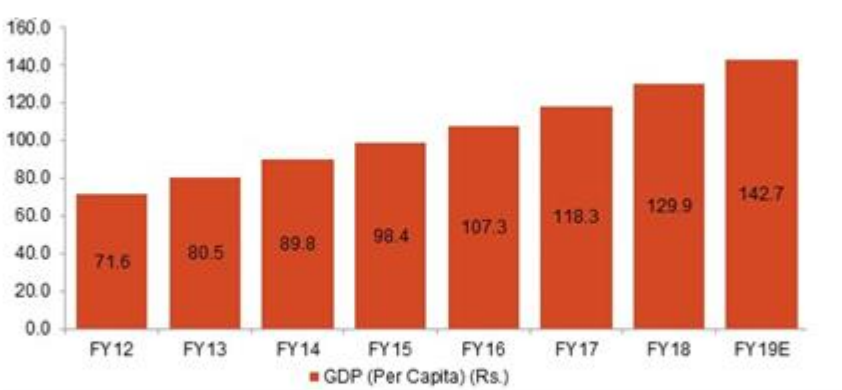
As at the 2011 Census, India's population was around 1.2 billion, comprising nearly 246 million households. The population increased by more than 181 million during 2001-2011 and is expected to increase to 1.45 billion by 2025.



Source: United Nations Department of Economic and Social affairs, CRISIL Research
(Source: CRISIL Housing Finance Report, July 2020)

Affordability led by disposable income

The per capita GDP in India grew at a healthy rate in the three years up to fiscal 2019 and it rose to ₹ 142,000 in fiscal 2019 (base year 2011-12). Among India's GDP components, private consumption is the biggest contributor at ~58% in fiscal 2019. Per capita GDP, a proxy to measure private consumption, is estimated to have grown over 8% in fiscal 2018. With GDP accelerating in fiscal 2019, per capita GDP is expected to grow faster. Typically, increasing disposable income has a positive correlation with the demand for housing units as it increases affordability. *(Source: CRISIL Research, NBFC Report, September 2019)*

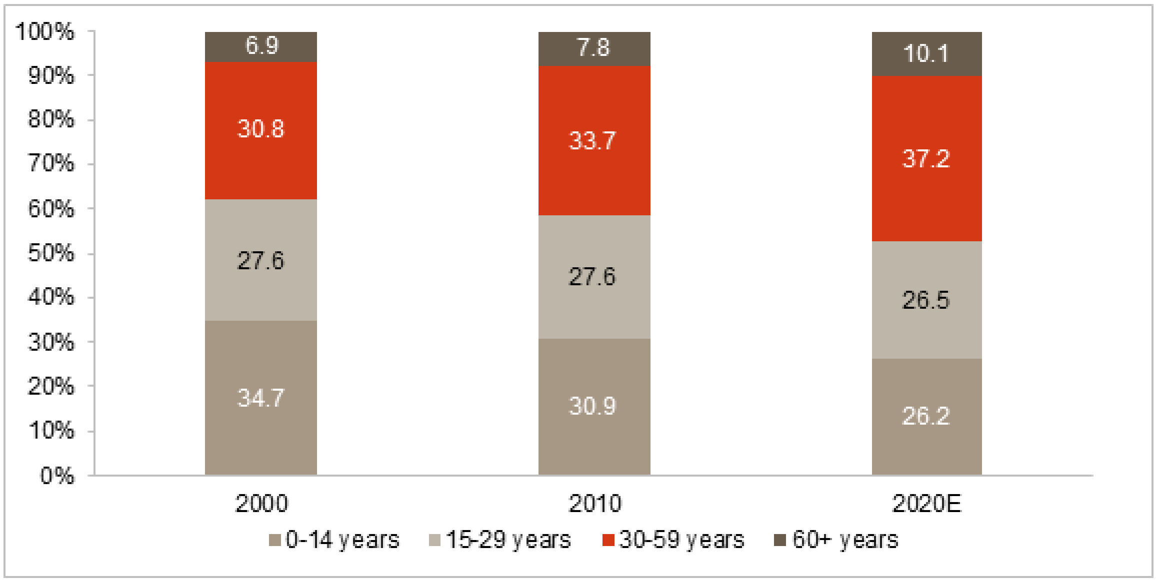


Note: GDP per capita is in ₹ '000

Source: CSO (Central Statistical Organisation), RBI, CRISIL Research

Favourable demographics

India is also a nation with one of the highest young populations, with a median age of 28 years and where around 90% of Indians are aged below 60 years. Further, CRISIL Research estimates that 63% of this population is aged between 15 and 59 years. We expect that the existence of a large share of working population, coupled with rapid urbanisation and rising affluence, will propel growth of the Indian financial services sector.

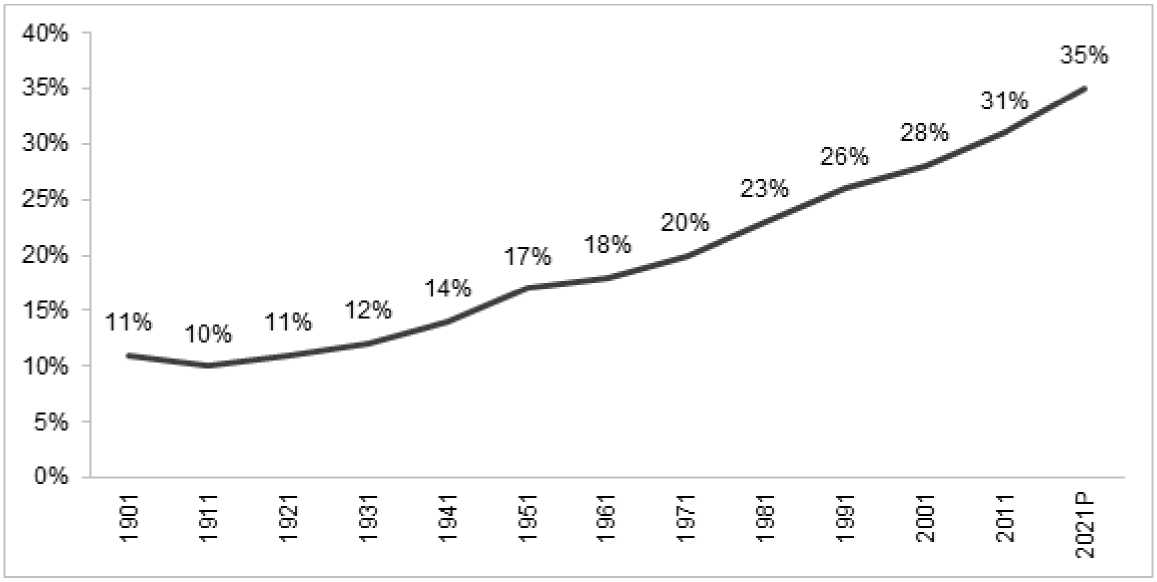


Source: United Nations Department of Economic and Social affairs, CRISIL Research
(Source: CRISIL Housing Finance Report, July 2020)

Rise in urbanization will boost housing demand

India still faces a huge shortage of houses, especially in urban areas. The share of urban population rose steadily from 31% in 2011 to an estimated ~34% in 2019. CRISIL Research expects urbanisation to accelerate, with the urban population growing at a CAGR of 2.0-2.5% over fiscals 2019-2022, which is higher than the overall population growth of 1.2% during the period. *(Source: CRISIL Housing Finance Report, July 2020)*

The increasing urbanisation will boost per-capita GDP, as was evident during the previous five years. It will also enhance financial literacy and the quality of living. Urbanisation has a twin impact on housing demand – it increases the number of nuclear families, leading to the formation of more urban households, and reduces the area requirement per household. Urbanisation boosts housing demand in urban areas as migrants from rural areas require dwelling units. People from rural areas move to cities for better job opportunities, education, avail better lifestyle etc. Nearly 35% of the country's population is expected to live in urban locations by 2020, which will drive the demand for housing in these areas *(Source: CRISIL Housing Finance Report, July 2020)*



Source: United Nations Department of Economic and Social affairs, IMF
(Source: CRISIL Housing Finance Report, July 2020)

Rise in finance penetration to drive industry

The deepening penetration of finance is also expected to support the industry's growth. Rising demand for housing in Tier-II and -III cities, and a subsequent surge in construction, have increased the focus of financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to ~44-45% in 2019, from an estimated 39% in 2012. Boosted by the low-cost housing push and rising competition in higher ticket size loans, we expect finance penetration in urban areas to have marginally increased to 45% in fiscal 2020. Apart from the urban segment, rural areas are also likely to witness considerable improvement in finance coverage, mainly due to the government's efforts to provide housing for all. However, operational challenges, such as timely collection of payments, lower ticket sizes and higher delinquencies than the urban markets will pose challenges to rural expansion *(Source: CRISIL Housing Finance Report, July 2020)*

Risks and challenges

With the Indian economy going through a difficult period, spending on high-ticket assets such as real estate is likely to be adversely impacted. New bookings are likely to fall 50-60% in fiscal 2021 and capital values are likely to remain under pressure. As employment generation and income growth face headwinds, people will postpone their decisions of buying a home. This will impact sales of both primary (developer sales) and secondary (resale) properties. Over the last four-five years, the government’s spending on Pradhan Mantri Awas Yojana gave a boost to affordable housing. However, in fiscal 2021, with the constrained fiscal position and a higher spend on healthcare, incremental spend on housing schemes by both central and state governments will remain monitorable. *(Source: CRISIL Housing Finance Report, July 2020)*

One of the biggest risks to low-cost housing players is the threat from banks as the latter have details of borrowers’ banking behaviour and their repayment history. Banks can approach these regular customers by offering them lower interest rates (than HFCs) and zero processing fee. In doing so, banks will save their operating costs and get good quality customers. In addition, as far as the cost of funds is concerned, most small HFCs are disadvantaged as opposed to large banks and large HFCs. This is due to the mix of funding (mid-size and small HFCs are more bank-funded) and higher costs (as credit ratings are lower). However, securitisation and NHB could help to a certain extent. *(Source: CRISIL Housing Finance Report, July 2020)*

HFCs’ cash flows are largely dependent on the timely completion of projects in which their customers have bought housing. If the project gets delayed, the borrower may start defaulting on loans. Additionally, project delays also tend to impact growth in the loan book. Furthermore, collateral frauds in the sector are increasing and have become a serious issue. As a result, lending institutions are forced to implement additional control measures, which increase their underwriting expenses. *(Source: CRISIL Housing Finance Report, July 2020)*

In addition, the lack of proper title can be a risk, especially on the outskirts of large cities, in semi-urban areas and in rural regions. With better availability of information and proper due diligence by their technical team, HFCs are trying hard to mitigate this risk. The apartment culture has still not developed in many of the semi-urban and rural areas, leading to financing of individual properties. It is harder to sell a property that is built according to the needs of an individual and this is a challenge for the financiers. Also, in rural areas, it may become difficult to find a buyer for a repossessed property due to cultural issues. Each of these factors leads to a liquidity risk. Lastly, credit-score availability in India is still at a nascent stage, despite the presence of credit bureaus. In several cases, borrowers lack a formal proof of income documents. This can make it difficult to judge the borrowers ability to repay. *(Source: CRISIL Housing Finance Report, July 2020).*

BUSINESS

The following information should be read together with the more detailed financial and other information included in this Placement Document, including the information contained in the section titled "Risk Factors" beginning on page 56 of this Placement Document.

*Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Research – NBFC Report released in India on September 15, 2019 and September 16, 2019 the CRISIL Housing Finance Report, released in India in July 2020 (the "**Reports**") and other publicly available information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Reports and included herein with respect to any particular year refers to such information for the relevant calendar year.*

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Housing Development Finance Corporation Limited on a standalone basis, while any reference to "we", "us", "our" or "our Group" is a reference to Housing Development Finance Corporation Limited on a consolidated basis.

Overview

Our Company was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956. Our Company has its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020, India and corporate office at HDFC House, H.T. Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai 400 020, India. Our Company is registered with CIN L70100MH1977PLC019916. Our Company's initial public offering was undertaken in 1978 and its equity shares are listed and traded on BSE and NSE and our Company's Synthetic INR denominated bonds are listed on the London Stock Exchange.

Our Company's non-convertible debentures and commercial paper are listed on the wholesale debt market segments of BSE and/or NSE.

Our Company is the first specialised mortgage finance company to be set up in India. *(Source: the Reports).* Our Company's principal business is providing finance to individuals, developers and corporates for the purchase, repair, construction, and development of residential and commercial properties in India.

Our Company's product range includes loans for purchase and construction of residential units, home improvement loans, home extension loans, non-residential premises loans and loans against property, while its flexible repayment options include Step Up Repayment Facility ("**SURF**") and Flexible Loan Instalment Plan ("**FLIP**"). Our Company also has specialized products such as 'HDFC Reach' which addresses the housing needs of the informal sector and micro entrepreneurs and 'HDFC Rural Loans' which focuses on customers with rural incomes or acquiring homes in rural and peripheral areas. Our Company offers housing finance solutions for customers across all income ranges.

Our Company is predominantly a retail mortgage finance company, however over the years, it has evolved as a financial conglomerate with interests beyond mortgages. Our Company is the holding company for investments in its associate and subsidiary companies and through them, our Company has diversified into different sectors such as, banking, insurance, asset management, education finance and property funds.

Some of the key wholly-owned subsidiaries of our Company are: HDFC Sales Private Limited ("**HSPL**"), a financial services distribution company, HDFC Credila Financial Services Private Limited ("**HDFC Credila**"), a dedicated education loan company, HDFC Property Ventures Limited ("**HDFC Property**") and HDFC Capital Advisors Limited ("**HDFC Capital Advisors**"), both of which are investment advisors and asset managers. Our Company is a majority shareholder with a shareholding of 50.1 per cent. in HDFC Life Insurance Company Limited ("**HDFC Life**"), a life insurance firm that ranks first in new business premium amongst private players. Our Company has a shareholding of 52.7 per cent in HDFC Asset Management Company Limited ("**HDFC AMC**"), one of India's largest asset management companies and a shareholding of 50.5 per cent in HDFC Ergo General Insurance Company Limited ("**HDFC Ergo**"), one of the top three private players in general insurance in India. Our Company, together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited has a 21.2 per cent shareholding in HDFC Bank one of India's leading private sector banks. The shareholding of our Company in the above mentioned subsidiaries and associate are as on June 30, 2020.

Distribution channels form an integral part of our Company's distribution network with home loans being distributed through HSPL, HDFC Bank and third party direct selling associates. As of March 31, 2020, our Company's network comprised 584 outlets, which included 205 offices of its wholly-owned distribution subsidiary, HSPL. HDFCs have opened all their offices, however due to the Covid-19 pandemic, local authority directions have meant some offices must be closed. On average on or around 40 offices are temporarily shut at one time across India as various locations enter in and out of lockdown. Our Company also has an online digital platform for loans available on www.hdfc.com.

Our Company's business is conducted through its branches in India and its representative offices overseas where our Company offers its products to non-resident Indians ("**NRIs**") for residential premises in India. Our Company's representative offices overseas are in London, Singapore and Dubai and our Company also has service associates in the Middle East.

As at June 30, 2020, 70 per cent. of our Company's share capital was held by foreign investors, 19 per cent. by domestic institutional investors including insurance companies, mutual funds, financial institutions and banks, 9 per cent. by individuals and 2 per cent. by private companies. The market capitalisation of our Company as at June 30, 2020 stood at US$ 40.00 billion.

As of Fiscal 2020, our Company's capital adequacy ratio was 17.6 per cent. and Tier 1 Capital stood at 16.4. per cent. As of June 30, 2020, our Company's capital adequacy ratio was 17.3 per cent and Tier 1 Capital stood at 16.2 per cent. The National Housing Bank ("**NHB**") requires housing finance companies ("**HFCs**") to have a minimum capital adequacy ratio of 13 per cent of which the minimum Tier 1 capital is 10 per cent. for Fiscal 2020. These minimum capital requirements will be progressively increased to 14 per cent. by March, 31 2021 and 15 per cent by March, 31 2022 for the overall capital adequacy requirement based on the directions issued by NHB.

A snapshot of the business of our Company as of March 31, 2020 is as follows:

Assets Under Management	₹ 5,167.73 billion US$ 68.29 billion
Individual Loans Originated CAGR (five years).............................	18 per cent.
Cumulative Housing Units Financed	7.7 million
Total loan write offs since inception (of cumulative disbursements)	14 basis points
Unrealised gains on listed investments in subsidiary & associate companies	₹ 1,544.61 billion US$ 20.41 billion

Competitive Strengths

We believe that the following are the strengths of our Company that give our Company a competitive advantage as a provider of housing finance in the Indian market:

- amongst the lowest levels of non-performing assets ("**NPAs**") in the industry due to:
  - prudence in lending;
  - efficient recovery mechanisms; and
  - efficient and robust operating process;
- well diversified assets and liabilities mix;
- low average loan to value and instalment to income ratios;
- steady level of loan prepayments;

- pan-Indian presence; and

- quality underwriting with experience of over 40 years

Our Company's corporate strengths are:

- strong brand and a large customer base of home loan customers and depositors. Retail Loans customers comprise resident individuals and non- resident Indians ("**NRI**s"). Non Individuals borrowers include corporates and developers;

- cumulatively financed over 7.7 million housing units since our Company's incorporation;

- stable and experienced management, with the average tenor of senior management of our Company being over 30 years;

- low cost income ratio (cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income), and does not factor in expenses towards CSRE and ESOS): as of March 31, 2020, the cost income ratio was 9.0 per cent.;

- high service standards and quality customer service;

- access to diversified funding sources, including retail deposits; and

- diverse presence across segments of financial services through its subsidiaries and associates.

Objectives and Strategies

Objectives

Our Company's primary objective is to enhance the residential housing stock in India through the provision of housing finance on a systematic and professional basis and to promote home ownership throughout India. Our Company has contributed to increasing flow of resources to the housing sector by integrating the housing finance sector with the overall domestic financial markets.

Our Company's primary business objectives are to:

- maintain its position as the leading housing finance institution in India;

- develop close relationships with individual households and enhance its customer relationships;

- transform ideas for housing finance into viable and creative solutions;

- grow through diversification by leveraging its client base;

- grow the Loans in a prudent and sustainable manner;

- maintain asset quality;

- minimise the cost to income ratio for operational efficiencies;

- diversify its funding profile;

- create long-term shareholder value; and

- maintain adequate levels of capital to fund capital requirements of its subsidiaries and associates, and seek inorganic growth opportunities.

Strategy

The significantly low mortgage penetration in India implies room for ample growth. Mortgages represented 10 per cent. of nominal GDP in India as of March 31, 2020, compared to 18 per cent. in China and 67 per cent. in the United Kingdom. (*Source: HOFINET & the Reports*).

Our Company's growth strategies are based on the following principles:

- *Create long-term shareholder value*: Our Company seeks to continue creating long-term shareholder value through the mortgage finance business as well as through its investments in subsidiaries and associates. Our Company believes there could be inorganic growth opportunities and will continue to invest in its subsidiary and associate companies to support their expansion plans.

- *Grow the Loans in a prudent and sustainable manner*: our Company will continue growing Loans keeping in mind the need to preserve asset quality. The total growth of Assets Under Management for Fiscal 2020 was 12 per cent.; individual Loans grew 14 per cent., and growth in individual Loans gross of Loans Sold during the preceding 12 months grew 21 per cent., and growth in Loans gross of Loans Sold during the preceding 12 months was 17 per cent. As at June 30, 2020 growth in Assets Under Management was 12 per cent.; the growth in individual Loans, after adding back Loans Sold in the preceding 12 months was 17 per cent., and the growth in total loans after adding back Loans Sold was 16 per cent.

- *Maintain low gross Non-Performing Assets:*: as of Fiscal 2020, our Company's gross non-performing Loans stood at 1.99 per cent, which is amongst the lowest across the financial sector in India. Our Company has always been prudent in its provisioning norms. The NHB by its prudential norms requires our Company to carry a provision of ₹ 42 billion. The impairment loss allowance (expected credit loss) carried by our Company stood at ₹ 110 billion which is more than twice the amount of the required provision.

- *Maintain a low cost to income ratio by improving operational efficiency*: our Company aims to have a cost income ratio of under 10.0 per cent. A reflection of operational efficiency is best depicted in the cost to income ratio cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income), and does not factor in expenses towards CSRE and ESOS) that stood at 9.0 per cent for Fiscal 2020. Our Company has always been prudent and careful in managing its administration expenses and has capitalised on technology through various digitalisation initiatives to bring in overall cost efficiencies in the operations of the business.

  Analysts, investors, management and other interested parties frequently use cost to income ratio as a performance measure, and our management believes that providing this non-GAAP financial measure allows investors to make additional comparisons between our operating results and those of other companies and to understand our ongoing operations. Non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. Accordingly, these non-GAAP financial measures should be carefully evaluated.

Housing for All

The Government of India has introduced various schemes to encourage homeownership, through its flagship programme "Pradhan Mantri Awas Yojana – Housing for All by 2022" ("**PMAY**"). One of the key components under the PMAY is the Credit Linked Subsidy Scheme ("**CLSS**") where the Government of India gives first-time homebuyers from economically weaker sections, low income group and middle-income groups an upfront interest subsidy from on the purchase of a home. The upfront interest subsidy scheme is beneficial as it helps reduce the equated amount of the monthly instalment. Our Company has the largest number of home loan customers who have used the benefits under the CLSS.

Key Features of the CLSS

	Demographic		
	Economically Weaker/ Low Income Group	**Middle Income Group I**	**Middle Income Group II**
Household Income p.a.	Up to ₹ 600,000	₹ > 600,000 up to 1,200,000 (US$ 8,000 to 15,900)	> ₹ 1,200,000 to 1,800,000 (> US$ 15,900 to 23,000)
Property size (up to sq mtrs)	60	160	200
Eligible Loan amount	₹ 600,000 (US$ 8,000)	₹ 900,000 (US$ 11,900)	₹ 1,200,000 (US$ 15,900)
Maximum amount of loan qualifying for subsidy	6.50%	4%	3%
Subsidy under CLSS(1)	₹ 267,280 (US$ 3,500)	₹, 235,068 (US$ 3,100)	₹ 230,156 (US$3,000)

(1) NPV discount rate at 9 per cent. for 20 years.

Our Company has pursued its efforts towards lending to the Economically Weaker Section, Low Income Group and Middle Income Group segments.

In Fiscal 2020 our Company's loan approvals and thrust towards affordable housing was as follows:

	Individual Loans approved for Fiscal (percentages)			
	2019		**2020**	
	per cent in Value Terms	**per cent in Number Terms**	**per cent in Value Terms**	**per cent in Number Terms**
High Income Group	36	16	36	17
Middle Income Group	46	47	46	47
Low Income Group	16	30	16	30
Economically Weaker Section	2	7	2	6
Total	**100**	**100**	**100**	**100**

As of June 30, 2020, 37 per cent. of home Loans approved in volume terms and 19 per cent. in value terms have been to customers from the Economically Weaker Section and Low Income Groups.

The household income definitions are as follows:

- *Economically Weaker Section: Up to ₹ 0.3 million p.a*
- *Low Income Group: Above ₹ 0.3 million to ₹ 0.6 million p.a.*
- *Middle Income Group: Above ₹ 0.6 million to ₹ 1.8 million p.a.*
- *High Income Group: Above ₹ 1.8 million p.a.*

Products and Services

Loan Products

Our Company lends to individuals, developers and companies to finance the construction, repair, development or purchase of residential and non-residential properties in India. It constantly endeavours to improve and expand its existing product portfolio into new customer segments as well as regions and markets in India. Our Company's products are designed to satisfy the diverse needs of its customers. Our Company has introduced various innovative lending products at affordable interest rates to serve such diverse purposes.

As at Fiscal 2020, the break-up of Assets Under Management was: (i) 76 per cent for individual Loans; (ii) 5 per cent corporate Loans; (iii) 11 per cent for construction finance and (iv) 8 per cent for commercial lease rental discounting. During Fiscal 2020, 89 per cent of the incremental growth in Loans gross of Loans Sold during the preceding 12 months came from individual Loans.

Our Company's principal products comprise Loans to individuals, developers and corporates, and include the following key products:

- *Home Loans:* our Company grants loans to individuals to finance the purchase of residential property or land, for construction of a residential unit, or for the construction, extension, repair or renovation of residential property;

- *Women Power Loans:* to encourage women property homeownership, our Company has a housing product, called 'HDFC Women Power' wherein the rate of interest on the home loan is slightly lower than a regular home loan granted by our Company;

- *Home Extension Loan*: they are offered to new and existing customers who want to extend or add additional livable space in their existing homes. Refinance of an existing home extension loan availed from other financial institution / bank can also be availed by a customer;

- *Home Improvement Loan*: they are offered to new and existing customers who want to create a more comfortable living space by renovating their existing homes which includes tiling, flooring, internal and external plastering, painting etc. refinancing of an existing home improvement loan availed from other financial institution / bank can also be availed by a customer.

- *Land Loans :* these loans are granted for purchase of a plot through direct allotment or for purchase of a resale plot.

- *Land plus Construction Loans:* a simultaneous financing of land purchase and construction that is offered to new and existing customers.

- *Loans against value:* these are loans granted against the value of a property and security of a property for certain other approved purposes, such as education, medical costs coverage, and others; the average loan to value ratio at origination in 70 per cent.

- *Non-residential premises Loans:* they are provided to professionals to facilitate the purchase or construction of office premises and renovation of existing office premises.

- *Reach Loans:* they are focused on the informal sector and address the home loan needs of customers who may or may not be supported by formal income documentation and therefore cannot be provided a home loan under normal lending program. The product, thus seeks to reach out to the under financed segment of the housing market and thus contribute in achieving the vision statement of the Government's initiative of Housing for All.

- *Rural Housing Finance ("**RHF**") Loans:* they are offered to customers acquiring property in rural areas i.e. in gram panchayats beyond urban and peripheral locations and for those customers who are acquiring properties in urban and peripheral areas against rural incomes to be owned by themselves or a business entity. Our Company has developed and designed products wherein Housing Loans are provided to farmers and horticulturists on the basis of their income from crops.

- *Insurance Premium Funding Loan ("**IPF**")*: this product is offered to our Company's home loan customers for funding the insurance premium of single premium insurance policy or investment policies that are purchased primarily to insure the loan availed from our Company.

- *Non-Resident Indian Loan* : they can be availed by individuals who are NRI/Person of Indian Origin ("**PIO**")/ Overseas Citizen of India ("**OCI**") who are considering acquisition or construction of residential properties in India.

- *Top-Up Loan*: this product is for existing customers of our Company or customers seeking refinance of their existing home loans availed from other banks/financial institutions. The loan can be availed by customers for their personal and professional needs like marriage, education, medical expenses, business expansion, debt consolidation, purchase of home furniture/ consumer durables etc.

- *Lines of Credit:* our Company, as a part of its corporate marketing initiative, advances housing loans for the purchase, construction, extension, repair or renovation of property to employees of approved corporates. These loans are on preferential terms and conditions and the employees of the approved corporates enjoy benefits such as guarantee waiver and real estate counselling.

- *Corporate Loans*: including loans provided to approved corporates for financing the purchase or construction of staff accommodation and office premises, and line of credit facilities under which our Company provides funds to corporates for onward lending to their employees.

- *Lease rental discounting:* lease rental discounting ("**LRD**") loans are offered for acquiring a property or against a ready property which is presently leased out or is intended to be leased within a short duration of time.

- *Developer Loans:* these are provided to approved developers to finance the construction of housing projects and loans to property owners against rent receivables.

Our Company offers flexible repayment schemes to structure customers' repayment terms in accordance with their unique needs. These include:

- step up repayment facility: in this facility, the repayment schedule is linked to customers' expected growth in income and repayment is accelerated proportionately with the assumed increase in income; and

- flexible loan instalment plan: in this facility, the repayment schedule is in tranches, with an initial higher instalment for a fixed term, followed by lower instalments for the balance of the term.

Key Features of Individual Loans

The disbursement of individual home Loans has increased in recent years largely due to increased marketing efforts, increased demand for home Loans due to affordable interest rate levels in India, stable property prices, increased fiscal benefits available to home owners, higher disposable incomes and increased urbanisation.

Most of the home Loans and non-housing retail Loans provided by our Company are floating rate Loans linked to the Retail Prime Lending Rate ("**RPLR**") and Retail Prime Lending Rate-Non-Housing ("**RPLR-NH**") respectively, which is an internal benchmark of our Company.

Loans are available under different interest rate variants like Adjustable Rate Loans, Fixed Rate and TruFixed Loans:

- *Adjustable Rate Loan*: the rate of interest in the adjustable rate Loans is dependent on the prevailing benchmark rates i.e. RPLR and RPLR-NH. The Asset Liability Committee ("**ALCO**") reviews these benchmark rates periodically. The applicable rate of interest charged to a customer is a combination of the relevant HDFC benchmark rate along with the "spread", which is determined based on the product, credit risk of the customer as assessed by our Company and the current market scenario.

- *Fixed Rate Loans*: the rate of interest applicable to these Loans is fixed for the entire term of the loan.

- *TruFixed Loans*: the TruFixed Loans have an initial fixed rate period and post the fixed interest rate period, the loan automatically converts to an adjustable rate loan.

All retail loan products are available to employed and/or self-employed individuals to acquire property or against a ready property. The Loans can be applied for individually or jointly. All owners of the property are required to be co-applicants to the loan. However, co-applicants need not be co-owners. The loan products may also be available to individuals against a ready property or for acquiring property proposed to be owned by a business entity, subject to the business entity becoming a co-applicant to the loan. All customers need to demonstrate financial capacity to service the loan as appraised by our Company.

Home Loans are generally secured by equitable mortgages over the property to be financed and/or such other collateral security as may be necessary. In particular, our Company requires borrowers to grant a charge over the property and deposit the title deeds to the property with it. Borrowers may also be required to obtain a guarantee from a person of good financial standing acceptable to our Company. Our Company may also require the borrower to assign collateral in the form of insurance policies or bonds. The decisions on collateral security are based on our Company's internal credit appraisal of each borrower.

Key Characteristics of Individual Loans

Our Company's individual loan portfolio has a diversified geographic presence. In terms of individual Loans approved during Fiscal 2020, 37 per cent. of Loans were in West India, 33 per cent. in South India, 27 per cent. in North India and 3 per cent. East India. In terms of individual Loans approved during Fiscal 2019, 36 per cent of the Loans were in West India, 34 per cent in South India, 27 per cent in the North India and 3 per cent in East India.

In terms of the customer profile for Loans approved in Fiscal 2020, 82 per cent. of customers were salaried individuals whilst 18 per cent. were self-employed, which also includes self-employed professionals. For Loans approved in Fiscal 2019, 80 per cent. of customers were salaried individuals whilst 20 per cent were self-employed, which also includes self-employed professionals. Having a larger base of salaried customers has enabled our Company to maintain a quality portfolio, largely due to certainties on the cash flows.

In terms of the acquisition mode, of the Loans approved during Fiscal 2020, 53 per cent. were first-purchase homes i.e. directly from the builder, 9 per cent self-construction and 38 per cent were through resale. In terms of the acquisition mode, of the Loans approved during Fiscal 2019, 54 per cent. were first-purchase homes i.e. directly from the builder, 9 per cent. self-construction and 37 per cent were through resale.

Of our Company's individual Loans approved in Fiscal 2020, the average loan size is ₹ 2.70 million, the average loan-to-value is 70 per cent. (at origination) and average loan tenure is 12 years as of Fiscal 2020.

Loans are generally repaid in equated monthly instalments over a period of 5 to 20 years. The tenure of the loan is also dependent on the customer's profile, age of the customer at maturity of the loan, age of property at loan maturity, depending upon the specific repayment scheme as may be opted and any other such terms.

Currently under the NHB Directions the maximum loan size for Loans from ₹ 3 million and up to ₹ 7.5 million is 80 per cent. of the cost of the property, for Loans from ₹ 7.5 million is 75 per cent of the cost of the property and for Loans less than ₹ 3 million is 90 per cent. of the cost of the property, and is based on our Company's evaluation of the repayment capacity of each customer.

Our Company offers an option to individuals to choose between a fixed interest rate or a variable interest rate. It also offers customers a combined option of a part fixed, part variable rate of interest to allow them to hedge against unexpected interest rate fluctuations. In the case of fixed rate housing loans, the rate of interest remains fixed for the entire tenor of the housing loan. In the case of the variable rate loans, the interest rate is linked to our Company's Retail Prime Lending Rate ("**RPLR**") and the rate on the loan is reviewed every three months from the date of the first disbursement of the loan. The term of any loan varies according to the purpose of the loan and most loans are for a term of 15 to 20 years or until the retirement age of the borrower, whichever is earlier.

Borrowers may be required to pay a processing fee on the loan prior to disbursement.

Our Company, as a part of its corporate marketing initiative, advances housing loans for the purchase, construction, extension, repair or renovation of property to employees of approved corporates. These loans are on preferential terms and conditions and the employees of the approved corporates enjoy benefits such as guarantee waiver and real estate counselling.

The disbursement of individual home loans has increased in recent years largely due to increased marketing efforts, increased demand for home loans due to affordable interest rate levels in India, stable property prices, increased fiscal benefits available to home owners, higher disposable incomes and increased urbanisation.

For our Company's individual home loan approvals in Fiscal 2020, the average loan size is ₹ 2.70 million, the average loan-to-value is 70 per cent (at origination) and average loan tenure is 12 years as of March 31, 2020.

Assets Under Management

The following table sets out some key figures in relation to our Company's Loans as of Fiscal 2020 and Fiscal 2019:

	Loans as of Fiscal (₹ *Billion*)	
	2019	**2020**
Assets Under Management	4,619	5,168
Less: Loans Sold	553	659
Loans	4,066	4,509

As at Fiscal 2020, the break-up of Loans on an Assets Under Management basis was: 76 per cent for individual Loans; 5 per cent corporate Loans; 11 per cent for construction finance and commercial lease rental discounting counted by 8 per cent. During Fiscal 2020, 89 per cent of the incremental growth in Loans gross of Loans Sold during the preceding 12 months came from individual Loans. As at June 30, 2020 on an Assets Under Management basis 74 per cent was made up of individual Loans.

	Fiscal 2020								
	Loans			**Loans Gross of Loans Sold during the preceding 12 months**			**Assets under Management**		
	₹ billion	**US$ billion**	**% Growth**	**₹ billion**	**US$ billion**	**% Growth**	**₹ billion**	**US$ billion**	**% Growth**
Individuals	3,259	43	13	3,500	46	21	3,916	51	14
Non-Individuals	1,250	17	6	1,250	17	6	1,252	17	6
Total	**4,509**	**60**	**11**	**4,750**	**63**	**17**	**5,168**	**68**	**12**

On an Assets Under Management basis, the growth in individual Loans for Fiscal 2020 was 14 per cent and the growth in total Loans on an Assets Under Management basis was 12 per cent. As of June 30, 2020 on an Assets Under Management basis, the growth in individual Loans was 11 per cent and the growth in total Loans was 12 per cent.

The growth in individual Loans gross of Loans Sold during the preceding 12 months in Fiscal 2020 was 21 per cent (13 per cent of Loans). The growth in Loans gross of Loans Sold during the preceding 12 months was 17 per cent during Fiscal 2020.

Loans

As of Fiscal 2020, our Company's Loans amounted to ₹ 4,509 billion. A breakdown of the total Loans for the various customer categories and as a percentage of total outstanding Loans as of Fiscal 2020 and Fiscal 2019 is as follows:

	Fiscal (₹ billion, except percentages)			
	2019	**per cent**	**2020**	**per cent**
Individuals	2,888	71.02	3,259	72.27
Corporate bodies	1,109	27.28	1,182	26.21
Others	69	1.70	68	1.52
Total	**4,066**	**100.00**	**4,509**	**100.00**

Our Company believes that home loans have continued to grow as a result of increased demand for home loans, more affordable interest rates, increased fiscal benefits available to home owners, higher disposable incomes and increased urbanisation.

In Fiscal 2020, our Company's Loans increased from ₹ 4,066 billion to ₹ 4,509 billion. In addition, total Loans securitised and/or assigned by our Company and outstanding as at Fiscal 2020 amounted to ₹ 659 billion.

In Fiscal 2020, the lower growth in Loans was due to the continued unfavorable lending environment for non-individual Loans during the year. Risk averseness in lending, high leverage and credit rating downgrades led to increased corporate stress and heightened risks, particularly in the construction finance. In order to preserve asset quality, our Company opted to be prudent by limiting some of its lending to non-individual Loans. The increase in Loans during the year was ₹ 443 billion.

Principal loan repayments stood at ₹ 902 billion in Fiscal 2020 compared to ₹ 1,039 billion in Fiscal 2019 after excluding Loans written off during the year amounting to ₹ 9.95 billion (Previous Year: ₹ 6.57 billion).

Prepayments on retail Loans stood at 10.9 per cent of the opening balance of individual Loans compared to 10.7 per cent in the previous year; 61 per cent of these prepayments were full prepayments.

The growth in housing loans in the banking sector Fiscal 2020 also entailed substantial buy-outs of home loan portfolios from other housing finance companies and NBFCs. In comparison, the entire growth in our Company's loan portfolio was organic.

Sale of Loans

Our Company transfers Loans through the securitisation and direct assignment transactions. The transferred Loans are de-recognised and gains/losses are accounted for, only if our Company transfers substantially all risks and rewards specified in the underlying assigned loan contract. Our Company continues to service these Loans.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss. The residual income on Loans Sold is recognised at the time of actual collections (i.e. over the life of the underlying loans).

For Fiscal 2020, our Company sold Loans during the preceding 12 months year amounting to ₹ 241 billion, of which ₹ 49 billion qualified as priority sector advances for banks. For Fiscal 2019, our Company sold Loans during the preceding 12 months amounting to ₹ 251 billion, of which ₹ 53 billion qualified as priority sector advances for banks. During Fiscal 2020, all Loans were assigned to HDFC Bank. The outstanding amount of individual Loans Sold during that year as at the end of Fiscal 2020 stood at ₹ 657 billion.

Loan Moratorium

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April

17, 2020, the RBI allowed commercial banks, co-operative banks, financial institutions and NBFCs (including HFCs) to grant a 3-month moratorium on payment of instalments of all term Loans to help alleviate the hardship of borrowers which was brought on by the national lockdown.

The initial moratorium period was for payments due between March 1, 2020 and May 31, 2020. On May 23, 2020, the RBI permitted an extension of the moratorium period by 3 months up to August 31, 2020. Interest shall continue to accrue on the outstanding portion of term Loans during the moratorium period.

Lenders were required to frame board approved policies to offering their customers the moratorium. Lenders have adopted different methods in offering the moratorium, either an ‘opt-in’ or ‘opt-out’ structure. Our Company has adopted an ‘optin’ structure for the moratorium.

Individual Loans under the first moratorium period accounted for 22.6 per cent. of the individual Loans. 27.0 per cent. of our Company’s total loans under management were under the first moratorium. Individual Loans under the second moratorium period accounted for 16.6 per cent. of the individual Loans. 22.4 per cent. of our Company’s total Assets Under Management have opted for the second moratorium.

Advance processing facility

Our Company has an “Advance Processing Facility” under which developers who are undertaking a residential project can approach for approval in principle to finance individuals buying a dwelling unit in their project. The facility has been designed to expedite the processing of loan applications and make it more convenient for individuals to obtain loans from our Company.

International housing finance initiatives

Our Company’s expertise in housing finance is well regarded and therefore a number of existing and new housing finance companies are keen to seek training and technical assistance in housing finance from it.

Our Company conducts its own international programme, ‘Housing Finance Management’ at its training centre, Centre for Housing Finance. Participants from countries across Asia, Africa and Eastern Europe have attended this residential training programme. The trainers for the programme are our Company's own senior employees meaning the key differentiator is that the trainers are practitioners of housing finance.

Our Company and The Frankfurt School of Finance & Management jointly organise the “Housing Finance Summer Academy” in Germany, a course that aims to provide housing finance solutions for emerging markets through a combination of academic knowledge and practical experience.

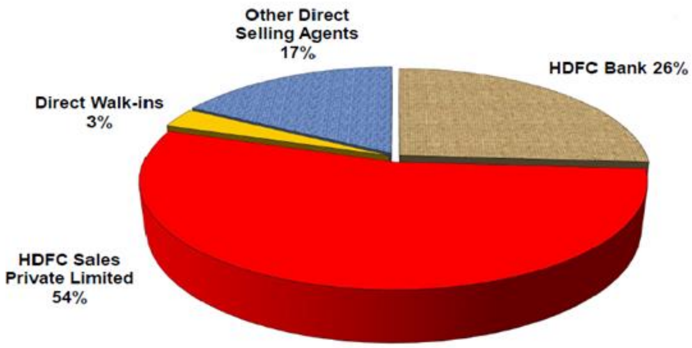
Our Company has helped set up housing finance companies in countries with nascent mortgage finance systems by rendering consultancy services and technical assistance. Our Company has helped to establish mortgage finance companies in Bangladesh, Sri Lanka, Egypt, the Maldives and Tanzania.

Our Company remains committed to sharing its expertise in countries which have nascent mortgage markets. It continues to lend its support to housing finance players across Asia, Africa and Eastern Europe.

Sourcing of Loans

Our Company’s distribution channels, which include HSPL, HDFC Bank and third party direct selling associates ("**DSAs**"), play an important role in sourcing home loans. During the Covid-19 pandemic a significant portion of our Company's sourcing of business has shifted to digital sourcing. As of June 30, 2020, 80 per cent. of our Company's business has migrated to digital sourcing. Our Company has third-party distribution tie-ups with commercial banks, small finance banks, non-banking financial companies and other distribution companies including e-portals for retail loans. All distribution channels only source loans, while the control over the credit, legal and technical appraisal continues to rest entirely with our Company, thereby ensuring that the quality of loans disbursed is not compromised in any way and is consistent across all distribution channels.

In value terms, HSPL, HDFC Bank and third party DSAs sourced 54 per cent, 26 per cent and 17 per cent of home loans disbursed, respectively, during Fiscal 2020. Thus, total Loans sourced from distribution channels accounted for 97 per cent of individual Loans disbursed by our Company in value terms. 83 per cent of our Company's individual loan business during the year was sourced directly or through our Company's affiliates.



Marketing and Network and Digital Initiatives

As of June 30, 2020, our Company's network across India comprised 584 outlets, which included 205 offices of its wholly-owned Subsidiary, HSPL, compared with 546 outlets including 188 offices of HSPL as of March 31, 2019.

Our Company's efforts are concentrated on further strengthening the distribution network through a combination of increased physical offices and digital initiatives.

As at Fiscal 2020, 33 per cent of our Company offices are in the north of India, 30 per cent. are in the west, 30 per cent. are in the south and 7 per cent. are in the East. Our Company also has representative offices in Dubai, London and Singapore.

Our Company organises property exhibitions in India and overseas as a value-added service for home seekers, enabling them to choose from a wide choice of property options, in that way our Company leverages its long-standing relationships with leading developers from across the country. Our Company also has online interactive platform displaying a wide range of real estate projects from reputed developers across India for HDFC's 'India Homes Fair' held overseas.

Our Company has integrated the Natural Language Processing ("**NLP**") and Machine Learning ("**ML**") technology with its website to understand and analyse user intent, effectively respond to user interaction and thereby deliver an enhanced customer experience. Our Company executed several digital brand campaigns during the year, including Google's DoubleClick marketing platform. This resulted in over 1.50 billion brand impressions on various online platforms.

Our Company also launched the Accelerated Mobile Pages on its website, to ensure faster load times on the user's mobiles. The improved page speed and better user experience led to higher search engine optimisation ("**SEO**") rankings for the brand. A user can now get consumer information on our Company's website in six Indian languages - Hindi, Marathi, Tamil, Telugu, Malayalam and Kannada. This is particularly helpful to better serve the growing base of Indian language users on the internet, particularly in tier II, tier III cities and rural areas. Our Company also integrated Language Localisation Technology ("**LLT**") to execute digital brand and marketing campaigns in regional languages, leading to a better connect with the target audience.

Our Company has strengthened its team of dedicated data analytics professionals who focus on extracting useful customer insights through various data models, thereby helping to increase business.

Interest rates

An important component of our Company's asset and liability management policy is its management of interest rate risk, which is the relationship between market interest rates and interest rates on its interest-earning assets and interest-bearing liabilities. For more details on our Company's risk management policy, please refer to "*Management's Discussion and Analysis Of Financial Condition and Results of Operations - Risk management*" beginning on page 173.

Currently, the housing finance industry in India is principally based on floating rate lending. The interest rates on our Company's individual floating rate Loans are benchmarked to its RPLR (Housing) and RPLR (Non-Housing) and non-individual Loans to its Construction Finance Prime Lending Rate ("**CF-PLR**"), Corporate Prime Lending Rate (Corp-PLR) and Lease Rental Discounting Prime Lending Rate ("**LRD-PLR**") based on the product. These are internal benchmarks of our Company. As of Fiscal 2020, 85 per cent of the assets and 75 per cent of the liabilities were on a floating rate basis.

Size and concentration of Loans

NHB Directions and the circulars issued thereunder restrict HFCs from making loans to a single borrower, or a group of borrowers, in excess of 15 per cent and 25 per cent, respectively, of an HFC's total shareholders' funds.

The concentration of Loans is as under:

Particulars	Fiscal 2019	Fiscal 2020
Total Loans to twenty largest borrowers (₹ billion)	431	555
Percentage of Loans & advances to twenty largest borrowers to total advances	10.69 %	12.45 %

Collateral

Most of the Loans provided by our Company are secured by an equitable mortgage over the property being financed. Loans could also be secured, or partly secured, by pledges of shares, units or other securities, assignments of life insurance policies, hypothecation of assets, bank guarantees, company or personal guarantees, negative liens or assignments of hire purchase receivables. There could also be loans provided which are accompanied by undertakings to create a security.

Currently under the NHB Directions and the circulars issued thereunder, the maximum loan size for Loans less than ₹ 3 million is 90 per cent. of the cost of the property, for Loans from ₹ 3 million to ₹ 7.5 million is 80 per cent. of the cost of the property and for Loans above ₹ 7.5 million is 75 per cent. of the cost of the property, and is based on our Company's evaluation of the repayment capacity of each customer. The security for the loan is an equitable mortgage of the property to be financed and/or such other collateral security as may be necessary.

Our Company uses in-house valuers to value properties to be given as security. It considers these valuations to be more conservative than market valuations as it is typically the lesser of the transaction value and the market value of the property. Further, NHB as per its circular dated December 29, 2017 on 'Valuation of Properties- Empanelment of Valuers' has prescribed for the valuation of properties by external valuers for loans above certain threshold. Our Company has a Board approved policy with regard to the same.

Credit policy

Before granting Loans to its customers, our Company performs a credit appraisal of each potential borrower in order to reduce its exposure to credit risk.

Our Company's credit policy is central to all of its lending activities and functions. Our Company's standard credit norms and procedures are reviewed periodically and are applicable to all segments of its business.

The credit approval process is initiated at the office where the initial application is made. Each loan approval passes through various levels of assessment, from the time a customer requests the loan, until the time the loan is disbursed.

Our Company's loan approval process is decentralised, with varying approval limits. Loan proposals are referred to the Committees of our Company's management, which in certain cases include some of our Company's Directors. The Chief Risk Officer is also required to vet certain loan proposals from a risk perspective.

Credit appraisal

Key components of our Company credit appraisal process

- *Information Acquisition*: gathering authentic and reliable customer information is essential for our Company's credit appraisal processes. Various checks are completed during the approval process, such as PAN verification, CKYC Data upload, customer and property de-dupe, residence and employment verification, online check on Employees Provident Fund Organisation ("**EPFO**"), credit bureau reports (see below) and field verification visits.

- *Carefully Designed Application Form*: the application form captures the applicant's income and stability factors, such as the employment and dependency details, age and educational status and other financial obligations of the applicant, among other details.

- *Standard Document List*: the standard documentation to be provided by the applicant includes evidence of identification, income, employment, asset holdings and details of the property to be financed.

- *Customer Interface*: a personal meeting/telephone discussion is carried out with the customer. This helps in arriving at the credit decision and aids in satisfying any queries.

- *Customer Credit Verifications*: our Company ensures that employer and residence field credit investigations are executed to verify that the information supplied by the customer is authentic.

- *Credit Bureau Report*: Credit Information Bureau (India) Limited ("**CIBIL**") and other credit bureaus are a repository of information which contains credit histories of customers. Credit bureau provides this information to its members in the form of credit information reports.

Our Company's credit appraisal process

Following the documentation and information gathering, the process of credit appraisal begins. Each loan goes through four levels of assessment: the appraiser at level one; the double checker at level two; and two approvers at levels three and four. These levels of assessment are conducted by officers with a stipulated level of experience, with clear financial delegations at each level. All retail Loans are appraised by our Company's credit hub, a centre for loan processing which allows our Company's credit appraisal process to function efficiently and ensures that no single person has the authority to approve a loan in our Company.

The loan processing software has in-built warnings and validations with respect to our Company's credit policy, internal process and government regulations. The RBI, by way of a Notification dated May 19, 2020 bearing no. DOR.NBFC (HFC).CC.No.111/03.10.136/2019-20, extended the applicability of the Master Directions – Know Your Customer (KYC) Directions, 2016, to HFCs. Our Company has updated its policies with respect to KYC and AML in accordance with the notification issued by RBI.

Disbursement diligence

- *Legal Due Diligence*: a specialised in-house team scrutinises the transaction-related documents, checking various legal issues such as the authenticity of the ownership papers of the seller and compliance with statutory approvals laid down by the relevant authorities. This is an important aspect as, in India, land ownership falls under the purview of state legislation and laws differ from state to state.

- *Technical Due Diligence*: a specialised in-house team assesses the property and confirms that the property selected conforms to the appropriate building plans and standards.

- *Disbursement*: the handing over of the cheque of the approved amount to the customer occurs only if the required legal and technical diligence reports are satisfactory.

Responsible Lending & Environmental and Social Risk

Our Company has a Policy on Responsible Lending & Environmental and Social Risks wherein the objective is to reduce the direct environmental impact in any sphere of its operations and activities undertaken.

As part of our Company's overall risk management practice, our Company endeavours to avoid, prevent and mitigate environmental and social risks pertaining to lending activities of our Company.

Our Company applies the "exclusion criteria" and does not fund controversial activities and/or provide Loans where the end use is towards, among others:

- Production and distribution of pornographic materials;

- Manufacturing, marketing or dealing in banned drugs, narcotics and other chemicals of concern;

- Standalone manufacture and marketing of ghutka and tobacco;

- Production or trade in alcoholic beverages (excluding beer and wine);

- Dealing in banned wildlife related products;

- Production/trade in weapons & ammunitions;

- Production/trade in radioactive materials;

- Production or trade in unbonded asbestos fibres;

- Gambling, casinos and equivalent enterprises;

- Polluting industries, unless the unit has explicit clearance from pollution control authorities and has installed effluent treatment plants; and

- Any other activity deemed as illegal or construed as being harmful to the environment and/or society.

Asset classification

Asset Quality

Given the increased financial stress in the system, our Company continued to lay great emphasis on asset quality and ensured that there is adequate provisioning for unforeseen contingencies.

The following table sets forth the details of our Company's gross non-performing Loans, as a percentage of its portfolio, and the provision for contingencies as a percentage of its portfolio:

	Gross non-performing Loans as a percentage of the portfolio as of Fiscal

	2018	2019	2020
Amount	₹ 40 billion	₹ 48 billion	₹ 89 billion
Percentage	1.11 per cent.	1.18 per cent.	1.99 per cent.

In accordance with NHB norms, gross non-performing Loans outstanding amounted to ₹ 89 billion as at Fiscal 2020, constituting 1.99 per cent of the loan portfolio. The principal outstanding in respect of individual Loans where the instalments were in arrears constituted 0.95 per cent of the individual portfolio and the corresponding figure was 4.71 per cent in respect of the non-individual portfolio. As at June 30, 2020, the gross non-performing Loans stood at ₹86 billion. This is equivalent to 1.87 per cent of the loan portfolio. The non-performing Loans of the individual portfolio stood at 0.92 per cent. while that of the non-individual portfolio stood at 4.10 per cent.

As on March 31, 2020, as per the prudential norms prescribed by NHB, our Company was required to carry a provision of ₹ 42 billion, of which ₹ 23 billion is on account of non-performing assets and the balance is in respect of standard Loans. The impairment loss allowance (expected credit loss) carried stood at ₹ 110 billion. As at June 30, 2020 the impairment loss allowance (expected credit loss) was ₹ 123 billion. This includes an incremental COVID-19 provision of ₹ 4 billion for the three months ended June 30, 2020.

NHB Provisioning Norms

Standard Assets	**NHB Norms**
Standard Assets – Individual Housing – Non- Commercial Real Estate ("**CRE**")	0.25%
Standard Assets – Individual Housing – CRE	1%
Standard Assets – Individual Non-Housing	0.40%
Standard Assets – Non-Individual – CRE – Residential Housing("**RH**")	0.75%
Standard Assets – Non-Individual – CRE – Others..........	1%
Standard Assets – Non-Individual – Non- CRE	0.40%
NPA Cases	
Sub-Standard Assets..........	15%
Doubtful Assets:	
Period for which the Asset has been considered as doubtful	
Up to One Year..........	25%
One to Three Years..........	40%
More than Three years..........	100%
Loss Assets	100%
Additional Provisioning against identified Loans – Standard, Substandard or Doubtful..........	Up to 100% depending on the extent of imperfection in documentation/ Security

On a gross basis, our Company has written off Loans aggregating to ₹ 9.95 billion in Fiscal 2020. On Loans that have been written off, our Company will continue making efforts to recover the amount. Our Company has, since inception, written off Loans (net of subsequent recovery) aggregating to ₹ 20.01 billion. Thus, as at Fiscal 2020, the total loan write offs stood at 14 basis points of cumulative disbursements since inception of our Company.

In accordance with the write off policy of our Company, Loans may entail either a partial or a full write off, determined on a case-by-case basis.

During Fiscal 2020, where recovery has proven to be difficult, our Company has adopted various methods to settle Loans. In certain instances, our Company has initiated insolvency proceedings. Our Company has also opted to reach settlements through sell-downs to asset reconstruction companies, institutions or private equity players. In certain overdue Loans, our Company has resorted to the invocation of pledged shares.

In addition, given the increased stress faced by developers, our Company has in select cases, entered into debt asset swap ("**DAS**") arrangements entailing immovable property. Whilst entering into such arrangements, our Company's key considerations are the marketability and saleability of the property, its present and expected valuation, demand and supply factors based on the location of the property, legal titles, whether it is free from encumbrances, amongst other factors The properties taken over by our Company are a mix of residential and commercial properties located in key metro cities. The properties are either for our Company's own use or being held for capital appreciation, which our Company will dispose of at an appropriate time and in accordance with directions as stipulated by NHB.

Accordingly, during Fiscal 2020, our Company has entered into debt asset swaps wherein the gross carrying amount of the financial and non-financial assets taken over as at Fiscal 2020 stood at ₹ 0.62 billion and ₹ 8.48 billion respectively.

Impairment on Financial Instruments - Expected Credit Loss

Under Ind AS, asset classification and provisioning moves from the 'rule based', incurred loss model to the Expected Credit Loss ("**ECL**") model of providing for expected future credit losses. Thus, loan loss provisions are made on the basis of our Company's historical loss experience and future expected credit loss, after factoring in various other parameters.

Classification of Assets

	Fiscal (percentages)		
Exposure at Default ("EAD")	**2018**	**2019**	**2020**
Stage 1	94.2	94.3	92.2
Stage 2	4.5	4.3	5.5
Stage 3	1.3	1.4	2.3
Total	**100.0**	**100.0**	**100.0**

Expected Credit Loss Based on EAD

	Fiscal (₹ billion)		
As per IND AS	**2018**	**2019**	**2020**
Gross Stage 1	3,425	3,843	4,159
ECL Provision Stage 1	2	2	3
Net Stage 1	3,423	3,840	4,155
Coverage Ratio % Stage 1	0.1%	0.1%	0.1%
Gross Stage 2	163	176	248
ECL Provision Stage 2	33	31	58
Net Stage 2	130	145	190
Coverage Ratio % Stage 2	20.2%	17.8%	23.2%
Gross Stage 3	47	57	103
ECL Provision Stage 3	20	25	49
Net Stage 3	27	32	54

As per IND AS	Fiscal (₹ billion)		
	2018	2019	2020
Coverage Ratio % Stage 3	41.8%	43.6%	47.6%
EAD	3,634	4,076	4,509
ECL Provision	54	59	110
Net	3,580	4,018	4,399
ECL/EAD(1) (2)	1.5%	1.4%	2.4%

(1) Exposure at default ("**EAD**") includes with respect to Loans and intercorporate deposits ("**ICD**").
(2) Expected credit loss("**ECL**")-Provisions includes respect to Loans and intercorporate deposits ("**ICD**").

The total balance in the impairment on Financial Instruments – ECL (provisions carried) as at Fiscal 2020 amounted to ₹110 billion (includes Loans and ICD). This is equivalent to 2.4 per cent of the EAD (includes Loans and ICD). The balance in the impairment on Financial Instruments – ECL covers Loans where the instalments were in arrears for over 90 days.

Funding

Overview

Our Company has expanded its sources of funds in order to reduce its funding costs, protect interest margins and maintain a diverse funding portfolio that will enable it to achieve funding stability and liquidity.

Sources of borrowings

Total borrowings (including debt securities, borrowings (other than debt securities), deposits and subordinated liabilities as at Fiscal 2020 amounted to ₹ 4,191 billion as against ₹ 3,662 billion in the previous year - an increase of 14 per cent. Borrowings including debt securities, borrowings (other than debt securities), deposits and subordinated liabilities constituted 80 per cent of funds employed (total liabilities and equity) as at Fiscal 2020. Of the total borrowings, debt securities and subordinated liabilities constituted 43 per cent, deposits 32 per cent and borrowings other than debt securities 25 per cent.

Summary of Total Borrowings

	Borrowings as of Fiscal (₹ Billion)	
	2019	2020
Term Loans(1)	775	1,049
Market Borrowings(2)	1,831	1,819
Deposits	1,056	1,323
Total	3,662	4,191

(1) Term Loans comprises of borrowings other than debt securities.
(2) Market Borrowings comprises of Debt securities and subordinated liabilities.

Subordinated Debt

As of Fiscal 2020, our Company's outstanding subordinated debt stood at ₹ 50 billion. The debt is subordinated to our Company's present and future senior indebtedness and has been assigned the highest rating by CRISIL and

ICRA, respectively. Based on the balance term to maturity, as of Fiscal 2020, ₹ 26 billion of the book value of subordinated debt is considered as Tier II under the guidelines issued by the NHB, for the purpose of capital adequacy computation.

Debt securities and securities

In Fiscal 2020, our Company's outstanding debt securities (including subordinated debt) amounted to ₹ 1,819 billion. Our Company's non-convertible debentures have been listed on the Wholesale Debt Market segment of either the NSE or BSE, or the Wholesale Debt Market segments of both the Stock Exchanges.

Non-convertible debentures

During Fiscal 2020, our Company issued NCDs amounting to ₹ 464 billion on a private placement basis (excluding NCDs raised through the issue as mentioned above). The NCDs have been listed on the Wholesale Debt Market segment of NSE and BSE. The NCDs have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA, respectively. As of Fiscal 2020 outstanding secured NCDs, (including bonds) excluding subordinated debt, amounted to ₹ 1,421 billion.

Deposit products

Our Company offers a range of term deposit products to individuals, associations of persons, co-operatives, educational and charitable trusts and corporate bodies. The term deposit products carry competitive rates of interest and have different features to suit investor requirements. In Fiscal 2018, 2019 and 2020, our Company's deposits have been rated 'CRISIL FAAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA, respectively. Our Company accepts deposits in accordance with the guidelines stipulated in the NHB Directions 2010. As of Fiscal 2020, our Company had deposits outstanding of ₹ 1,323 billion as compared to ₹ 1,056 billion in the previous year.

Term loans

As of Fiscal 2020, Term Loans outstanding from scheduled banks, NHB, Asian Development Bank and external commercial borrowings – low cost affordable housing amounted to ₹ 1,049 billion as compared to ₹ 775 billion on Fiscal 2019.

Foreign currency borrowings

As of March 31, 2020, our Company has foreign currency borrowings of USD 4,427 million and JPY 53,200 million.

Establishment of MTN Programme and issuance of Rupee Denominated Bonds

Our Company raised ₹ 111 billion through Rupee Denominated Bonds under its MTN Programme till date. The MTN programme was established to enable our Company to issue debt instruments in the international capital markets, subject to regulatory approvals. As of Fiscal 2020 the outstanding balance for Rupee Denominated Bonds is ₹ 61 billion. Our Company did not raise any funds through Rupee Denominated Bonds during Fiscal 2020. The bonds are listed on the London Stock Exchange.

Summary of indebtedness

The following table sets forth the details of our Company's indebtedness as of the dates mentioned:

	As of Fiscal 2019	**As of Fiscal 2020**
Financial Liabilities	*(in ₹ billion)*	
(a) Derivative financial instruments	1.65	3.21
(b) Payables	-	-

(A) Trade Payables	-	-
(i) total outstanding dues of micro enterprises and small enterprises	0.02	0.04
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.89	1.93
(B) Other Payables	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(c) Debt Securities	1,775.67	1,768.69
(d) Borrowings (Other than Debt Securities)	775.49	1,049.09
(e) Deposits	1,055.99	1,323.24
(f) Subordinated Liabilities	55	50
(g) Other financial liabilities	137.21	158.96
Total Financial Liabilities	**3,802.90**	**4,355.16**
Non-Financial Liabilities		
(a) Current tax liabilities (Net)	1.46	1.93
(b) Provisions	2.10	2.61
(c) Other non-financial liabilities	7.76	19.66
Total Non-Financial Liabilities	**11.32**	**24.20**
Total liabilities	**3,814.22**	**4,379.36**

The following table shows the net increase in funding for our Company for Fiscal 2020 compared to Fiscal 2019:

	Fiscal 2019	**Fiscal 2020**	**Net Increase**	**FY 2019 compared to FY 2020**
	(in ₹ billion)			**per cent. of incremental funding**
Term Loans[(1)]	775.48	1,049.09	273.61	35.28
Market Borrowings[(2)]	1,830.67	1,818.68	(11.98)	(0.65)
Deposits	1,055.99	1,323.24	267.25	25.31
Total	**3,662.14**	**4,191.02**	**528.88**	14.44

(1) Term Loans comprises of borrowings other than debt securities.

(2) Market Borrowings comprises of Debt securities and subordinated liabilities.

Our Company's ability to incur additional debt in the future is subject to a variety of uncertainties including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect investor demand for its securities and those of other Indian entities, the liquidity of the Indian capital markets and our Company's financial condition and results of operations. Our Company intends to continue to utilise long-term debt.

Net Debt – Equity Ratio and Interest Coverage Ratio

The following table sets out our Company's equity ratio and interest coverage ratio for Fiscal 2020, 2019 and 2018 on a standalone basis:

	Fiscal

	2018	2019	2020
Net Debt to equity ratio	4.88 : 1	4.73 : 1	4.83: 1
Interest coverage ratio(1)	1.56	1.47	1.66

(1) Interest coverage ratio is the ratio to Profit Before Tax plus finance costs, divided by finance costs.

Fiscal 2020 Investments Update

On January 15, 2020, the Board of Directors of HDFC ERGO Health Insurance Limited and HDFC ERGO approved a scheme of arrangement and amalgamation for the merger of HDFC ERGO Health Insurance Limited with and into HDFC ERGO.

As of June 30, 2020, our Company's projected shareholding in HDFC ERGO pursuant to the merger of HDFC ERGO Health Insurance Limited with HDFC ERGO will be 50.57 per cent. RBI has directed our Company to bring down its shareholding in the merged entity to 50 per cent or below within a period of 6 months from the effective date of the merger.

The RBI has directed our Company to bring down its shareholding in HDFC Life Insurance Company Limited (HDFC Life) to 50 per cent. or below on or before December 16, 2020. As of June 30, 2020, our Company holds 50.1 per cent. of the paid-up share capital of HDFC Life.

In March 2020, our Company along with seven other Indian private and public sector commercial banks invested equity capital in RBI’s ‘Yes Bank Reconstruction Scheme’. Our Company invested in 1 billion equity shares of face value of ₹2 each for a consideration of ₹ 10 per share (including premium of ₹ 8 per equity share), aggregating 7.97 per cent. of the post issue equity share capital of YES Bank Limited. As per the aforesaid scheme, our Company is subject to a three year lock-in for 75 per cent. of the Equity Shares allotted to us under the scheme from the commencement of the scheme i.e. March 13, 2020.

Key Subsidiaries and Associates

Housing finance continues to remain our Company’s core business. While the main focus is to grow the housing portfolio, our Company has made investments in various group companies in order to capitalise on its strong brand and to maximise returns for shareholders. These group companies have strong synergies with our Company and such diversification enables it to offer a wide range of financial services and products to its customers.

The financial information used in this sub-section for HDFC Bank, HDFC ERGO and HDFC Life is derived from their respective audited financial statements prepared under Indian GAAP and the financial information used in this sub-section for HDFC AMC is derived from their audited financial statements prepared under Ind AS.

Details of our Company's key subsidiary and associate companies are:

HDFC Bank

Our Company and HDFC Bank maintain an arm’s length relationship out of good corporate governance and in accordance with the regulatory framework. Both organisations capitalise on the strong synergies through a system of referrals, business arrangements, cross-sell and distribution networks in order to effectively provide a wide range of products and services under the ‘HDFC’ brand name. HDFC Bank sources the home Loans for a fee and the Loans are originated in our Company’s books. Our Company offers a part (up to 70 per cent.) of the disbursed Loans either through the issue of mortgage backed Pass Through Certificates (**PTCs**) or by a direct assignment of Loans to HDFC Bank.

As at Fiscal 2020, advances of HDFC Bank stood at ₹ 9,937 billion, an increase of 21.3 per cent. over the same period in 2019. Total deposits stood at ₹ 11,475 billion, an increase of 24.3 per cent. over the same period in 2019. As at Fiscal 2020, HDFC Bank’s distribution network included 5,416 banking outlets and 14,901 ATMs and Cash

Deposit and Withdrawal Machines (**CDMs**) in 2,803 locations. In addition, the Bank has 5,379 banking outlets managed by the Common Service Centers.

For the Fiscal ended 2020, HDFC Bank reported a profit after tax of ₹ 263 billion as against ₹ 211 billion in the previous year, representing an increase of 24.6 per cent.

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to Fiscal 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of HDFC Bank, at their meeting held on April 18, 2020, has not proposed any final dividend for the Fiscal 2020.

As of Fiscal 2020, our Company together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited held 21.24 per cent. of the equity share capital of HDFC Bank.

As of June 30, 2020, the shareholding of our Company along with its wholly owned subsidiaries HDFC Investments Ltd. and HDFC Holdings Ltd., in HDFC Bank Ltd. was 21.21 per cent. HDFC Bank was promoted by our Company in 1994. HDFC Bank is one of India's leading private sector banks. As at June 30, 2020, HDFC Bank had a market capitalisation of US$ 77 billion.

HDFC Life

HDFC Life was established as a joint venture between our Company and Standard Life Aberdeen Plc (formerly known as Standard Life Plc). It had a called up share capital (including securities premium) of ₹ 24 billion as at Fiscal 2020.

As of Fiscal 2020, our Company had 37 individual and 11 group products in its portfolio, along with 6 rider benefits, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country having a wide reach with 421 branches and additional distribution touch-points through several new tie-ups and partnerships. HDFC Life also has access to partner branches of 230+ bancassurance partners and 40+ partners within the non-traditional ecosystem. Our Company has a strong base of financial consultants.

Premium income of HDFC Life for the Fiscal 2020 stood at ₹ 327 billion, an increase of 12.1 per cent, as compared to the same period last year. As at Fiscal 2020, its investments of shareholders, policyholders and assets held to cover linked liabilities stood at ₹ 1,272 billion, an increase of 1.3 per cent., over Fiscal 2019. The accretion to investments of shareholders, policyholders and assets held to cover linked liabilities was offset by decline in equity markets.

For the Fiscal 2020, HDFC Life ranked third among private sector life insurers based on the individual weighted received premium with market share of 14.2 per cent (*Source: Life Insurance Council of India disclosures*). Total first year premiums including single premiums (Individual and Group) was ₹ 172 billion for the Fiscal 2020. During Fiscal 2020, HDFC Life ranked first in overall new business received premium in the private sector with market share of 21.5 per cent (*Source: Life Insurance Council of India disclosures*). It ranked first among private sector life insurers in terms of group business with a market share of 29.0 per cent during the same period (*Source: Life Insurance Council of India disclosures*).

HDFC Life reported a profit after tax of ₹ 13.0 billion for the Fiscal 2020, as compared to ₹ 12.8 billion in the same period last year, registering a growth of 1.4 per cent.

The solvency ratio of HDFC Life was 184 per cent. as at Fiscal 2020, as compared to the minimum regulatory requirement of 150 per cent.

Our Company's holding in HDFC Life as on Fiscal 2020 was 51.4 per cent. and that of Standard Life (Mauritius

Holdings) 2006 Limited was 12.3 per cent., and the balance was held by others. As at June 30, 2020, our Company's shareholding in HDFC Life stood at 50.1 per cent. (Please refer to *Fiscal 2020 Investments Update* above).

HDFC Life got listed on November 17, 2017 on both the stock exchanges (BSE and NSE) of India, being the third private life insurance company to get listed in India. The market capitalisation of our Company based on market price (on NSE) as June 30, 2020 was USD 15 billion.

HDFC AMC

HDFC AMC is one of India's largest mutual fund managers. As at Fiscal 2020, the quarterly average assets under management ("**QAAUM**") for the quarter ended March 2020 stood at ₹ 3.7 trillion compared to ₹ 3.4 trillion in the same quarter of the previous year, registering a growth of 8 per cent. The ratio of equity oriented QAAUM and non-equity oriented QAAUM was 43:57.

It has the largest actively managed equity-oriented mutual fund QAAUM, with market share at 15.2 per cent. as at last quarter of Fiscal 2020.

For the Fiscal 2020, the profit after tax stood at ₹ 12.6 billion as against ₹ 9.3 billion in the previous year, representing a growth of 36 per cent.

For the Fiscal 2020, HDFC AMC recommended a final dividend of ₹ 28 per equity share of ₹ 5 each compared to the total dividend of ₹ 24 per share paid for the previous year.

Our Company holds 52.7 per cent. of the equity share capital of HDFC AMC as at March 31, 2020. During the Fiscal 2020, our Company received dividend of ₹ 1.35 billion from HDFC AMC. The market capitalisation of HDFC AMC based on market price (on NSE) as of June 30, 2020 was USD 7 billion.

HDFC ERGO

HDFC ERGO was established as a joint venture between our Company and ERGO International AG, one of the insurance entities of the Munich Re Group in Germany. It had a paid-up share capital of ₹ 6 billion as at Fiscal 2020.

HDFC ERGO offers a complete range of general insurance products such as motor, health, travel, home and personal accident in the retail segment, customised products like property, marine, aviation and liability insurance in the corporate segment and crop insurance.

The gross written premium (aggregate of Premium from direct business written (net of GST) and Premium on Re-insurance accepted) of HDFC ERGO for the year ended Fiscal 2020 stood at ₹ 94 billion as against ₹ 87 billion in the previous year, representing a growth of 8 per cent.

The combined ratio as at Fiscal 2020 stood at 102.6 per cent. The solvency ratio of our Company was 1.89 times as at Fiscal 2020.

For the year ended Fiscal 2020, profit after tax stood at ₹ 4 billion. In April 2020, IRDAI urged insurers to refrain from paying dividend pay-outs from profits pertaining to the Fiscal 2020. Our Company holds 50.5 per cent. of the equity share capital of HDFC ERGO.

The table below shows our Company's breakdown of the consolidated Profit After Tax for Fiscal 2020:

	Consolidated Profit After Tax as of Fiscal 2020 (₹ Billion)
HDFC Ltd	177.70
HDFC Asset Management Company Ltd	6.38
HDFC Life Insurance Company Ltd (Including subs)	5.88

	Consolidated Profit After Tax as of Fiscal 2020 (₹ Billion)
HDFC ERGO General Insurance Company Ltd	2.07
HDFC ERGO Health Insurance Ltd	0.67
GRUH Finance Ltd (up to August 30, 2019)	0.98
HDFC Credila Financial Services Pvt Ltd	1.15
HDFC Venture Trustee co. ltd	0.03
HDFC Capital Advisors Ltd	0.26
HDFC Investments Ltd	3.14
HDFC Holdings Ltd	0.04
HDFC Sales Pvt Ltd	(0.16)
Griha Investments – Mauritius	(0.22)
Griha Pte Ltd - Singapore	0.11
HDFC Trustee Company Ltd	0.01
Share of Profit of Associates	
HDFC Bank Ltd	54.39
Other Associates	3.08
Consolidation Adjustments	(41.16)
Consolidated Profit After Tax	**214.35**

Employees

As of March 31, 2020, our Company had 3,095 permanent employees.

Our Company recognises that training and continuous upgrading of skill sets are essential to ensure a high calibre workforce. New recruits participate in an induction programme at the Centre for Housing Finance, which is our Company's training centre in Lonavla. Other in-house training programmes are conducted on subjects like Know Your Customer, Credit Fraud Risk and Mitigation, Disbursement Processes, Rural Housing and Appraisal Techniques for Customers from the Unorganised Sector. Training is also imparted in specialised fields of legal and credit risk management. In addition, staff members are nominated for a variety of external training programmes in India and overseas.

Total assets per employee as of Fiscal 2020 was ₹ 1.63 billion, as compared to was ₹ 1.56 billion as of Fiscal 2019. The net profit per employee (after adjusting for sale of strategic investments) as of Fiscal 2020 was ₹ 0.03 billion compared, the same as the previous year.

Our Company offers its employees a range of incentives, including housing Loans at reduced rates, vehicle/consumer financing, healthcare benefits and performance incentives. Our Company also has employee stock option schemes.

Our Company's employees are not represented by any union.

Information Technology

Our Company's investments in technology have always been dictated by value enhancements for customers. Most of its systems have been developed in-house and all of its offices are electronically inter-connected. Technology has helped to reduce cycle time and has enabled the organisation to enhance customer satisfaction.

Our Company website, www.hdfc.com, offers a number of interactive features and email based services. The website offers information on our Company's products and services, including interactive tools such as a monthly instalment calculator and a deposit calculator. Through the website, our Company provides customers with an option of applying for housing Loans online. The number of applications received for online Loans, particularly from NRIs, has been encouraging.

The investor's section on the website provides relevant information on our Company, including responses to frequently asked questions by investors. An up-to-date corporate profile has also been made available to investors and lenders on the website. In order to reach out and connect more effectively with customers, our Company embarked on a number of digital initiatives including a revamped website, development of a mobile application, and building a stronger presence on various social media platforms.

Insurance

Our Company's policy is to insure all of its properties adequately against fire and other usual risks. Our Company also maintains insurance for operational risks such as the loss or theft of cash or securities.

Our Company's insurance policies are subject to exclusions which are customary for those insurance policies, including those exclusions which relate to war and terrorism-related events.

Our Company believes that its insurance policies, as described above, are appropriate for its business.

Intellectual Property

Our Company has registered its service mark under the Trade Marks Act, 1999.

REGULATION AND POLICIES

The following description is a summary of relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our Company. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bylaws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

In addition to the regulations and policies specified herein below, taxation law, labour law, intellectual property law, environmental law and other miscellaneous laws apply to our Company as they do to any other Indian company.

The National Housing Bank Act, 1987

The National Housing Bank Act, 1987 (the "**NHB Act**") was enacted to establish an NHB to operate as a principal agency to promote HFCs both at the local and regional levels and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB includes, among others, promoting, establishing, supporting or aiding in the promotion, establishment and for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions, as may be notified by the Central Government; making loans and advances or other forms of financial assistance; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilization of resources and extension of credit for housing; providing guidelines to HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

Every HFC is required to obtain a certificate of registration and meet the requirement of net owned funds of ₹ 20 million or such other higher amount as the NHB may specify for commencing housing finance as its principal business or carrying on the business of housing finance as its principal business.

Further, in terms of Section 29B of the NHB Act, every HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than 5 per cent (or such higher percentage as the NHB may specify, not exceeding 25 per cent) of the deposits outstanding at the close of business on the last working day of the second preceding quarter. Additionally, every HFC is required to maintain in India an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10 per cent (or such higher percentage as the NHB may specify, not exceeding 25 per cent), of the public deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter.

NHB has, *vide* its circular dated May 25, 2019, declared that the provisions of sub-sections (1) and (2) of Section 29B of the NHB Act shall not apply to housing finance companies, subject however that every HFC accepting public deposits shall (1) invest and continue to invest in India in unencumbered approved securities, valued at a price not exceeding the current market price of such securities, an amount which, at the close of business on any day, shall not be less than 6.5 per cent of the public deposits outstanding at the close of business on the last working day of the second preceding quarter. (2) maintain in India in an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the National Housing Bank or by way of subscription to the bonds issued by the National Housing Bank, or partly in such an account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment made under clause (1) shall not be less than 13 per cent of the public deposits outstanding at the close of business on the last working day of the second preceding quarter.

Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than 20 per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

Under the terms of the NHB Act, the NHB has the power to direct deposit accepting HFCs to furnish such statements, information or particulars relating to deposits received by the HFC, as may be specified by the NHB. The NHB may cause an inspection to be made of any deposit accepting HFCs for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so.

The Recovery of Debts and Bankruptcy Insolvency Resolution and Bankruptcy of Individuals and Partnership Firms Act, 1993

The Recovery of Debts and Bankruptcy Insolvency Resolution and Bankruptcy of Individuals and Partnership Firms Act, 1993 ("**DRT Act**") provides for establishment of the Debts Recovery Tribunals ("**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and defendant's detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("**ESIRDA**") which was introduced on August 16, 2016, amended the DRT Act. The amendments to the DRT Act pursuant to ESIRDA include, amongst others, (i) providing further details of procedures that tribunals need to follow in case of debt recovery proceedings; (ii) granting of power to recovery officers to take possession of the property over which security interest is created or any other property of the defendant as well as appoint a receiver and sell the same; (iii) priority being given to secured creditors in payment of debt in cases where insolvency or bankruptcy proceedings are pending in respect of secured assets of a borrower subject to the provisions of the Insolvency and Bankruptcy Code, 2016 (the "**Bankruptcy Code**"); and (iv) depositing of 50 per cent of the amount of debt due as determined by the DRTs, for filing an appeal against any order of the recovery officer.

The Housing Finance Companies (National Housing Bank) Directions, 2010 ("NHB Directions, 2010")

The objective of the NHB Directions, 2010 is to consolidate and issue directions in relation to HFCs including directions in relation to the acceptance of deposits by the HFCs. Additionally, the NHB Directions, 2010, provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions, the matters to be included in the auditors' report by the auditors of HFCs and matters ancillary and incidental thereto.

Pursuant to the NHB Directions, 2010, no HFC shall accept or renew public deposits unless the HFC has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year and a copy of the rating is sent to the NHB and it is complying with all the prudential norms, provided that:

- a HFC which has obtained credit rating for its fixed deposits not below the minimum investment grade rating as above and complied with all the prudential norms may accept public deposits not exceeding three times of its net owned funds ("**NOF**"); and

- a HFC which does not have the requisite rating for its fixed deposits shall obtain the same within a period of six months' from the date of notification or such extended period as may be permitted by the NHB, to obtain the prescribed rating for its fixed deposit.

Under the NHB Directions, 2010, no HFC shall have deposits inclusive of public deposits, the aggregate amount of which, together with the amounts, if any, held by it which are referred in Section 45(I)(bb)(iii) to Section 45(I)(bb)(vii) of the Reserve Bank of India Act, 1934, and loans or other assistance from the NHB, is in excess of (i) 14 times of its NOF on or after March 31, 2020, (ii) 13 times of its NOF on or after March 31, 2021, and (iii) 12 times its NOF on or after March 31, 2022. In addition, no HFC shall accept or renew any public deposit which is (a) repayable on demand or on notice; or (b) unless such deposit is repayable after a period of 12 months or more, but not later than 120 months from the date of acceptance or renewal of such deposits. On and from July 6, 2007, no HFC shall invite, accept or renew any public deposit at a rate of interest exceeding 12.5 per cent per annum, such interest being payable or compounded at rests which should not be shorter than monthly rests. On and from September 20, 2003, no HFC shall invite or accept or renew repatriable deposits from non-resident Indians in terms of Schedule 1 of Notification no. FEMA.5/2000-RB dated May 3, 2000 under Non-Resident (External) Rupee Account Scheme at a rate exceeding the rates specified by the RBI for such deposits with scheduled commercial banks.

A HFC which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such deposit, as provided in the NHB Act, is not permitted to grant any loan or other credit facility, by whatever name called or make any investment or create any other asset as long as the default exists.

In accordance with the prudential norms mentioned in the NHB Directions, 2010, income recognition shall be based on recognized accounting principles. Every HFC shall, after taking into account the degree of well defined credit weaknesses and the extent of dependence on collateral security for realization, classify its lease/hire purchase assets, loans and advances and any other forms of credit into certain specified classes, viz. standard assets, sub-standard assets, doubtful assets and loss assets. Every HFC, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of security charged, is required to make provision against sub-standard assets, doubtful assets and loss assets as provided under the NHB Directions, 2010.

The NHB has amended the provisioning norms in the NHB Directions, 2010, pursuant to the notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, as further amended by NHB *vide* notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, as amended by notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 and further amended by notification no NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017. The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted are required to be:

(a) loss assets: the entire assets are required to be written off. If assets are permitted to remain in the books for any reason, then 100 per cent of the outstanding amounts should be provided for;

(b) doubtful assets: 100 per cent provision to the extent to which the advance is not covered by the realizable value of the security to which a HFC has a valid recourse shall be made and in addition, depending upon the period for which the asset has remained doubtful provision to the extent of 25 per cent to 100 per cent of the secured portion i.e. the estimated realisable value of the outstanding shall be made in the following manner: (i) 25 per cent up to the period of one year; (ii) 40 per cent for the period of one year to three years, and (iii) 100 per cent for the period more than three years;

(c) sub-standard assets: a general provision of 15 per cent of the total outstanding amounts should be made; and

(d) standard assets: (i) standard assets with respect to housing loans at teaser/special rates - provision of 2 per cent on the total outstanding amount of such loans and the provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain standard; (ii) (a) standard assets in respect of Commercial Real Estates Residential Housing ("**CRE-RH**") (consisting of loans to builders/ developers for residential housing projects (except for captive consumption). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprising of some commercial space (e.g. shopping complex, school etc.) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10 per cent of the total floor space index ("**FSI**") of the project. In case the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as Commercial Real Estate ("**CRE")** (and not CRE-RH) - provision of 0.75 per cent on the total outstanding amount of such loans; (ii) (b) standard assets in respect of all other CRE (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc., other than those covered in (ii)(a). Loans for third dwelling unit onwards to an individual will also be treated as CRE exposure) – provision of 1 per cent on the total outstanding amount of such loans; and(iii) standard assets in respect of all loans other than (i) and (ii) - a general provision of 0.4 per cent of the total outstanding amount of loans which are standard assets is required to be made; and (iv) standard assets in respect of individual housing loans – 0.25 per cent on the total outstanding amount of such loans.

Pursuant to the notification No. 17/MD&CEO/2015 dated October 9, 2015, no HFC shall: (i) grant housing loans up to ₹ 3 million to individuals with loan to value ("**LTV**") ratio exceeding 90 per cent, (ii) grant housing loans above ₹ 3 million and up to ₹ 7.5 million to individuals with LTV exceeding 80 per cent and (iii) grant housing loans above ₹ 7.5 million to individuals with LTV exceeding 75 per cent.

Every HFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than (i) 13 per cent on or before March 31, 2020, (ii) 14% on or before March 31, 2021, and 15% on or before March 31, 2022 and thereafter, of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. Further, the Tier I capital, at any point of time, shall not be less than 10 per cent.

Under the NHB Directions, 2010, degrees of credit risk expressed as percentage weighting have been assigned to balance sheet assets. Hence, the face value of each asset is multiplied by the relevant risk weights to arrive at its risk adjusted value of the asset. The aggregate shall be taken into account for calculating the minimum capital adequacy ratio of a housing finance institution.

Further, in terms of the NHB Directions, 2010, no HFC shall invest in land or buildings, except for its own use, an amount exceeding 20 per cent of its capital fund (aggregate of Tier I capital and Tier II capital) provided that such investment over and above 10 per cent of its owned funds is required to be made only in residential units. Additionally, no HFC shall lend to any single borrower an amount exceeding 15 per cent of its owned funds, and to any single group of borrowers, an amount exceeding 25 per cent of its owned funds. A HFC is not allowed to invest in the shares of another company an amount exceeding 15 per cent of its owned funds; and in the shares of a single group of companies an amount exceeding 25 per cent of its owned funds, subject to the exceptions set out under the NHB Directions, 2010. A HFC shall not lend and invest (loans/investments together) amounts exceeding 25 per cent of its owned funds to a single party and 40 per cent of its owned funds to a single group of parties. Additionally, a HFC is not allowed to lend against its own shares and any outstanding loan granted by a HFC against its own shares on the date of commencement of the NHB Directions, 2010 shall be recovered by the HFC in accordance with the repayment schedule.

The NHB by its circular NHB.HFC.DIR.2l/MD&CEO/2018 dated July 12, 2018 has inserted the definition of "companies in the same group" in the NHB Directions 2010, to mean the following:

"an arrangement involving two or more entities related to each other through any of the following relationships:

(i) Subsidiary - Parent, Joint Venture, Associate, A Related Party as defined under the Companies Act, 2013, Indian Accounting Standards (Ind AS),

(ii) *Promoter – Promoter (as provided in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011) for listed companies*

(iii) *Common Brand Name, and*

(iv) *investment in equity shares of 20% and above;"*

The circular has also streamlined the restriction on investment and amended the NHB Directions 2010 such that the ceiling on investment in shares of another company will not be applicable on HFCs in the following cases:

(a) investments made by the company in the equity capital of an insurance company up to the extent specifically permitted, in writing by NHB;

(b) investments made by the company in shares of (i) its subsidiaries; and (ii) companies in the same group, to the extent such investments have been reduced from owned funds for the calculation of net owned funds.

(c) book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with (i) company's subsidiaries; and (ii) companies in the same group, to the extent such investments have been reduced from owned funds for the calculation of net owned funds.

Therefore, the ceiling on investments shall not be applicable to the extent that the amount of investment referred to in paragraph (b) and (c) above are reduced from owned funds of the HFC to calculate the net owned fund.

The NHB Directions, 2010 provide for exposure limits for HFC to the capital markets. Pursuant to the NHB Directions, 2010, the aggregate exposure of a HFC to the capital markets in all forms should not exceed 40 per cent of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to VCFs should not exceed 20 per cent of its net worth.

The NHB *vide* circular no NHB(ND)/DRS/POL-No. 36/2010 dated October 18, 2010 has directed all HFCs not to charge any prepayment levy or penalty on pre-closure of housing loans by borrowers out of their own sources. Further, NHB, *vide* circular no NHB(ND)/DRS/POL-No. 43/2011-2012 dated October 19, 2011 has directed all HFCs to discontinue the pre-payment levy or penalty on pre-closure of housing loans when (i) the housing loan is on a floating rate basis and pre-closed by the borrower from funds received from any source and (ii) the housing loan is on a fixed rate basis if pre-closed by the borrowers from their "own sources" which means any source other than by borrowing from a bank, HFC, NBFC or a financial institution. It has been clarified *vide* circular no NHB(ND)/DRS/Pol-No.48/2011-12 dated April 4, 2012 that the instruction applicable to fixed interest rate housing loans referred to in the circular dated October 19, 2011 will be applicable to such loans which carry a fixed rate of interest at the time of origination of the loan. Further, it has been directed *vide* circular no. NHB(ND)/DRS/Pol-No.51/2012-13 dated August 7, 2012 that all dual/special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to a fixed or floating rate depending on whether at the time of pre-closure, the loan is on a fixed or a floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for the entire duration of the loan. Thus, in the case of dual or special rate housing loans, the pre-closure norm for floating rate will be applicable once the loan has been converted into a floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter. Further *vide* NHB (ND)/DRS/Policy circular No. 63/2014-15 dated August 14, 2014 directed that HFCs shall not charge foreclosure charges or pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect. Subsequently, it was clarified *vide* circular no. NHB(ND)/DRS/Policy circular 66/2014-15 dated September 3, 2014, that provisions of the circular issued on August 14, 2014 are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction and prepaid on or after August 14, 2014. The provisions of the said circular cover part as well as full prepayment. It was also clarified that the aforesaid circular is applicable to term loans sanctioned to individual borrowers and loan in which company or firm etc. is a borrower or co-borrower, therefore is excluded from its purview.

The NHB *vide* circular no. NHB (ND)/DRS/POL-No. 58/2013-14 dated November 18, 2013 has directed all HFCs to ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects or houses and upfront disbursal should not be made in cases of incomplete, under-construction or greenfield housing projects or houses. Further, NHB *vide* circular no. NHB (ND)/DRS/ Policy Circular No. 75/2016—17 dated July 1, 2016 has directed that the prevalent scheme(s) of HFCs, if any, need to be reviewed so as to ensure that disbursal of housing loans is strictly linked to the stages of construction and no upfront disbursal is made in case of incomplete or un-constructed projects in order to remove inappropriateness of funding exposure with concomitant risk of diversion of funds and any non-compliance in this regard will be viewed seriously and may attract penal provisions under the NHB Act. The NHB, *vide* the circular no. NHB/ND/DRS/Policy Circular No. 96/2019-20 dated July 19, 2019, advised HFCs to desist from offering loan products involving servicing of the loan dues by builders/developers, *inter alia*, behalf of the borrowers. It was also clarified that the above stipulation shall be effected in cases wherein the HFC is yet to commence disbursements under the sanctioned cases.

NHB *vide* no. circular NHB(ND)/DRS/Policy Circular No.77/2016-17 dated November 21, 2016 issued directions in relation to the Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. An additional period of 60 days was provided beyond what is applicable for recognition of a loan account as a substandard asset in the case of term loans where original sanctioned amount is ₹ 10 million or less.

NHB vide no. circular NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017, has revised the following weighted risk assets on balance sheet items:

Weighted risk assets – On balance Sheet items	**Weight (%)**
Outstanding Housing loans to individuals up to ₹ 3 million secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio < 80 per cent	35
Outstanding Housing loans to individuals up to ₹ 3 million secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio > 80 per cent and < 90 per cent	50
Outstanding Housing loans to individuals above ₹ 3 million and up to ₹ 7.5 million secured by mortgage of immoveable property which are classified as standard assets with LTV ratio < 75 per cent (loan sanctioned before August 1, 2017)	35
Outstanding Housing loans to individuals above ₹ 3 million and up to ₹ 7.5 million secured by mortgage of immoveable property which are classified as standard assets with LTV ratio > 75 per cent and < 80 per cent (loan sanctioned before August 1, 2017)	50
Outstanding Housing loans to individuals above ₹ 3 million and up to ₹ 7.5 million secured by mortgage of immoveable property which are classified as standard assets with LTV ratio < 80 per cent (loan sanctioned on or after August 1, 2017)	35
Outstanding Housing loans to individuals above ₹ 7.5 million secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio < 75 per cent (loan sanctioned before August 1, 2017)	75
Outstanding Housing loans to individuals above ₹ 7.5 million secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio < 75 per cent (loan sanctioned on or after August 1, 2017)	50
Outstanding amount of Loans given for the purpose of insurance of the property/borrower in case of individual housing loans	Same as applicable to the respective housing loan

Upon the amendment of the NHB Act by the Finance (No.2) Act, 2019, certain powers for regulation of HFCs were conferred upon the RBI. Pursuant thereto, the RBI issued a press release dated August 13, 2019 titled 'Transfer of Regulation of Housing Finance Companies (HFCs) to Reserve Bank of India' stating that HFCs will henceforth be treated as one of the categories of NBFCs for regulatory purposes and that the RBI will carry out a review of the extant regulatory framework applicable to the HFCs and come out with revised regulations in due course. In the meantime, HFCs shall continue to comply with the directions and instructions issued by the NHB till the RBI issues a revised framework. NHB will continue to carry out supervision of HFCs and HFCs will continue to submit various returns to NHB as hitherto.

Accordingly, the RBI has released a draft framework on June 17, 2020 ("**Draft Framework**"), for public comments, proposing changes in regulations applicable to HFCs. Through the Draft Framework, RBI has proposed to define the principal business and qualifying assets for HFCs and has suggested an inclusive definition of the terms 'providing finance for housing' or 'housing finance' as per provisions of RBI's master circular on housing finance addressed to banks and NHB's illustrative list of housing loans. Further, RBI has recommended that not less than 50 per cent of net assets will be in the nature of 'qualifying assets' for HFCs, of which at least 75 per cent should be towards individual housing loans. Presently, HFC regulations are common for all HFCs irrespective of their asset size and ownership. However, the Draft Framework proposes to issue HFC regulations by classifying them as systemically important and non-systemically important, whereby non-deposit taking HFCs with asset size of ₹ 5,000 million and above and all deposit taking HFCs, irrespective of asset size, will be treated as systemically important HFCs. Further, it suggests increasing the minimum net owned fund for HFCs from the current requirement of ₹ 100 million to ₹ 200 million and specifies that for existing HFCs the glide path would be to reach ₹ 150 million within one year and ₹ 200 million within 2 years with an aim to strengthen the capital base, especially of smaller HFCs and companies proposing to seek registration under NHB Act. The Draft Framework also proposes to extend the applicability of directions issued by RBI *inter alia* on liquidity risk framework and liquidity coverage ratio, securitization and monitoring of frauds for NBFCs, to HFCs.

The Prevention of Money Laundering Act, 2002

The Prevention of Money Laundering Act, 2002 ("**PMLA**") was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, is required to maintain record of all transactions including the value and nature of such transactions, furnish information of such transactions to the director defined under PMLA and verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA. In terms of PMLA, whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering. Upon the amendment of the NHB Act by the Finance (No.2) Act, 2019, certain powers for regulation of HFCs were conferred upon the RBI. The RBI *vide* notification dated May 19, 2020 extended the RBI Master Direction – Know Your Customer (KYC) Directions, 2016 ("**KYC Master Directions**") to HFCs, and repealed the various NHB circulars which had previously governed the Know Your Customer and anti-money laundering measures for HFCs. The KYC Master Directions has consolidated directions on Know Your Customer ("**KYC**"), Anti-Money Laundering ("**AML**") and Combating the Financing of Terrorism ("**CFT**"), and requires the regulated entities to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions in view of the provisions of PMLA and the rules framed thereunder. The KYC Master Directions mandate that every regulated entity should have a KYC policy which shall include the following key elements: (i) customer acceptance policy, (ii) risk management, (iii) customer identification procedures and (iv) monitoring of transactions, Further, all regulated entities should carry out 'Money Laundering and Terrorist Financing Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI Act**") regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is an NPA or a standard asset where the asset is under a consortium or multiple banking arrangements and at least 75 per cent by value of the assets to the borrower are classified as an NPA and at least 75 per cent by the value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale of the asset to the securitisation or reconstruction company.

The SARFAESI Act provides for the acquisition of financial assets by a asset reconstruction company or reconstruction company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A asset reconstruction company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower and enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any asset reconstruction company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fees or charges as may be mutually agreed between the parties.

Further, the SARFAESI Act was amended under ESIRDA. The amendments include: (i) secured creditors can take assistance of the district magistrate to complete the process of recovery of debt within 30 days of filing of an affidavit; (ii) on commencement of the Bankruptcy Code, in cases where insolvency or bankruptcy proceedings are pending in respect of secured assets of the borrower, priority to secured creditors in payment of debt is subject to the provisions of the Bankruptcy Code; (iii) creation of a central database to integrate recording of rights over any property registered under various registration systems; (iv) exemption from levy of any stamp duty on transactions for transfer of financial assets of banks or financial institutions in favour of asset reconstruction companies; (v) no requirement for classification of secured debt as non-performing asset in cases of funds raised through issue of debt securities; (vi) granting power to the Reserve Bank of India to carry out audit and inspection of asset reconstruction companies from time to time; (vii) substitution of the term "qualified institutional buyers" with the term "qualified buyers" in order to include non-institutional investors as well; and (viii) with respect to the prior approval of the RBI for any substantial change in management of an asset reconstruction company, including changes affecting the sponsorship in the company by way of transfer of shares within the meaning of the expression 'substantial change in management'.

Refinance Scheme for Housing Finance Companies, 2003

Pursuant to the Refinance Scheme for Housing Finance Companies, 2003 ("**Refinance Scheme**"), as amended *vide* circular NHB(ND)/ROD/HFC/LRS/17/2004 dated April 15, 2005, HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending up to ₹ 5 million to individuals for the purchase, construction, repair and upgrade of housing units.

Pursuant to the Refinance Scheme, and clarification provided *vide* circular NHB(ND)/ROD/HFC/Refinance Circular 1/2015-16 dated October 15, 2015, HFCs registered with the NHB are eligible to obtain refinance from the NHB against loans extended by them if they fulfil the following criteria:

(a) The HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers;

(b) Should invest at least 75 per cent of capital employed by way of long-term finance for housing;

(c) The HFC should have a NOF of not less than ₹1,000 million. NOF will carry the same meaning as defined in Housing Finance Companies (NHB) Directions, 2010;

(d) The HFC should comply with the provisions of the NHB Act and Housing Finance Companies (NHB) Directions, 2010, as amended from time to time;

(e) The Net Non-Performing Assets (NNPA) of the HFC should not be more than 3.50 per cent of the Net Advances. NPA shall carry the same meaning as defined in Housing Finance Companies (NHB) Directions, 2010. NNPA means 'NPA less provision'. Net Advances shall mean 'Advances less provision'. 'Advances' shall, apart from housing loans, include mortgage loans, lease transactions, hire purchase assets, bills of exchange, inter-corporate deposits and unquoted debentures; and

(f) The HFC should have completed at least three years of operations (i.e. the HFC should be able to furnish three years' audited financial statements).

In addition, the HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers. The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of a HFC. Additional security such as charge on immovable properties or movable properties, guarantee of promoters, etc., may be stipulated at discretion of the NHB. If at any time the NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security including, *inter alia*, charges on immovable/moveable property or a requisite guarantee.

Owing to the COVID-19 pandemic, the RBI has provided a special liquidity facility of ₹ 100,000 million to the NHB in order to enable it to infuse liquidity into the housing sector through HFCs at more affordable rates and to meet the credit needs of the sector. Accordingly, the NHB has launched the Special Refinance Facility ("**SRF**") scheme. The objective of the scheme is to provide short term refinance support to HFCs which will partially mitigate their liquidity risk and improve the much needed liquidity into the overall housing finance system. The total amount allocated under this scheme shall be ₹ 100,000 million. A HFC would be eligible for the SRF if (i) its Max Net Non-Performing Assets should not be more than 7.5 per cent; (ii) its ratio of individual housing loans to total assets should be a minimum of 51 per cent as under the liberalized refinance scheme of the NHB; and (iii) the HFC should have extended moratorium to its customers and this should have adversely impacted at least 15 per cent of the cash flows of the HFC during the period of moratorium.

Master Circular on Housing Finance issued by the RBI

Pursuant to the Master Circular on Housing Finance dated July 1, 2015, issued by the RBI ("**Master Circular**"), banks may grant loans to housing finance institutions taking into account (long-term) debt equity ratio, track record, recovery performance and other relevant factors including the other applicable regulatory guidelines. While deciding the quantum of term loan to be sanctioned as housing finance, banks are required to adhere to the loan to value ratio for loans as specified in the Master Circular.

Pursuant to the amendment of the NHB Act by the Finance (No.2) Act, 2019, wherein certain powers for regulation of HFCs were conferred upon it, the RBI *vide* circular no. RBI/2019-20/98 DOR NBFC (PD) CC.No.105/03.10.136/2019-20 dated November 11, 2019, withdrew certain exemptions that were earlier granted to HFCs, including our Company. As a result, the RBI has made the provisions of Chapter IIIB relating to non-banking institutions receiving deposits and financial institutions (except Section 45-IA of Reserve Bank of India Act, 1934) applicable to HFCs, including our Company. For details, see "*Risk Factors –Our Company may have to comply with stricter or unexpected regulations and guidelines issued by regulatory authorities in India, including the NHB and the Companies Act, which may increase our Company's compliance costs, divert the attention of our Company's management and subject it to penalties.*" on page 67.

Master Direction and guidelines on Priority Sector Lending issued by the RBI

Pursuant to the Revised guidelines on lending to Priority Sector for Primary (Urban) Co-operative Banks (UCBs) dated May 10, 2018, issued by the RBI, assistance given to a non-governmental agency approved by the NHB for the purpose of refinance for construction or reconstruction of dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹ 1 million per dwelling unit would be classified under priority sector. The maturity of bank loans should be co-terminus with average maturity of loans extended by HFCs. Banks should maintain necessary borrower-wise details of the underlying portfolio.

Further**,** pursuant to the Master Direction dated July 7, 2016 on Reserve Bank of India (Priority Sector Lending Targets and Classification) Directions, 2016, issued by the RBI, a classification has been made of categories and targets and sub-targets have been set for priority sector lending for all scheduled commercial banks operating in India.

Guidelines for Asset Liability Management System for HFCs

The guidelines for introduction of asset liability management system by HFCs was issued by NHB *vide* circular NHB (ND)/HFC(DRS-REG)/ALM/1407/2002 dated June 28, 2002, ("**ALM Guidelines**"). NHB has since revised the guidelines from time to time and had issued guidelines for asset liability management system in HFCs on October 11, 2010. The revised guidelines are applicable to all HFCs irrespective of whether they are accepting or holding public deposits or not. The ALM Guidelines for HFCs lay down broad guidelines for HFCs in respect of systems for management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for the management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFCs' senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFCs' budget and decided risk management objectives. Asset-liability management support groups to be constituted of operating staff are responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

The ALM Guidelines also recommended the classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). The gap is the difference between rate sensitive assets and rate sensitive liabilities for each time bucket. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data or empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

Master Circular - Fair Practices Code

Pursuant to the Master Circular - Fair Practices Code dated July 1, 2019, the NHB has provided directions and guidelines for transparency in transactions between the institutions and the end users and also to provide for well informed business relationships. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increasing transparency, encouraging market forces, promoting fair and cordial relationship between customers and HFCs and fostering confidence in the housing finance system.

The Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customer, prompt resolution of grievances and confidentiality of customer information. HFCs are required to prescribe a code of conduct for their Direct Selling Agencies whose services are availed to market products / services which amongst other matters require them to identify themselves when they approach the customer for selling products. The Fair Practices Code also provides for provisions to be followed by HFCs in relation to applications for loans by borrowers, loan appraisals, communication on rejection of loan application and disbursement of loans to borrowers. In terms of the Fair Practice Code, the HFCs are required to disclose information on interest rates, common fees and charges through notices etc. HFCs are required to ensure that all advertising and promotional materials are clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for the recovery of dues. The process will involve reminding the customer by sending him/her a notice or by making personal visits and/or repossession of security, if any.

Guidelines for Recovery Agents Engaged by HFCs

The Guidelines for Recovery Agents Engaged by HFCs ("**Recovery Agents Guidelines**") were issued on July 14, 2008 by the NHB in relation to the practices and procedures regarding the engagement of recovery agents by the HFCs. Under the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for engagement of the recovery agents, which should cover *inter-alia*, individuals involved in the recovery process. HFCs are required to ensure that the agents engaged by them in the recovery process carry out verification of the antecedents of their employees, which may include pre-employment police verification, as a matter of abundant caution. HFCs may decide the periodicity at which re-verification should be resorted to. HFCs are required to ensure that the recovery agents are properly trained to handle their responsibilities with care and sensitivity, in particular, aspects like hours of calling and privacy of customer information, among others. They are also required to inform the borrower of the details of recovery agency firms or companies while forwarding default cases to the recovery agency.

Under the Recovery Agents Guidelines, any person authorized to represent a HFC in a collection and/or security repossession should follow guidelines which includes *inter-alia* contacting the customer ordinarily at the place of his/her choice; interaction with the customer in a civil manner and assistance to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner. Each HFC should have a mechanism whereby the borrower's grievances with regard to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower. HFCs have been advised to constitute grievance redressal machinery within the company and give wide publicity about it through electronic and print media.

HFCs are required to, at least on an annual basis, review the financial and operational condition of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider, should highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

Norms for Excessive Interest Rates

The NHB *vide* circular NHB(ND)/DRS/POL-No-29/2009 dated June 2, 2009, has advised all HFCs to revisit internal policies in determining interest rates, fees and other charges. According to this notification, the HFCs were advised to revisit their policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and get the same approved by the board of directors of the HFC. HFCs were also advised to ensure adequate disclosure about interest rates and charges keeping in view the Fair Practices Code regarding transparency in respect of terms and conditions of the loans and put in place an internal mechanism to monitor the process and operations, to ensure transparency in communications with borrowers.

Foreign Investment in HFCs

On October 17, 2019, the RBI issued Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("**FEMA Rules"**) to replace the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2017 ("**Old FEMA 20**").

Foreign Investment in India is governed primarily by the provisions of the FEMA Regulations and the rules, regulations and notifications thereunder, read with the presently applicable Consolidated FDI Policy, effective from August 28, 2017 ("**Consolidated FDI Policy**") issued by the Department of Industrial Policy and Promotion from time to time. As per the provisions of the Consolidated FDI Policy and FEMA, 100 per cent FDI under the automatic route is permitted for investment in "Other Financial Services" which mean financial services activities regulated by financial sector regulators, viz., Reserve Bank, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority, NHB or any other financial sector regulator as may be notified by the Government of India., subject to the following conditions:

(a) Foreign investment in 'Other Financial Services' activities shall be subject to conditionalities, including minimum capitalization norms, as specified by the concerned regulator or government agency;

(b) ‘Other Financial Services' activities need to be regulated by one of the financial sector regulators. In all such financial services activities which are not regulated by any financial sector regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight, foreign investment up to 100 per cent will be allowed under government approval route subject to conditions including minimum capitalization requirement, as may be decided by the Government;

(c) Any activity which is specifically regulated by applicable law, the foreign investment limits will be restricted to those levels or limit that may be specified in that law, if so mentioned; and

(d) Downstream investments by any of these entities engaged in "Other Financial Services" that are treated as indirect foreign investment for the investee entity will be subject to the provisions of FEMA Rules.

In terms of Part D – point 1 (viii) (b) of the operational guidelines for SEBI FPI Regulations, where an investor has investments as FPI and also holds positions as an ODI subscriber, these investment restrictions shall apply on the aggregate of FPI investments and ODI positions held in the underlying Indian company. Accordingly, the investment as FPI and positions held as ODI subscriber is required to be clubbed together with reference to the said investment restrictions.

Further, through the press note no. 1 (2018 series) issued by the Department for Promotion of Industry and Internal Trade (“**DIPP**”), foreign investment in investing companies registered as non-banking financial companies (“**NBFCs**”) with the RBI, being overall regulated, would be under the 100 per cent automatic route. The DIPP by way of press note no. 3 (2020 series) amended the FEMA Rules by restricting foreign direct investments by an entity of any country which shares a border with India or where the beneficial owner of an investment into India is situated in or is a citizen of such country, only through the Government approval route.

The Bankruptcy Code

The Bankruptcy Code (i) empowers all creditors (whether secured, unsecured, domestic, international, financial or operational) to trigger resolution processes; (ii) enables the resolution process(es) to start at the earliest sign of financial distress; (iii) provides for a single forum to oversee all insolvency and liquidation proceedings; (iv) enables a calm period where new proceedings do not derail existing ones; (v) provides for replacement of the existing management during insolvency proceedings while maintaining the enterprise as a going concern; (vi) offers a finite time limit within which the debtor’s viability can be assessed; and (vii) lays out a linear liquidation mechanism.

The Government has notified the Banking Regulation (Amendment) Act, 2017 in the official gazette on August 25, 2017 (“**Amendment**”) and the same has been deemed to be in force since May 4, 2017. The Amendment introduces two new sections in the Banking Regulation Act, 1949, being Section 35AA and Section 35AB, which empower RBI to intervene in the resolution of stressed assets. These measures are as follows:

(a) The Central Government may, by order, authorise the RBI to issue directions to any banking company or banking companies to initiate insolvency resolution process in respect of a default, under the provisions of the Bankruptcy Code;

(b) RBI may, from time to time, issue directions to any banking company or banking companies for resolution of stressed assets; and

(c) RBI may specify one or more authorities or committees with such members as the RBI may appoint or approve for appointment to advise any banking company or banking companies on resolution of stressed assets.

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 notified on August 17, 2018, among others, recognizes the amounts paid by allottees under a real estate project (in terms of the Real Estate (Regulation and Development) Act, 2016) as ‘financial debt’ and expressly allows for withdrawal of the applications filed under Sections 7 and 9 of the Insolvency Code.

Additionally, on December 28, 2019, the Government amended certain provisions of the Bankruptcy Code, by promulgating an ordinance (the “**2019 Ordinance**”), which introduces certain changes to the substantive as well as procedural aspects relating to the insolvency process. Some of the key changes are as follows:

1. The 2019 Ordinance provides the minimum thresholds for certain classes of financial creditors for initiating the insolvency resolution process. In respect of real estate projects, resolution process can be initiated by filing an application jointly by at least 100 allottees of the same real estate project, or 10 per cent of the total allottees under that project, whichever is less.

2. No existing license, permit, registration, quota, concession or clearance, given by the Government or a local authority will be suspended or termination on the grounds of insolvency.

The Ministry of Housing and Urban Affairs *vide* office memorandum dated May 13, 2020, extended the completion date of all registered projects under the jurisdiction of RERA, which were expiring on or after March 25, 2020 by six months by invoking the force majeure clause, which may be further extended for a period of three months on the discretion of the regulatory authorities for different states. On May 17, 2020, the Central Government announced, amongst others, that initiation of fresh insolvency cases would be suspended for up to a period of one year. It was also announced that all 'COVID-19' related defaults would be excluded from the Bankruptcy Code. The ordinance suspending initiation of Corporate Insolvency Resolution Process (CIRP) was promulgated by the President of India on June 5, 2020 through the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 (the "**2020 Ordinance**"). The 2020 Ordinance has been introduced to enable and safeguard the corporate debtors who may default in the discharge of their obligations and are experiencing distress on account of the pandemic. It introduces two new sections: (i) Section 10A; and (ii) sub-section 3 to Section 66. Section 10A suspends initiation of CIRP contained under Section 7 (*initiation by financial creditor*), Section 9 (*initiation by the operational creditor*) and Section 10 (*initiation by the corporate debtor*) of the Bankruptcy Code for any default arising on or after March 25, 2020 for six months or such further period not exceeding one year, as may be notified for this purpose. It clarifies that CIRP can be initiated for default occurring/committed prior to March 25, 2020.

Further, the 2020 Ordinance by way of a proviso to Section 10A specifies that no application shall 'ever' be filed for initiation of CIRP against a corporate debtor for the said default occurring during the said period (six months or extendable up to a period of one year). Furthermore, new sub-section (3) to Section 66 introduced *vide* the 2020 Ordinance, bars the resolution professional from moving an application under Section 66(2) in respect of default against which CIRP stands suspended. Section 66(2) imposes liability upon directors/partners of a corporate debtor:

a. If the director/partner knew or ought to have known that there was no reasonable prospect of avoiding the commencement of CIRP of the company; and

b. The director/ partner failed to exercise due diligence in minimizing the potential losses to the creditors of the corporate debtor.

Accordingly, in terms of Section 66(2), director(s)/partner(s) can be asked by the adjudicating authority on an application made by the resolution professional to make contributions to the assets of the corporate debtor.

Timelines for Stressed Assets Resolution

The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 7, 2019 ("**Prudential Framework**") mandates that in cases where a resolution plan is to be implemented, all lenders shall enter into an inter-creditor agreement, within thirty days from default ("**Review Period**"), to provide for ground rules for finalization and implementation of the resolution plan in respect of borrowers with credit facilities from more than one lender.

Due to the impact of Covid-19, the RBI *vide* circular RBI/2019-20/219 DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020, decided to extend the resolution timelines under the Prudential Framework, which were further extended by the RBI *vide* circular RBI/2019-20/245 DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020 in the following manner:

(a) for accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution; and

(b) for accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.

Further, the RBI through its 'Statement of Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a separate resolution framework under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures /accounts without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**Covid-19 Resolution Framework**"). Under the Covid-19 Resolution Framework, lending institutions are required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the Covid-19 Resolution Framework and ensure that the resolution plans under this facility are extended only to borrowers bearing stress on account of the COVID-19 pandemic. Exposures of housing finance companies where the account has been rescheduled after March 1, 2020 in terms of para 2(1)(zc)(ii) (which defines sub-standard assets) of the NHB Directions, are not eligible for a resolution plan under Covid-19 Resolution Framework, unless a resolution plan has been invoked by other lending institutions thereunder. However, from the date of Covid-19 Resolution Framework, any resolution plan necessitated on account of the economic fallout of Covid-19 pandemic, shall be undertaken only under the Covid-19 Resolution Framework.

Investment by Foreign Portfolio Investors in Corporate Debt Securities –Review

RBI *vide* circular RBI/2017-18/ 64 A.P. (DIR Series) Circular No. 05 dated September 22, 2017 directed to remove Masala Bonds (or Rupee denominated bonds issued overseas) from the purview of the corporate bond investment limit, creating headroom for corporate bond investment by Foreign Portfolio Investors. Further, the aforesaid circular specifies that currently the limit for investment by FPIs in corporate bonds is ₹ 2,443,230 million, which includes issuance of Masala Bonds of ₹ 440,010 million (including Masala Bond issuances that are in the pipeline). Masala Bonds will no longer form a part of the limit for FPI investments in corporate bonds with effect from October 3, 2017. They will instead form a part of ECB and will be monitored accordingly. The approval route introduced for all Masala Bond issuance *vide* the RBI circular RBI/2016-17/316/A. P. (DIR Series) Circular No.47 dated June 7, 2017 continues to apply and all eligible issuers proposing to issue Masala Bonds are required to approach the Foreign Exchange Department, RBI.

Further, RBI *vide* circular RBI/2017-18/199 A.P. (DIR Series) Circular No. 31 dated June 15, 2018 provided some operational flexibility as well as transition path for FPIs and custodians to adapt to regulations. It provides, among others, revision of minimum residual maturity requirement, security-wise limit and online monitoring of investments in Central Government Securities ("**G-Sec**") and State Development Loans ("**SDL**") categories. Through the circular, RBI permits FPIs to invest in corporate bonds with minimum residual maturity of above one year, subject to the condition that short-term investments in corporate bonds by an FPI shall not exceed 30 per cent of the total investment of that FPI in corporate bonds. However, under the RBI circular RBI/2018-19/123 dated February 15, 2019, the limit on the exposure of FPI in corporate bonds was withdrawn to encourage a wider spectrum of investors to access the Indian corporate debt market. Further, the RBI by way of the circular RBI/2018-19/176 dated April 25, 2019, permitted FPIs to invest in municipal bonds.

The RBI in 2019 introduced a separate channel, called the 'Voluntary Retention Route' ("**VRR**"), to enable FPIs to invest in debt markets in India in addition to the general investment limit. In terms of the RBI circular RBI/2018-19/187 A.P.(DIR Series) Circular No. 34 dated May 24, 2019 investments made through the VRR shall not be subject to any minimum residual maturity requirement, concentration limit or single/group investor-wise limits applicable to corporate bonds. The RBI *vide* circular RBI/2019-20/151 A.P. (DIR Series) Circular No.19 dated January 23, 2020 increased the investment cap to ₹ 1,500,000 million from ₹ 750,000 million for FPI investment under the VRR. Further, in terms of the circular, FPIs that were allotted investment limits under VRR may, at their discretion, transfer their investments made under the general investment limit to VRR. The RBI *vide* circular RBI/2019-20/199 A.P. (DIR Series) Circular No. 24 dated March 30, 2020 increased the investment limits for FPIs in corporate bonds from ₹ 3,170,000 million to ₹ 4,292,440 million for April 1, 2020 to September 30, 2020 and to ₹ 5,414,880 million for October 1, 2020 to March 31, 2021. In light of the disruptions caused by the Covid-19 pandemic, the RBI *vide* circular RBI/2019-20/239 A.P.(DIR Series) Circular No.32 dated May 22, 2020, allowed FPIs that have been allotted investment limits, between January 24, 2020 (the date of reopening of allotment of investment limits) and April 30, 2020, an additional time of three months to invest 75% of their committed portfolio size. For FPIs availing the additional time, the retention period for the investments (committed by them at the time of allotment of investment limit) would be reset to commence from the date that the FPI invests 75% of committed portfolio size.

Guidelines on Reporting and Monitoring of Frauds in HFCs

NHB *vide* circular no. NHB(ND)/DRS/Policy Circular No.92/2018-19 dated February 5, 2019 has issued guidelines on reporting and monitoring of frauds in HFCs ("**2019 Guidelines**") in order to facilitate the ongoing process relating to reporting of frauds in HFCs and to strengthen the reporting and monitoring system relating to fraudulent transactions reported by HFCs. In terms of the 2019 Guidelines, HFCs are required to put in place a reporting system for recording frauds without any delay. HFCs are required to specifically nominate an official of the rank of general manager or equivalent who will be responsible for submitting all the returns to the NHB and reporting in terms of the 2019 Guidelines. Further, in case no frauds are detected, HFCs are not required to submit 'Nil' report to NHB. They are required to fix staff accountability in respect of delays in reporting of fraud cases to the NHB.

In order to have uniformity in reporting, frauds have been classified in the 2019 Guidelines as under mainly based on the provisions of the Indian Penal Code:

(a) Misappropriation and criminal breach of trust;

2. Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;

3. Unauthorized credit facilities extended for reward or for illegal gratification;

4. Negligence and cash shortages;

5. Cheating and forgery;

6. Irregularities in foreign exchange transactions; and

7. Any other type of fraud not coming under the specific heads as above.

The 2019 Guidelines provide for the timeframe and the frequency of the reporting requirement for reporting of frauds involving ₹ 0.1 million or above and ₹ 10 million and above. It also sets out the matters that are required to be placed before the board of directors and the audit committee, as applicable.

HFCs are required to strictly adhere to the provisions of the 2019 Guidelines, in particular the timelines stipulated in the 2019 Guidelines, failing which the companies would be liable to supervisory action, including invocation of penal action as per the provisions of the NHB Act.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Board presently consists of 10 Directors and, as per our Articles of Association, our Company shall have at least three Directors and not more than 15 Directors. The quorum for meetings of the Board is one third of the total number of Directors or two Directors, whichever is higher. Where the number of interested Directors exceeds, or is equal to, two thirds of the total strength, the number of remaining Directors present at such meeting, the number of remaining Directors who are not interested and are present at the meeting, not being less than two, shall be the quorum during such time.

The following table sets forth details regarding the Board as of the date of this Placement Document:

Sr. No.	Name, Address, Occupation, DIN, Current Term and Nationality	Age	Other Directorships
1.	**Mr. Deepak S. Parekh** **Address**: Apartment 4607, The Imperial Tower, North, 46th floor, B B Nakashe Marg, Tardeo, Mumbai - 400 034, Maharashtra **Occupation**: Professional **DIN**: 00009078 **Designation:** Non-executive Chairman **Term**: Liable to retire by rotation **Nationality**: Indian	75	*Indian Companies* • Breach Candy Hospital Trust; • HDFC Asset Management Company Limited; • HDFC ERGO General Insurance Company Limited; • HDFC Life Insurance Company Limited; • HT Parekh Foundation; • Indian Institute for Human Settlements; • National Investment and Infrastructure Fund Limited; and • Siemens Limited. *Foreign Companies* • DP World Ltd., Dubai; • Economic Zones World FZE; • Fairfax India Holdings Corporation, Canada; and • Vedanta Resources Limited, London.
2.	**Mr. Keki M. Mistry** **Address**: Flat No. 2603, 26th floor, B - Wing, Vivarea, S. G. Marg, Mahalaxmi (East), Mumbai - 400011, Maharashtra **Occupation**: Company Executive **DIN**: 00008886 **Designation**: Vice-Chairman and Chief Executive Officer **Term**: November 14, 2018 to November 13, 2021, liable to retire by rotation within such term **Nationality**: Indian	65	*Indian Companies* • Greatship (India) Limited; • HDFC ERGO General Insurance Company Limited; • HDFC Asset Management Company Limited; • HDFC Life Insurance Company Limited; • HT Parekh Foundation; • Torrent Power Limited; and • TATA Consultancy Services Limited. *Foreign Companies* • Griha Investments, Mauritius; and • Griha Pte. Ltd, Singapore.

<table>
<tr><th>Sr. No.</th><th>Name, Address, Occupation, DIN, Current Term and Nationality</th><th>Age</th><th>Other Directorships</th></tr>
<tr><td>3.</td><td>Ms. Renu Sud Karnad

Address: BB - 14, Greater Kailash, Enclave - II, New Delhi – 110048, Delhi

Occupation: Company Executive

DIN: 00008064

Designation: Managing Director

Term: January 1, 2020 to September 2, 2022, liable to retire by rotation within such term.

Nationality: Indian</td><td>67</td><td>Indian Companies

• ABB India Limited;
• Bangalore International Airport Limited;
• Glaxosmithkline Pharmaceuticals Limited;
• HDFC Asset Management Company Limited;
• HDFC Bank Limited;
• HDFC ERGO General Insurance Company Limited;
• HDFC Life Insurance Company Limited;
• HT Parekh Foundation; and
• Unitech Limited.

Foreign Companies

• HIREF International LLC;
• HIREF International Fund II Pte. Ltd.; and
• HIF International Fund Pte. Ltd.</td></tr>
<tr><td>4.</td><td>Mr. V. Srinivasa Rangan

Address: C - 1003, 10th Floor, Ashok Towers, Dr. Babasaheb Ambedkar Marg, Parel, Mumbai - 400012, Maharashtra

Occupation: Company Executive

DIN: 00030248

Designation: Executive Director and Chief Financial Officer

Term: January 1, 2020 to December 31, 2024, liable to retire by rotation within such term

Nationality: Indian</td><td>60</td><td>Indian Companies

• Atul Limited;
• Computer Age Management Services Limited;
• HDFC Credila Financial Services Private Limited;
• HDFC Education and Development Services Private Limited;
• HDFC Investments Limited;
• HDFC Property Ventures Limited;
• HDFC Trustee Company Limited;
• HT Parekh Foundation;
• TVS Credit Services Limited; and
• True North Corporate Private Limited.

Foreign Companies

Nil</td></tr>
<tr><td>5.</td><td>Mr. Nasser M. Munjee

Address: Damac Maison, The Vogue, Business Bay, Dubai, UAE

Occupation: Economist, banker and advisor

DIN: 00010180

Designation: Independent Director

Term: July 21, 2019 to July 20, 2021; not liable to retire by rotation

Nationality: Indian</td><td>67</td><td>Indian Companies

• Aga Khan Rural Support Programme (India);
• ABB India Limited;
• Ambuja Cements Limited;
• Cummins India Limited;
• DCB Bank Limited;
• Indian Institute for Human Settlements;
• Miraclefeet Foundation for Eliminating Clubfoot;
• The Indian Hotels Company Limited;
• TATA Motors Finance Limited;
• TATA Motors Finance Solutions Limited; and
• TMF Holdings Limited.

Foreign Companies

• Aga Khan Foundation;
• ADSUM Capital Ltd., Dubai, UAE;</td></tr>
</table>

Sr. No.	Name, Address, Occupation, DIN, Current Term and Nationality	Age	Other Directorships
			• Astarda Ltd., Dubai, UAE; • Greenko Energy Holdings; and • Jaguar Land Rover Automotive PLC, UK.
6.	**Dr. Jamshed J. Irani** **Address**: 7, Beldih Lake, Northern Town, Jamshedpur - 831001, Jharkhand **Occupation**: Professional Director **DIN**: 00311104 **Designation:** Independent Director **Term**: July 21, 2019 to July 20, 2021; not liable to retire by rotation **Nationality**: Indian	83	*Indian Companies* Nil *Foreign Companies* Nil
7.	**Mr. Upendra K. Sinha** **Address**: K 94, 2nd Floor, Hauz Khas Enclave, Hauz Khas, South Delhi, New Delhi 110016 **Occupation**: Retired civil servant **DIN**: 00010336 **Designation**: Independent Director **Term**: April 30, 2018 to April 29, 2023; not liable to retire by rotation **Nationality**: Indian	68	*Indian Companies* • Aavishkar Venture Management Services Private Limited; • Havells India Limited; • Max Healthcare Institute Limited; • Saumitra Research & Consulting Private Limited; and • Vedanta Limited. *Foreign Companies* Nil
8.	**Mr. Jalaj Dani** **Address**: 6 Home Villa, 48 Krishna Sanghi Path Gamdevi, Grant road, Mumbai 400007, Maharashtra **Occupation**: Business **DIN**: 00019080 **Designation:** Independent Director **Term**: April 30, 2018 to April 29, 2023; not liable to retire by rotation **Nationality**: Indian	50	*Indian Companies* • Addverb Technologies Private Limited; • Gujarat Organics Limited; • Havells India Limited; • Haish Holding and Trading Company Private Limited; • Hitech Corporation Limited; • Hitech Specialities Solutions Limited; • IMG Reliance Limted; • Paints and Coating Skill Council; • Piramal Foundation; • Piramal Foundation for Education Leadership; • Pratham Education Foundation; • Reliance Foundation; • Reliance Foundation Institution of Education and Research; • S.C. Dani Research Foundation Private Limited; • Sportscom Industry Confederation; and • Village Social Transformation Foundation. *Foreign Companies*

Sr. No.	Name, Address, Occupation, DIN, Current Term and Nationality	Age	Other Directorships
			Nil
9.	**Dr. Bhaskar Ghosh** **Address**: Villa No. 443, Phase 2, Adarsh Palm Retreat, Bellandur, Doddakanahalli, Bengaluru – 560103, Karnataka **Occupation**: Company executive **DIN**: 06656458 **Designation:** Independent Director **Term**: September 27, 2018 to September 26, 2023; not liable to retire by rotation **Nationality**: Indian	60	*Indian Companies* Nil *Foreign Companies* Nil
10.	**Ms. Ireena Vittal** **Address**: A2, 1202. World Spa East, Sector – 30 / 41, Gurgaon – 1220001, Haryana **Occupation**: Professional Director **DIN**: 05195656 **Designation**: Independent Director **Term**: January 30, 2019 to January 29, 2024; not liable to retire by rotation **Nationality**: Indian	51	*Indian Companies* • Foundation to Education Girls Globally; • Godrej Consumer Products Limited; • Jal Seva Charitable Foundation; • Titan Company Limited; • Vidhi Centre for Legal Policy; and • Wipro Limited *Foreign Companies* • Compass Plc; and • PATH.

Brief Profiles of Directors

Mr. Deepak S. Parekh is the Non-executive Chairman of our Company and its key Subsidiaries. He is a fellow of the Institute of Chartered Accountants in England & Wales. He joined our Company in a senior management position in 1978. He was inducted as a whole-time director of our Company in 1985 and subsequently appointed as the Managing Director of our Company (designated as "**Chairman**") in 1993. He retired as the Managing Director, on December 31, 2009. He was appointed as a Non – executive Director of our Company with effect from January 1, 2010. He is also the Chairman of the Corporate Social Responsibility Committee. Mr. Parekh has been honoured with several awards and accolades viz. Padma Bhushan, one of the highest civilian awards by Government of India in 2006, Bundesverdienstkreuz Germany's Cross of the Order of Merit, one of the highest distinction by the Federal Republic of Germany in 2014, Knight in the Order of the Legion of Honour, one of the highest distinctions by the French Republic in 2010, first of a network of international ambassadors for championing London across the globe by the Mayor of London in 2017, first international recipient of the Outstanding Achievement Award by Institute of Chartered Accountants in England and Wales in 2010 and Lifetime Achievement Award at the CNBC TV18's 15 India Business Leader Awards, 2020.

Mr. Keki M. Mistry is the Vice Chairman and Chief Executive Officer of our Company. He is a fellow of the Institute of Chartered Accountants of India. He joined our Company in 1981. He was appointed as an Executive Director in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman and Managing Director of our Company in October 2007 and as the Vice Chairman and Chief Executive Officer, with effect from January 1, 2010. He was also a member of the committee of corporate governance set up by SEBI. He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Markets Advisory Committee set up by SEBI. Mr. Mistry is a member of the Corporate Social Responsibility Committee and the Risk Management Committee.

Ms. Renu Sud Karnad is the Managing Director of our Company. She joined our Company in 1978 and was appointed as the Executive Director in 2000 and re-designated as the Joint Managing Director in October 2007. Ms. Karnad has been the Managing Director of our Company with effect from January 1, 2010. Ms. Karnad is a member of the Corporate Social Responsibility Committee, Risk Management Committee and IT Strategy Committee. She is currently the President of the International Union for Housing Finance, an association of global housing finance firms. Ms. Karnad holds a master's degree in economics from the University of Delhi and a bachelor's degree in law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of Public and International Affairs, Princeton University, USA.

Mr. V. Srinivasa Rangan is the Executive Director and Chief Financial Officer of our Company. Mr. Rangan holds a bachelor's degree in commerce and is an associate of The Institute of Chartered Accountants of India. Mr. Rangan joined our Company in 1986 and has served in Delhi region and was the senior general manager – corporate planning and finance function since 2001. He is the Executive Director of our Company since January 1, 2010. He is responsible for mobilisation of funds for our Company, investments and asset liability management. Mr. Rangan is also a member of the Stakeholders Relationship Committee, Corporate Social Responsibility Committee and the Risk Management Committee.

Mr. Nasser M. Munjee is an Independent Director of our Company. He joined our Company in 1978 and was appointed as the Executive Director in 1993 and was subsequently appointed as the Non-executive Director in October 1997. Mr. Munjee holds a master's degree in economics from the London School of Economics, UK. He is the chairman of the Risk Management Committee and a member of the Audit and Governance Committee and the Nomination and Remuneration Committee. He is deeply interested in developmental and infrastructural issues. He has been consulted across the world on housing finance including Asian Development Bank, World Bank, United Nations Capital Development Fund and UN-Habitat in Sri Lanka, Bhutan, Ethiopia, Thailand and Indonesia.

Dr. Jamshed J. Irani is an Independent Director of our Company. He has been a Director of our Company since 2008. Dr. Irani holds a master's degree in science from Nagpur University. He also holds a master's degree and is a Doctorate in Metallurgy from University of Sheffield, UK. Dr. Irani is the chairman of the Stakeholders Relationship Committee and the Nomination and Remuneration Committee. He has been conferred with the award of Padma Bhushan in 2007 by the President of India for his services to trade and industry in India and honorary Knighthood (KBE) for his contribution to Indo-British Trade and Co-operation by Queen Elizabeth II.

Mr. Upendra K. Sinha is an Independent Director of our Company. Mr. Sinha holds a bachelor's degree in law and a master's degree in science and from Patna University. He was an officer of the Indian Administrative Services. Mr. Sinha is a member of the Nomination and Remuneration Committee. He was the chairman of SEBI for a period of over six years between 2011 and 2017. During his stewardship, SEBI is credited with having brought in significant regulatory amendments in areas such as SEBI Takeover Code, Foreign Portfolio Investors, Alternative Investment Funds, REITs, InvITs and corporate governance. Prior to this, he was the chairman and managing director at UTI Asset Management Company Private Limited from 2005 until February 2011. Preceding this, he was the joint secretary in Department of Economic Affairs at Ministry of Finance and looked after the banking division and capital markets division – including external commercial borrowings, pension reforms and foreign exchange management functions. For his contribution as chairman of SEBI, he was conferred with various awards viz. CNBC-TV18 India Business Leader Awards (IBLA) – Outstanding Contribution to Indian Business Award 2014 and Economic Times - Business Reformer of the Year Award 2014.

Mr. Jalaj Dani is an Independent Director of our Company. Mr. Dani has pursued chemical engineering at University of Wisconsin-Madison, USA. He also did Advanced Management Program at INSEAD, Fontainebleau; Paris. Mr. Dani is the chairman of the Audit and Governance Committee and a member of the Stakeholders Relationship Committee, Corporate Social Responsibility Committee and IT Strategy Committee. He is a co-promoter of Asian Paints Limited and has spent over two decades in various capacities with Asian Paints Limited. He is actively involved in Confederation of Indian Industry, Young President's Organisation, Federation of Indian Chambers of Commerce and Industry and other business councils in various capacities. He also serves on the Next

Generation of Leaders Board in Indian School of Business, Hyderabad.

Dr. Bhaskar Ghosh is an Independent Director of our Company. Dr. Ghosh holds a bachelor's degree in science and a master's degree in business administration from Calcutta University. He is also a doctorate in philosophy in business administration from Utkal University. Dr. Ghosh is the chairman of the IT Strategy Committee and a member of the Audit and Governance Committee and Risk Management Committee. He is the advisor to Accenture's chief executive officer with focus on growth and investment strategy, business performance, organisational effectiveness and restructuring. In addition, he is responsible for Accenture's 'Industry X.0 business', which includes digital manufacturing and intelligent products and platform. He is a member of Accenture's global management committee. Prior to the current role, he was the group chief executive officer of Accenture Technology Services from 2014 to February 2020 with overall responsibility for the Accenture application and infrastructure services business. He was responsible for strategy, investments and acquisitions for Accenture Technology Services and in addition and currently leads the Accenture products and platform business. He was also responsible for Advance Technology Centers for Accenture across 120 countries with more than 250 plus thousand highly skilled technology professionals. He has been awarded patents in multiple areas, including IT automation.

Ms. Ireena Vittal is an Independent Director of our Company. Ms. Vittal holds a bachelor's degree in science (electronics) from Osmania University and a post graduate diploma in business management from the Indian Institute of Management, Calcutta. Ms. Vittal is a member of the Audit and Governance Committee and the Nomination and Remuneration Committee. She was a partner with McKinsey & Co, for 16 years where she served global companies on issues of growth and sustainable scale up. She has co-authored several studies relating to agriculture and urbanisation. She is among India's most respected consultants and advisors. She has also served on government and public institutions to design and implement solutions core to India's development, such as inclusive urban development and sustainable rural growth. She is a recognised thought partner to consumer facing companies looking to build large-scale and profitable businesses in emerging markets.

Relationship with other Directors

None of the Directors of our Company are related to each other.

Borrowing powers of our Board

Our Board is authorised to borrow money upon such terms and conditions and with or without security as the Board may think fit, which may exceed the aggregate of our paid up capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed ₹ 5,000 billion at any time.

Interest of the Directors

All the Directors may be deemed to be interested to the extent of fees payable to them for attending Board or committee meetings, commission as well as to the extent of reimbursement of expenses payable to them. The Whole-time Directors may also be deemed to be interested to the extent of remuneration paid to them for their services rendered.

All the Directors may also be regarded as interested in any equity shares or any stock options held by them and also to the extent of any dividend payable to them and other distributions in respect of such equity shares held by them. All Directors may also be regarded to be interested in the deposits placed by them or their respective relatives or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees with our Company, housing loans availed from our Company, and equity shares held by, or subscribed by, and allotted to, their respective relatives or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees.

Except for the agreements entered into with the Whole-time Directors of our Company in relation to their terms of appointment, our Company has not entered into any contract, agreement or arrangement in which any of the Directors are interested, directly or indirectly, during the two years preceding the date of this Placement Document and no payments have been made to them in respect of any such contracts, agreements or arrangements.

Shareholding of Directors

The following table sets forth the shareholding of the Directors in our Company as August 7, 2020:

Name of the Directors	Number of Equity Shares	Percentage of total number of outstanding Equity Shares
Mr. Deepak S. Parekh	1,200,000	Negligible
Mr. Keki M. Mistry	781,188	Negligible
Ms. Renu Sud Karnad	2,729,247	Negligible
Mr. V. Srinivasa Rangan	470,000	Negligible
Mr. Nasser M. Munjee	0	0
Dr. Jamshed J. Irani	65,000	Negligible
Mr. Upendra K. Sinha	0	0
Mr. Jalaj Dani	0	0
Dr. Bhaskar Ghosh	2,000	Negligible
Ms. Ireena Vittal	5,000	Negligible

Terms of appointment of the Whole-time Directors

Except for Mr. Keki M. Mistry, Ms. Renu Sud Karnad, and Mr. V. Srinivasa Rangan, our Company does not have any other Whole-time Directors.

The following is a description of the terms of appointment of Mr. Keki M. Mistry as a Managing Director, designated as the Vice Chairman and Chief Executive Officer of our Company:

a. *Period of Agreement*: Three years with effect from November 14, 2018 up to November 13, 2021 and liable to retire by rotation within such term.
b. *Salary*: Within the upper limit of ₹ 3.6 million per month. The current salary paid to him is ₹ 2.835 million per month.

The following is a description of the terms of appointment of Ms. Renu Sud Karnad as the Managing Director of our Company:

a. *Period of Agreement*: January 1, 2020, up to September 2, 2022 and liable to retire by rotation.
b. *Salary*: Within the range of ₹ 1.5 million to ₹ 2.7 million per month. The current salary paid to her is ₹ 2.58 million per month.

The following is a description of the terms of appointment of Mr. V. Srinivasa Rangan as a Whole-time Director, designated as the Executive Director of our Company:

a. *Period of Agreement*: Five years with effect from January 1, 2020, up to December 31, 2024 and liable to retire by rotation.
b. *Salary*: Within the range of ₹ 0.5 million to ₹ 2 million per month. The current salary paid to him is ₹ 1.885 million per month.

Mr. V. Srinivasa Rangan has also been appointed as the Chief Financial Officer of our Company.

Common terms applicable for Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan:

a. *Commission*: Commission per annum to each of them shall be equivalent to such sums as may be fixed by the Board or the Nomination and Remuneration Committee of Directors, subject to an overall ceiling of 1% of the net profits of our Company, computed in the manner as set out under Companies Act, 2013.

b. *Perquisites*: Perquisites per annum to each of them shall be equivalent to their respective annual salary. Perquisites include rent free furnished accommodation, reimbursement of gas, electricity, water charges and medical expenses for self and family members, furnishings, payment of premium on personal accident and health insurance, club fees and such other perquisites as may be approved by the Board or the Nomination and Remuneration Committee of Directors, from time to time, subject to an overall ceiling of their respective annual salary.

c. *Other benefits and allowances*: Other benefits and allowances include use of car with driver, telephones for our Company's business (expenses whereof would be borne and paid by our Company), house rent allowance/house maintenance allowance, leave travel allowance, contributions to provident fund, superannuation fund and all other benefits as are applicable to directors and/or senior employees of our Company including but not limited to gratuity, leave entitlement, encashment of leave and housing and other loan facilities as per the schemes of our Company and as approved by the Board or the Nomination and Remuneration Committee of Directors from time to time.

d. *Retirement benefits*: Subject to fulfilment of eligibility criteria and/or qualifying conditions(s), post retirement pension and other post retirement benefit(s) in the form of medical benefits and the use of car and all other benefits as are provided to directors and/ senior employees of our Company, in accordance with the schemes framed/ to be framed by our Company and as approved by the Board or the Nomination and Remuneration Committee of Directors from time to time.

e. *Employee Stock Options*: Shall be eligible for stock options under the employee stock option scheme(s) as may be approved by the Board or Nomination and Remuneration Committee of Directors from time to time.

f. *Valuation of perquisites*: Perquisites/allowances shall be valued as per Income-Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

g. *Minimum remuneration*: In the event of loss, absence or inadequacy of profits in any Fiscal during the tenure of the appointment, the Managing/Executive Director shall, subject to the approval of the Central Government, if required, be paid remuneration by way of salary, commission, perquisites, other benefits and allowances, subject to restrictions, if any, set out in the Companies Act from time to time.

h. The terms and conditions of the appointment may be altered and modified from time to time by the Board or the Nomination and Remuneration Committee of Directors, as it may, in its discretion, deem fit within the maximum amount payable to the Whole-time Directors in accordance with the provisions of the Companies Act, 2013 or any amendments made therein.

i. The Managing/Executive Director shall be eligible to receive remuneration from our Subsidiaries, subject to it being disclosed in the Director's report of our Company.

Remuneration of the Directors

Whole - time Directors

The Whole – time Directors are paid a remuneration consisting of commission (paid for the previous Fiscal during the current Fiscal) as approved by the Nomination and Remuneration Committee of Directors and salary, perquisites and other allowances as per their terms of appointment mentioned above.

The following tables set forth the remuneration paid by our Company to the present Whole – time Directors of our Company for the Fiscals 2018, 2019, 2020 and 2021 (to the extent paid till June 30, 2020):

Name of the Directors	Commission* (₹)			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Mr. Keki M. Mistry	75,900,000	85,050,000	85,050,000	-
Ms. Renu Sud Karnad	69,150,000	77,400,000	77,400,000	-
Mr. V. Srinivasa Rangan	48,300,000	56,550,000	56,550,000	-

**The commission for each of the fiscal is paid to the Directors after the adoption of the audited annual accounts of the respective fiscal by the shareholders of our Company.*

Name of the Directors	Salary and Perquisites (₹)			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Mr. Keki M. Mistry	53,328,295	60,341,378	69,135,671	16,562,042
Ms. Renu Sud Karnad	48,802,598	54,412,165	61,358,803	14,517,389
Mr. V. Srinivasa Rangan	32,669,440	38,660,110	42,421,844	10,651,375

Name of the Directors	Total (₹)			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Mr. Keki M. Mistry	129,228,295	145,391,378	154,185,671	16,562,042
Ms. Renu Sud Karnad	117,952,598	131,812,165	138,758,803	14,517,389
Mr. V. Srinivasa Rangan	80,969,440	95,210,110	98,971,844	10,651,375

Non – executive Directors

The non – executive Directors are paid a remuneration consisting of commission and sitting fees, which is determined by the Board. Our Company pays sitting fees of ₹100,000 per meeting to non-executive Directors for attending meetings each of the Board and the committees thereof (except for the Corporate Social Responsibility Committee). Further, our Company pays sitting fees of ₹100,000 per meeting for attending the meetings of Committee of Directors.

The following tables set forth the remuneration paid by our Company to the present non-executive and Independent Directors of our Company during the Fiscals 2018, 2019, 2020 and 2021 (to the extent paid till June 30, 2020):

Name of the Directors	Commission* (₹)			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Mr. Deepak S. Parekh	24,000,000	24,000,000	24,000,000	-
Mr. Nasser M. Munjee	2,500,000	3,500,000	3,500,000	-
Dr. Jamshed J. Irani	2,500,000	3,500,000	3,500,000	-
Mr. Upendra K. Sinha	-	3,218,055	3,500,000	-
Mr. Jalaj Dani	-	3,218,055	3,500,000	-
Dr. Bhaskar Ghosh	-	1,788,889	3,500,000	-
Ms. Ireena Vittal	-	602,150	3,500,000	-

**The commission for each of the fiscal is paid to the Directors after the adoption of the audited annual accounts of the respective fiscal by the shareholders of our Company.*

Name of the Directors	Sitting Fees (₹)			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Mr. Deepak S. Parekh	1,050,000	900,000	700,000	300,000
Mr. Nasser M. Munjee	1,100,000	1,500,000	1,700,000	400,000
Dr. Jamshed J. Irani	1,000,000	1,400,000	1,500,000	400,000
Mr. Upendra K. Sinha	-	1,100,000	1,200,000	300,000
Mr. Jalaj Dani	-	1,700,000	2,000,000	600,000
Dr. Bhaskar Ghosh	-	1,100,000	1,700,000	400,000
Ms. Ireena Vittal	-	200,000	1,600,000	400,000

Name of the Directors	Total (₹)			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Mr. Deepak S. Parekh	25,050,000	24,900,000	24,700,000	300,000
Mr. Nasser M. Munjee	3,600,000	5,000,000	5,200,000	400,000
Dr. Jamshed J. Irani	3,500,000	4,900,000	5,000,000	400,000
Mr. Upendra K. Sinha	-	4,318,055	4,700,000	300,000
Mr. Jalaj Dani	-	4,918,055	5,500,000	600,000
Dr. Bhaskar Ghosh	-	2,888,889	5,200,000	400,000
Ms. Ireena Vittal	-	802,150	5,100,000	400,000

Changes in the Board in the last three years

Name of Director	Date of appointment	Date of cessation	Remarks
Ms. Ireena Vittal	January 30, 2019	-	Appointment as Independent Director
Dr. Bhaskar Ghosh	September 27, 2018	-	Appointment as Independent Director
Mr. Bimal N. Jalan	-	July 30, 2018	Resignation as Director
Mr. Bansi S. Mehta	-	July 30, 2018	Resignation as Director
Mr. Upendra K. Sinha	April 30, 2018	-	Appointment as Independent Director
Mr. Jalaj Dani	April 30, 2018	-	Appointment as Independent Director
Mr. Dhruba N. Ghosh	-	April 30, 2018	Resignation as Director
Mr. Dattatraya M. Sukhthankar	-	April 30, 2018	Resignation as Director
Mr. Surendra A. Dave	-	August 10, 2017	Resignation as Director

Key Managerial Personnel

The following table sets forth details regarding our key managerial personnel in terms of the Companies Act, other than our Whole-time Directors including our Managing Director, as of the date of this Placement Document:

Sr. No.	Name	Age (years)	Designation
1.	Mr. Ajay Agarwal	48	Company Secretary

Biographies of the key managerial personnel

The details of the key management personnel other than our Whole-time Directors, as on the date of this Placement Document, are set out below:

Mr. Ajay Agarwal, aged 48 years, is the Company Secretary of our Company. He is a fellow member of the Institute of Company Secretaries of India ("**ICSI**"). He has been associated with our Company since September 2000. He has been appointed as the Company Secretary and the key managerial personnel of our Company with effect from March 20, 2015. He is responsible for ensuring compliances with the applicable corporate and securities laws, secretarial standards etc. He is also the Compliance Officer of our Company under the SEBI Listing Regulations, SEBI Insider Trading Regulations and SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. He is a member of the CII National Committee on Regulatory Affairs since 2018 and also a member of task force on banking and finance constituted by ICSI.

All the key managerial personnel are permanent employees of our Company.

Shareholding of key managerial personnel

The following table sets forth the shareholding of our key managerial personnel other than our Whole-time Directors as on August 7, 2020:

Name	Number of Equity Shares	Percent of Total Number of Outstanding Equity Shares
Mr. Ajay Agarwal	38,310	Negligible

Interest of key managerial personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of, housing loans availed, deposits placed and the Equity Shares held by them or their dependents in our Company, if any or the stock options held by them.

Senior Management Personnel

The following is list of the senior management personnel of our Company as of the date of this Placement Document together with a brief description of their respective biographies:

Ms. Madhumita Ganguli is a Member of Executive Management and all India retail operations head, primarily responsible for meeting retail lending budgets, monitoring productivity, reviewing and analysing product performance and giving feedback to the management on the same. Additionally, she is also the regional business head – Karnataka, Chandigarh and Ludhiana. She has been associated with our Company since 1981 and was responsible for steering the business process re – engineering program in our Company for retail lending, which has helped our Company accentuate its competitive edge by introducing technology in the underwriting process. She was a key member of the team that provided consultancy for setting up the operations of Mauritius Housing Finance Company. She was a member of the National Housing Bank Working Committee on standardising of loan documentation for retail housing loans and a committee set up by FICCI to formulate recommendations for the Government of India for the real estate sector. She has also been a speaker at various international and national seminars on housing finance. She is a member of the Allotment Committee – Equity Shares and Risk Management Committee of our Company and the chairperson of Internal Complaints Committee for prevention and redressal of Sexual Harassment of Women at work place and Whistle Blower Complaints Committee.

Mr. Conrad D'Souza is a Member of the Executive Management and Chief Investor Relations Officer of our Company. He is responsible for investor relations, corporate planning and budgeting. He has been associated with our Company since 1984. Previously, he was the treasurer of our Company and his responsibilities included resource mobilisation, both domestic and international, asset liability management and corporate loans. Mr. D'Souza has worked earlier in the operations and management services function of our Company and was also the regional manager for the State of Maharashtra. He also coordinated the HDFC Bank project. He is a part of the core faculty at the Frankfurt School of Finance and Management, Germany, Housing Finance Summer Academy. He has been a consultant to multilateral agencies and has undertaken assignments in Asia, Africa and Eastern Europe. He has also been a speaker at various international seminars on housing finance. He is a member of the Asset Liability Management Committee, Allotment Committee – Equity Shares and Risk Management Committee of the Corporation.

Mr. Suresh Menon is a Member of the Executive Management of our Company and is responsible for policy implementation and process monitoring, internal audit and information technology user support group. He is primarily responsible for ensuring that the lending policies and procedures are diligently followed. He has been associated with Company since 1984. He is also responsible to ensure that audits are conducted across various functions of our Company so as to ascertain the adequacy of internal control systems. He has previously held the positions of the head of the recoveries department, area manager in Baroda and regional manager for Mumbai. He was also responsible for laying down the retail lending policies of our Company and coordinating with the marketing, information technology, legal and communications department for development and implementation of new lending products. He was also deputed as the chief executive officer of HDFC General Insurance Company in 2007-2008. He is a part of the core faculty at the Frankfurt School of Finance and Management, Germany, Housing Finance Summer Academy since 2008. From 2006 to 2016 he has also coordinated the consultancy and training assignments with Sarana Multigriya Finansial, Indonesia which is a mortgage refinance company set up by the Central Bank of Indonesia, providing training and technical assistance to over 1,000 mortgage bankers.

Mr. Mathew Joseph is a Member of Executive Management and the Chief Risk Officer of our Company. He has been associated with our Company since 1988. Prior to being appointed as the Chief Risk Officer, he was responsible for the operations and business of our Company in Tamil Nadu, Andhra Pradesh and Telangana. He was earlier heading the retention vertical. He is also a member of a group formulating policies and processes for individual loans. He has been involved in consultancy assignments undertaken by our Company in Africa and Asia to support and establish their housing finance institutions.

Mr. R. Arivazhagan is a Member of Executive Management and is heading the Information Technology Department of our Company. He has been associated with the Company since 1986. His responsibilities include ensuring high availability of applications and network to enable business teams to run operations seamlessly and build IT disaster recovery capabilities in line with the organizations of the business continuity plan and ensure regular testing of the disaster recovery setup. He is also responsible for setting up cyber security governance and framework and establishes proactive monitoring and detection of cyber incidents and response plans. He is a member of the IT Strategy Committee of our Company. He holds a post graduate diploma in Management from IIM Calcutta.

Mr. Rajeev Sardana is a Member of executive management of our Company and is the national head of self employed business and loan against property and also the regional business head for Telangana and Tamil Nadu. He has been associated with our Company since 1987 and is also involved in the development of products and policies for retail mortgage loans. He has been involved in consultancy assignments undertaken by our Company in various countries across Asia to support and establish their housing finance institutions. He is a member of the Fraud Monitoring Committee, Whistle Blower Complaints Committee and Allotment Committee – Equity Shares.

Corporate governance

The Board presently consists of 10 Directors. In compliance with the requirements of the SEBI Listing Regulations, the Board of Directors consists of six independent Directors. Our Company is in compliance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 and the applicable provisions of the SEBI Listing Regulations.

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations and the Companies Act 2013, in respect of corporate governance, including constitution of our Board and committees thereof.

Committees of the Board of Directors

The Board has constituted committees, which function in accordance with the relevant provisions of the Companies Act, directions from RBI, SEBI Listing Regulations and HFC Corporate Governance Directions. Certain Committees of our Company are: (i) Audit and Governance Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; (v) Corporate Social Responsibility Committee; (vi) IT Strategy Committee; (vii) Committee of Directors; and (vii) Committee of Directors – QIP 2020.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Committee	Members
Audit and Governance Committee	(i) Mr. Jalaj Dani (chairman); (ii) Mr. Naseer Munjee; (iii) Dr. Bhaskar Ghosh; and (iv) Ms. Ireena Vittal.
Nomination and Remuneration Committee	(i) Dr. Jamshed J. Irani (chairman); (ii) Mr. Naseer Munjee; (iii) Mr. Upendra K. Sinha; and (iv) Ms. Ireena Vittal.
Stakeholders Relationship Committee	(i) Dr. Jamshed J. Irani (chairman); (ii) Mr. Jalaj Dani; and (iii) Mr. V. Srinivasa Rangan.
Risk Management Committee	(i) Mr. Naseer Munjee (chairman); (ii) Dr. Bhaskar Ghosh; (iii) Mr. Keki M. Mistry; (iv) Ms. Renu Sud Karnad; (v) Mr. V. Srinivasa Rangan; (vi) Mr. Conrad D'Souza; (vii) Ms. Madhumita Ganguli; and (viii) Mr. Suresh Menon.
Corporate Social Responsibility Committee	(i) Mr. Deepak Parekh (chairman);

Committee	Members
	(ii) Mr. Jalaj Dani; (iii) Mr. Keki M. Mistry; (iv) Ms. Renu Sud Karnad; and (v) Mr. V. Srinivasa Rangan.
IT Strategy Committee	(i) Dr. Bhaskar Ghosh (chairman); (ii) Mr. Jalaj Dani; (iii) Ms. Renu Sud Karnad; (iv) Mr. R Arivazhagan; (v) Mr. Dilip Shetty; (vi) Mr. Dipta Bhanu Gupta; (vii) Mr. R Sankaranayan; (viii) Mr. Guruprasad Mandrawadkar; (ix) Mr. Milind Marathe; (vi) Mr. Sushil Bhagwat; and (vii) Mr. Saket Saxena.
Committee of Directors	(i) Mr. Deepak S. Parekh; (ii) Mr. Jalaj Dani; (iii) Mr. Keki M. Mistry; (iv) Ms. Renu Sud Karnad; and (v) Mr. V. Srinivasa Rangan.
Committee of Directors – QIP 2020	(i) Mr. Deepak S. Parekh; (ii) Mr. Keki M. Mistry; (iii) Ms. Renu Sud Karnad; and (iv) Mr. V. Srinivasa Rangan.

Other confirmations

1. None of the Directors or Key Managerial Personnel of our Company have any financial or other material interest in the Issue.
2. None of our Company's Directors have been named in the RBI defaulter list and/or the Export Credit Guarantee Corporation of India default list.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals, as per the requirements under IND AS – 24, see "*Financial Statements*" on beginning page 385 of this Placement Document.

Policy on Disclosures and Internal Procedure for prevention of Insider Trading

The SEBI Insider Trading Regulations apply to our employees, directors and to our Company which requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company is in compliance with the same and has implemented a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("**Code**") for all employees, officers, directors and persons authorized to speak on behalf of our Company. Mr. Conrad D'Souza, a Member of Executive Management of our Company, acts as the Chief Investor Relations Officer of our Company under the aforesaid Code. Our Company has also implemented a share dealing code (the "**Share Dealing Code**") which prescribes the detailed procedures and guidelines to be adopted whilst dealing in the Equity Shares of our Company. The Share Dealing Code is applicable to all Directors, employees and their immediate relatives and any other insider in terms of SEBI Insider Trading Regulations. Mr. Ajay Agarwal, the Company Secretary is the Compliance Officer under the SEBI Insider Trading Regulations and Share Dealing Code.

PRINCIPAL SHAREHOLDERS AND ORGANISATION STRUCTURE

Our Company does not have an identifiable promoter.

Shareholding pattern of our Company as at June 30, 2020

The following table sets forth the details regarding the equity shareholding pattern of our Company as on June 30, 2020.

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(B) Public	554,415	1,734,608,807	1,734,608,807	100.00	1,734,608,807	100.00	1,728,007,917
(C) Non Promoter-Non Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C1) Shares underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(C2) Shares held by Employee Trust	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	**554,415**	**1,734,608,807**	**1,734,608,807**	**100.00**	**1,734,608,807**	**100.00**	**1,728,007,917**

The following table sets forth the details regarding the equity shareholding pattern of the members of the public as on June 30, 2020:

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form(Not Applicable)
B1) Institutions							
Mutual Funds/	37	163,804,142	163,804,142	9.44	163,804,142	9.44	163,804,142
SBI-ETF NIFTY 50	1	45,334,715	45,334,715	2.61	45,334,715	2.61	45,334,715
UTI - NIFTY EXCHANGE TRADED FUND	1	18,035,562	18,035,562	1.04	18,035,562	1.04	18,035,562
Alternate Investment Funds	28	3,427,250	3,427,250	0.20	3,427,250	0.20	3,427,250
Foreign Portfolio Investors	1,762	1,217,115,428	1,217,115,428	70.17	1,217,115,428	70.17	1,217,115,428
Invesco Oppenheimer Developing Markets Fund	1	61,464,406	61,464,406	3.54	61,464,406	3.54	61,464,406
Government of Singapore	1	54,553,367	54,553,367	3.15	54,553,367	3.15	54,553,367
Vanguard Total International Stock Index Fund	1	28,712,435	28,712,435	1.66	28,712,435	1.66	28,712,435
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1	22,737,864	22,737,864	1.31	22,737,864	1.31	22,737,864
Government Pension Fund Global	1	18,547,973	18,547,973	1.07	18,547,973	1.07	18,547,973
Financial Institutions/ Banks	15	1,267,902	1,267,902	0.07	1,267,902	0.07	1,260,802
Insurance Companies	36	148,804,796	148,804,796	8.58	148,804,796	8.58	148,804,796
Life Insurance Corporation of India	1	93,451,970	93,451,970	5.39	93,451,970	5.39	93,451,970

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form(Not Applicable)
Sub Total B1	1,878	1,534,419,518	1,534,419,518	88.46	1,534,419,518	88.46	1,534,412,418
B2) Central Government/ State Government(s)/ President of India							
Central Government/ State Government(s)/ President of India	5	3,882,089	3,882,089	0.22	3,882,089	0.22	3,882,089
Sub Total B2	**5**	**3,882,089**	**3,882,089**	**0.22**	**3,882,089**	**0.22**	**3,882,089**
B3) Non-Institutions							
Individual share capital up to Rs. 2 Lacs	523,094	122,735,979	122,735,979	7.08	122,735,979	7.08	116,405,044
Individual share capital in excess of Rs. 2 Lacs	92	22,600,225	22,600,225	1.30	22,600,225	1.30	22,471,825
Any Other (specify)	29,346	50,970,996	50,970,996	2.94	50,970,996	2.94	50,836,541
Trusts	64	11,890,903	11,890,903	0.69	11,890,903	0.69	11,890,903
Director or Director's Relatives	13	7,511,706	7,511,706	0.43	7,511,706	0.43	7,511,706
Foreign Nationals	6	1,519	1,519	0.00	1,519	0.00	1,519
Non-Resident Indian (NRI)	11,632	5,086,305	5,086,305	0.29	5,086,305	0.29	5,039,455
Clearing Members	196	2,141,864	2,141,864	0.12	2,141,864	0.12	2,141,864
HUF	14,879	1,648,240	1,648,240	0.10	1,648,240	0.10	1,648,240
Overseas Corporate Bodies	1	577,871	577,871	0.03	577,871	0.03	577,871
Bodies Corporate	2,554	20,628,760	20,628,760	1.19	20,628,760	1.19	20,541,155
IEPF	1	1,483,828	1,483,828	0.09	1,483,828	0.09	1,483,828
Sub Total B3	**552,532**	**196,307,200**	**196,307,200**	**11.32**	**196,307,200**	**11.32**	**189,713,410**
B=B1+B2+B3	**554,415**	**1,734,608,807**	**1,734,608,807**	**100.00**	**1,734,608,807**	**100.00**	**1,728,007,917**

Top ten equity shareholders as on June 30, 2020

S. No.	Name of the shareholders	Total no. of Equity Shares	Total no. of Equity Shares in demat form	Total Shareholding as % of total no of equity shares
1.	Life Insurance Corporation of India	93,451,970	93,451,970	5.39
2.	Invesco Oppenheimer Developing Markets Fund	61,464,406	61,464,406	3.54
3.	Government of Singapore	54,553,367	54,553,367	3.15
4.	SBI-ETF NIFTY 50	45,334,715	45,334,715	2.61
5.	Vanguard Total International Stock Index Fund	28,712,435	28,712,435	1.66
6.	Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	22,737,864	22,737,864	1.31
7.	Government Pension Fund Global	18,547,973	18,547,973	1.07
8.	UTI - Nifty Exchange Traded Fund	18,035,562	18,035,562	1.04
9.	JP Morgan Funds - Emerging Markets Equity Fund	16,479,184	16,479,184	0.95
10.	ICICI Prudential Life Insurance Company Limited	16,266,258	16,266,258	0.94

Organisation structure

Set out below is our organizational structure as on June 30, 2020:

HDFC

HDFC Investments Ltd.	100%
HDFC Holdings Ltd.	100%
HDFC Education & Development Services Pvt. Ltd.	100%
HDFC Credila Financial Services Pvt. Ltd	100%
HDFC Property Ventures Ltd.	100%
HDFC Trustee Co. Ltd.	100%
HDFC Ventures Trustee Co. Ltd.	100%
HDFC Capital Advisors Ltd.	100%
HDFC Sales Pvt. Ltd.	100%
Griha Pte Ltd. *(through HDFC Investments Ltd.)*	100%
Griha Investments *(through HDFC Holdings Ltd.)*	100%

HDFC Venture Capital Ltd.	80.50%
HDFC Asset Management Co. Ltd.	52.71%
HDFC ERGO General Insurance Co. Ltd.	50.48%
HDFC ERGO Health Insurance Ltd.	51.16%
HDFC Life Insurance Co. Ltd	50.14%
HDFC International Life Re and Co. Ltd. - *(through HDFC Life Insurance Co. Ltd.)*	50.14%
HDFC Pension Management Ltd. *(through HDFC Life Insurance Co. Ltd.)*	50.14%

Magnum Foundations Pvt. Ltd. *(through HDFC Property Ventures Limited)*	50.00%
Good Host Spaces Private Ltd.	25.01%
True North Ventures Pvt. Ltd.	21.51%
HDFC Bank Ltd. *(shareholding including through HDFC Investments & HDFC Holdings)*	21.21%

TERMS AND CONDITIONS OF NCDS

*The following other than the words in italics constitute the terms and conditions of the Non-Convertible Debentures ("**NCD Conditions**") and will appear on the reverse of each NCD Consolidated Certificate (as defined below):*

The issue of 36,930 5.40% secured, redeemable, non-convertible debentures of the face value of ₹ 10,00,000 each due on August 11, 2023 ("**NCDs**") of Housing Development Finance Corporation Limited ("**Company**"), was authorized as part of an issuance of Equity Shares, NCDs and Warrants pursuant to resolutions of the Board of Directors and the Committee of Directors dated June 8, 2020, July 30, 2020 and June 19, 2020 and the resolution of the shareholders of the Company dated July 21, 2020. The NCDs are constituted pursuant to trust deed dated on or about the Closing Date ("**Debenture Trust Deed**") entered into between the Company and IDBI Trusteeship Services Limited as trustee for the NCD holders ("**Debenture Trustee**"), which term shall, where the context so permits, include all other persons for the time being acting as Debenture Trustee. The statements in these NCD Conditions include summaries of, and are subject to, the detailed provisions of the Debenture Trust Deed. The NCD holders are entitled to the benefit of the Debenture Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Debenture Trust Deed.

1. Status

The NCDs constitute direct and secured obligations of the Company and shall rank *pari passu inter se* and without any preference or priority among themselves. Subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, the NCDs shall also, as regards the principal amount of the NCDs, interest, early redemption amount and all other monies secured in respect of the NCDs, rank *pari passu* with all other present direct, unconditional, secured and unsubordinated obligations of the Company. The claims of the NCD holders shall be superior to the claims of the unsecured creditors of the Company (subject to any obligations preferred by mandatory provisions of the law prevailing from time to time).

2. Form, Denomination, Title and Listing

2.1 ***Form***

2.1.1 The allotment of NCDs in this Issue shall only be in dematerialized form (i.e., not in the form of physical certificates, but be fungible and be represented by the statement issued through the electronic mode). The Company has made depository arrangements with National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**", and together with NSDL, the "**Depositories**") for the issue of NCDs in dematerialised form. Subject to NCD Condition 2.1.2, the NCD holders will hold the NCDs in dematerialised form and deal with the same in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time.

2.1.2 The NCD holders may rematerialize the NCDs at any time after allotment, in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time.

2.2 ***Denomination***

The denomination of each NCD is ₹ 1,000,000.

In case of NCDs that are rematerialized and held in physical form, the Company will issue one certificate to the NCD holder for the aggregate amount of NCDs that are rematerialized and held by such NCD holder (each such certificate a "**NCD Consolidated Certificate**"). In respect of the NCD Consolidated Certificates, the Company will, upon receipt of a request from the NCD holder within 5 (five) business days of such request, split such NCD Consolidated Certificates into smaller denominations in accordance with the Articles of Association, subject to a minimum denomination of one NCD ("**Market Lot**"). No fees would be charged for splitting any NCD Consolidated Certificates; however, stamp duty payable, if any, and any other costs and expenses incurred in this regard, if any, would be borne by the NCD holder. The request for split of an NCD Consolidated Certificate should be accompanied by the original NCD

Consolidated Certificate which will, upon issuance of the split NCD Consolidated Certificates, be cancelled by the Company.

2.3 ***Title***

In case of: (i) NCDs held in the dematerialized form, the person for the time being appearing in the register of beneficial owners of a Depository as an NCD holder, and (ii) NCDs held in physical form, the person for the time being appearing in the Register of NCD holders as an NCD holder, shall be treated for all purposes by the Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the NCD Consolidated Certificate issued in respect of that NCD) and no person will be liable for so treating the holder. In these NCD Conditions, "**NCD holder**" and "**holder**" means the person in whose name an NCD is registered.

Title to the NCDs shall pass only by transfer and registration as described in NCD Condition 3.

2.4 ***Listing***

The NCDs will be listed on the Wholesale Debt Market segments of NSE and BSE.

3. Transfers of NCDs; Issue of NCD Consolidated Certificates

3.1 ***Register***

The Company shall maintain at its Registered Office (or such other place as permitted by law) a register of NCD holders (the "**Register of NCD holders**") containing such particulars as required by Section 88 and Section 94 of the Companies Act, 2013 read with Rule 4 of the Companies (Management and Administration) Rules, 2014. In terms of Section 88 of the Companies Act, 2013, read with Rule 4 of the Companies (Management and Administration) Rules, 2014 the Register of NCD holders maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a corresponding Register of NCD holders solely for the purposes of this NCD Condition 3.1.

3.2 ***Transfers***

Subject to NCD Condition 3.3, the transfers of NCDs may be effected only through the Depository(ies) through which such NCDs to be transferred are held, in accordance with the provisions of the Depositories Act and the rules as notified by the Depositories from time to time. All stamp duty applicable to transfer of such NCDs held in dematerialized form shall be payable to and collected in terms of the Indian Stamp Act, 1899, as amended.

In accordance with the SEBI Listing Regulations, except in case of transmission or transposition of NCDs, requests for transfers of NCDs shall not be effected unless the NCDs are held in the dematerialized form with a depository.

3.3 ***No transfer except on Stock Exchange for one year***

The NCDs shall not be sold for a period of 1 (one) year from the date of Allotment except on a recognized stock exchange.

3.4 ***Formalities free of charge***

Registration of a transfer of NCDs and issuance of new NCD Consolidated Certificates will be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Company being satisfied that the regulations concerning transfers of NCDs have been complied with.

4. Interest

Interest rate

4.1 The NCDs shall bear interest from and (including) the Date of Allotment at the rate of 5.40% per annum calculated by reference to the principal amount thereof and shall be payable annually from the date of Allotment (each an "**Interest Payment Date**"). The interest will be paid on the last day of each interest period, where the interest period shall be the 12 (twelve) months period commencing from the deemed date of Allotment and every 12 (twelve) months period thereafter; provided that, the last interest period shall commence on the date immediately succeeding the previous Interest Payment Date and shall expire on the Maturity Date.

4.2 The first payment of interest will be made on August 11, 2021 in respect of the period from and including the date of Allotment to (but excluding) the Interest Payment Date.

4.3 The amount of interest payable on any Interest Payment Date shall be calculated on an actual-by-365 days a year basis on the face value of the principal amount outstanding on the NCDs. Interest shall be calculated on a 366 day basis in case of a leap year wherein the month of February has 29 days.

4.4 An additional interest at the rate of 2% per annum over and above the rate of interest of 5.40% per annum shall be applicable in case of default in payment of interest or in redemption of the principal amount for the defaulting period by the Company.

4.5 Interest shall be payable on the application money for the NCDs in respect of all valid applications, including refunds (subject to deduction of income tax under the provisions of the I.T Act, or any other statutory modification or re-enactment thereof, as applicable) to all applicants from the date of electronic transfer of funds up to one day prior to the deemed date of allotment. This interest shall be calculated on an actual-by-365 days a year basis. The interest on application money shall be paid along with the refund orders where entire subscription amount is refunded and where an applicant is allotted lesser NCDs than applied for, the interest on application money shall be paid along with the refund of excess amount paid on application.

4.6 In the event of delay in listing of the NCDs beyond 20 (twenty) days from the date of Allotment, the Company shall pay penal interest at 1% p.a. (one percent per annum) over the interest rate of 5.40% per annum from the expiry of 30 (Thirty) days from the date of Allotment till the listing of such NCDs to the holders of the NCDs.

Accrual of interest

4.7 Each NCD shall cease to bear interest from the Maturity Date (as defined in NCD Condition 5.1) unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue as provided in these NCD Conditions.

5. Redemption and cancellation

5.1 Unless previously redeemed as provided herein, the Company will redeem the NCDs at 100% of their principal amount on August 11, 2023 (the "**Maturity Date**"). The Company or the NCD holder may not redeem the NCDs at any time prior to the Maturity Date, except as provided in NCD Condition 8 below.

5.2 All NCDs that are redeemed will forthwith be cancelled.

6. Payments

6.1 ***Principal and early redemption amount***

6.1.1 Payment of principal or Early redemption amount will be made, on the Maturity Date or on the early redemption date (as the case may be), to:

(i) in case of NCDs held in the dematerialized form, to the person appearing in the register of beneficial owners of a Depository as the beneficial owner of such NCDs as on the relevant Record Date; and

(ii) in case of NCDs held in physical form, to the person appearing in the Register of NCD holders as on the relevant Record Date,

6.1.2 Payment of interest will be made, on the Interest Payment Date, to:

(i) in case of NCDs held in the dematerialized form, to the person appearing in the register of beneficial owners of a Depository as the beneficial owner of such NCDs as on the relevant Record Date; and

(ii) in case of NCDs held in physical form, to the person appearing in the Register of NCD holders on the Record Date.

6.1.3 Payment of principal, interest and Early redemption amount will be made through the Electronic Clearing Service ("**ECS**"), Direct Credit, Real Time Gross Settlement ("**RTGS**") or National Electronic Funds Transfer ("**NEFT**") as per the applicable norms prescribed by the RBI.

6.1.4 In case of any transfer which has been initiated where the transferee does not yet appear in the register of beneficial owners of a Depository as the beneficial owner of such NCDs or the Register of NCD holders, as applicable, the payment of principal and/or interest shall be made to the transferor and any claims shall be settled *inter se* between the transferor and transferee and no claim or action shall lie against the Company.

6.2 ***Payments on Sundays and public holidays***

If the Interest Payment Date or the Maturity Date or early redemption date falls on a day which is not a Business Day, then the following shall be applicable:

(a) In the event that any Interest Payment Date falls on a day which is not a Business Day, the interest payable on such date shall be paid on the immediately succeeding Business Day;

(b) In the event that the Maturity Date falls on a day which is not a Business Day, the redemption amount shall be paid along with the accrued Interest on the immediately preceding Business Day.

It is hereby clarified that the future Interest Payment Date would remain as per the schedule originally stipulated at the time of issuing the NCDs.

6.3 ***Applicable laws***

All payments are subject in all cases to any applicable laws and regulations, but without prejudice to the provisions of NCD Condition 6.2. No commissions or expenses shall be charged to the NCD holders in respect of such payments.

6.4 ***Taxation***

Payment of interest amount will be subject to deduction of income tax under the provisions of I.T Act or any statutory modification or re-enactment thereof for the time being in force or any other duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of India or any authority thereof or therein having power to tax.

7. Security

The principal amount of the NCDs, interest and any other monies payable by the Company in respect of the NCDs will be secured by way of Negative Lien on the Assets, to the extent of Asset Cover, in favour of the Debenture Trustee except to the extent of the charge created in favour of its depositors of the Company pursuant to the regulatory requirement under Section 29B of the NHB Act. However, the Company shall, from time to time, be entitled to create any charge, mortgage, pledge, security interest, encumber or create lien on its Assets, subject to maintenance of Asset Cover, except to the extent of charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the NHB Act or as may be required under any law, regulation, guidelines or rules. The Company shall not surrender or transfer in any manner any of its rights, title or interest or create any mortgage, charge, pledge, encumber or create or permit to exist or cause to be created any mortgage, charge, pledge, encumbrance or lien of whatsoever nature on any of the Assets, in each case if an Event of Default has occurred and is subsisting.

The Assets, to the extent of the Asset Cover, would be exclusively earmarked for the payments required to be made under the Debentures and to the Debenture Trustee for the benefit of the Debenture Holders and the Debenture Trustee shall have a legal claim under the NCDs and interest on the Assets to the extent of the Asset Cover ("**Negative Lien**").

In these NCD Conditions,

"**Asset Cover**" means the Assets to the extent required to maintain a minimum security/ asset cover of 1 (One) time of the outstanding amount of the NCDs, till the maturity of the NCDs.

"**Assets**" means the aggregate of the total assets of the Company, all as shown in the Relevant Financial Statements;

"**Relevant Financial Statements**" means, as on the date hereof, the audited (unconsolidated) financial statements of the Company for the period ended March 31, 2020 and at any particular time thereafter, the latest audited (unconsolidated) financial statements of the Company delivered or to be delivered to the Debenture Trustee.

Further, pursuant to the issuance of the power of attorney (relating to the Negative Lien) provided by the Company in favour of the Debenture Trustee, the Company shall appoint the Debenture Trustee as its attorney acting for the benefit of the NCD Holders.

8. Events of default

8.1 The Debenture Trustee, upon the request in writing by the NCD holders of an amount representing not less than three-fourths in value of the nominal amount of the NCDs for the time being outstanding or a resolution duly passed by the NCD holders of an amount representing not less than three-fourths in value of the nominal amount of the NCDs for the time being outstanding at the meeting of the Debenture Holders convened in accordance with the provisions of the Debenture Trust Deed, shall give notice in writing to the Company that the NCDs are, and they shall accordingly thereby become, due and repayable at their Early redemption amount if any of the events listed in Clause 8.2 (each, an "**Event of Default**") has occurred.

8.2 Each of the following events shall be an Event of Default:

(i) default is made in any payment of any sum due in respect of the NCDs or any of them and such failure continues for a period of two (2) Business Days;

(ii) any information given by the Company in its application to the Debenture Holder(s) for financial assistance by way of subscription to the NCDs is found to be misleading or incorrect in any material respect or any warranty referred in hereinbefore is found to be incorrect.

(iii) default shall have occurred or breach has been committed of the terms of the Placement Document (as defined in the Debenture Trust Deed) or of the covenants of the Debenture Trust Deed or in the performance of any other covenants, conditions or agreements on the part of the Company under the Debenture Trust Deed or any other deed between the Company and the Debenture Holder(s)/ Debenture Trustee in respect of the NCDs and such default is incapable of remedy or, if in the reasonable opinion of the Debenture Trustee capable of remedy, is not remedied within 15 days after written notice of such default shall have been given to the Company by the Debenture Trustee;

(iv) the Company shall have voluntarily become the subject of proceedings under any bankruptcy or insolvency law;

(v) the Company is unable to or has admitted in writing its inability to pay its debts as and when the same are due;

(vi) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company and is not discharged or stayed within 90 days;

(vii) an order is made by the tribunal or a special resolution has been passed by the members of the Company for the winding-up or dissolution, judicial management or administration of the Company;

(viii) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or (in the reasonable opinion of the Debenture Trustee) any substantial part of the property, assets or revenues of the Company (as the case may be) and is not discharged within 90 days;

(ix) the Company commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property or take any action towards its re-organisation, liquidation or dissolution;

(x) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the NCDs or the Debenture Trust Deed;

(xi) if, in the opinion of the Debenture Trustee, the Security is in jeopardy;

(xii) if it is certified by an independent accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its Assets;

(xiii) if the Company, shall without the previous consent in writing of the Debenture Trustee, make or attempt to make any alteration in the provisions of its memorandum of association and articles of association which might in the reasonable opinion of the Debenture Trustee detrimentally affect the interests of the Debenture Holder(s) and shall, upon demand by the Debenture Trustee refuse or neglect or be unable to rescind such alteration;

(xiv) if the Company creates or attempts to create any charge on the Security in breach of the Transaction Documents, as defined in the Debenture Trust Deed;

(xv) if the Company ceases or threatens to cease to carry on all or substantially all of its business or give notice of its intention to do so;

(xvi) any step is taken by governmental authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or (in the reasonable opinion of the Debenture Trustee) a material part of the assets of the Company which is material to the Company; or

(xvii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

8.3 The security created in favour of the Debenture Trustee under the Debenture Trust Deed shall become enforceable by the Debenture Trustee upon the occurrence of an Event of Default in terms of the Debenture Trust Deed.

8.4 "**Early redemption amount**" in respect of each of the NCDs means the principal amount of such NCDs together with the interest accrued and not paid until the date of such early redemption.

9. Meetings of NCD holders, modification, waiver and substitution of terms

9.1 The regulations with regard to meetings of NCD holders will be as specified in the Debenture Trust Deed.

9.2 The terms and conditions attached to the NCDs, including these NCD Conditions, may be varied, modified or abrogated with the consent, in writing, of those NCD holders who hold at least three-fourth of the outstanding amount of the NCDs or with the sanction accorded pursuant to a resolution passed at a meeting of the NCD holders by NCD holders who hold at least three-fourth of the outstanding amount of the NCDs, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the NCDs which are not acceptable to the Company.

10. Future borrowings

The Company shall be entitled, from time to time, to make any further issuance of debentures and /or other instruments to the public, members of the Company, and/or avail of further financial indebtedness and/or guarantee facilities from financial institutions, banks and/or any other person on the security or otherwise of its properties.

11. Notices

11.1 The notices to the NCD holders required to be given by the Company or the Debenture Trustee shall be deemed to have been given if sent by ordinary post to the sole/first allottee or sole/first registered NCD holders, as the case may be or through electronic mail (followed by delivery of a copy of the same by hand or ordinary post).

11.2 All notices to be given by NCD holders shall be sent by registered post or by hand delivery to the Company at its Registered Office (or such other address as may be intimated to the Debenture Trustee by the Company).

11.3 Any notice required to be served on the Debenture Trustee may be served on the Debenture Trustee by sending such notice through registered post, a prepaid letter addressed to the Debenture Trustee, in case of present Debenture Trustee at its registered office situate at "Asian Building", Ground floor, 17, R. Kamani Marg, Ballard Estate, Mumbai 400 001 and in respect of the successors in office of the Debenture Trustee similarly at such address as may be notified by such new Debenture Trustee in this behalf.

11.4 Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing and prepaying and posting a letter containing the document; provided that if intimation has been given in advance that the documents should be sent under a certificate of posting or by registered post with or without acknowledgement due and a sum sufficient to defray the expenses has been deposited, service of the document shall not be deemed to be effected unless it is sent in the manner so intimated by the Debenture Holder(s).

12. Replacement of NCDs

If any NCD Consolidated Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company or the Registrar may require. Mutilated or defaced NCDs must be surrendered before replacements will be issued.

13. Repurchase and Reissue of NCDs

The Company may from time to time, if permitted under the relevant provisions of the applicable law, at its absolute discretion, repurchase some or all the NCDs on terms and conditions as may be decided by the Company.

14. Governing law and jurisdiction

The NCDs and the Debenture Trust Deed are governed by, and shall be construed in accordance with, the laws of India and any dispute arising out of or in connection with the NCDs shall be subject to the exclusive jurisdiction of courts and tribunals at Mumbai.

15. Rating Rationale

The NCDs being offered by way of this Issue have been rated by CRISIL as ‘CRISIL AAA/Stable’ and by ICRA as ‘[ICRA]AAA’, indicating highest degree of safety regarding timely servicing of financial obligations. The credit rating letters each dated July 31, 2020 issued by CRISIL Limited and ICRA Limited respectively, are enclosed herewith as **Annexure A** to this Placement Document. The ratings are not a recommendation to buy, sell or hold Securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agencies on the basis of new information, and each rating should be evaluated independently of any other rating.

TERMS AND CONDITIONS OF WARRANTS

*The following, other than the words, in italics, are the terms and conditions of the Warrants (the "**Warrant Conditions**") and will appear on the reverse of each Warrant Consolidated Certificate (as defined below).*

The issue of 17,057,400 warrants ("**Warrants**") each of which is exchangeable for one (1) Equity Share of face value of ₹ 2 each (the "**Equity Shares**") of Housing Development Finance Corporation Limited (the "**Company**"), was authorized as part of an issuance of Equity Shares, NCDs and Warrants pursuant to resolutions of the Board of Directors and the Committee of Directors dated June 8, 2020, July 30, 2020 and June 19, 2020 and the resolution of the shareholders of the Company dated July 21, 2020 (the "**Shareholders**"). The Warrants are to be issued at a warrant issue price (the "**Warrant Issue Price**").

1. Status

The Warrants constitute contractual obligations of the Company in terms of the Warrant Conditions.

2. Form, Denomination, Title and Listing

2.1 ***Form***

2.1.1 The allotment of Warrants in this Issue shall only be in dematerialized form (i.e., not in the form of physical certificates, but be fungible and be represented by the statement issued through the electronic mode). The Company has made depository arrangements with National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**", and together with NSDL, the "**Depositories**") for the issue of Warrants in dematerialised form. Subject to Warrant Condition 2.1.2, the Warrant holders will hold the Warrants in dematerialised form and deal with the same in accordance with the provisions of the Depositories Act, 1996 and the rules as notified by the Depositories from time to time.

2.1.2 The Warrant holders may rematerialize the Warrants at any time after allotment, in accordance with the provisions of the Depositories Act, 1996 /rules as notified by the Depositories from time to time and other applicable law, including the SEBI Listing Regulations.

The Warrants are subject to the provisions of the SEBI Regulations, Companies Act and the Memorandum of Association and Articles of Association. In addition, the Warrants shall also be subject to applicable laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by the Government of India, SEBI, RBI, NHB and/or other authorities.

2.2 ***Denomination***

Each Warrant is exchangeable for 1 (one) Equity Share only at the Warrant Exercise Price.

In case of Warrants that are rematerialized in accordance with Warrant Condition 2.1.2 and held in physical form, the Company will issue one certificate to the Warrants holder for the aggregate amount of Warrants that are rematerialized and held by such Warrant holder (each such certificate, a "**Warrant Consolidated Certificate**"). In respect of the Warrant Consolidated Certificates, the Company will, upon receipt of a request from the Warrant holder within five business days of such request, split such Warrant Consolidated Certificates into smaller denominations in accordance with the Articles of Association, subject to a minimum denomination of one Warrant ("**Market Lot**"). No fees would be charged for splitting any Warrant Consolidated Certificate, however, stamp duty payable, if any, would be borne by the Warrant holder. The request for split of a Warrant Consolidated Certificate should be accompanied by the original Warrant Consolidated Certificate which will, upon issuance of the split Warrant Consolidated Certificates, be cancelled by the Company.

2.3 ***Title***

In case of: (i) Warrants held in the dematerialized form, the person for the time being appearing in the register of beneficial owners of a Depository will have the title as the holder of a Warrant, and (ii) Warrants held in physical form, the person for the time being appearing in the Register of Warrant holders will have the title as the holder of a Warrant shall be treated for all purposes by the Company, the Depositories and all other persons dealing with such person as the holder thereof and as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Warrant Consolidated Certificate issued in respect of the Warrant and no person will be liable for so treating the holder. In these Warrant Conditions, "Warrant holder" and "holder" means the person in whose name a Warrant is registered.

Title to the Warrants shall pass only by transfer and registration as described in Warrant Condition.

2.4 ***Listing***

The Warrants are to be listed on NSE and BSE.

3. Transfers of Warrants; issue of Warrant Consolidated Certificates

3.1 ***Register***

The Company shall maintain at its Registered Office (or such other place as permitted by law) a register of Warrant holders (the "**Register of Warrant holders**"). The Register of Warrant holders maintained by a Depository for Warrants in dematerialised form shall be deemed to be a Register of Warrant holders for the purposes of this Warrant Condition 3.1.

3.2 ***Transfers***

Subject to Warrant Conditions 3.3 and 3.4:

In case of Warrants held in the dematerialized form, transfers of Warrants may be effected only through the Depository(ies) through which such Warrants to be transferred are held, in accordance with the provisions of the Depositories Act, 1996, rules as notified by the Depositories from time to time and other applicable law including the SEBI Listing Regulations.

In accordance with the SEBI Listing Regulations, except in case of transmission or transposition of Warrants, requests for transfers of Warrants shall not be effected unless the Warrants are held in the dematerialized form with a depository.

3.3 ***No transfer except on Stock Exchange for one year***

The Warrants shall not be sold for a period of one year from the date of Allotment except on a recognized stock exchange.

Please note that the Warrants cannot be issued pursuant to the Issue to the non-residents, or to entities, which are 'owned' or 'controlled' by non-residents / persons resident outside India and whose downstream investments are regarded as foreign investment, in terms of the Consolidated FDI Policy.

Subsequent to receipt of listing and trading approvals from the Stock Exchanges and as per the extant laws, the Warrants cannot be transferred to non-residents or entities, which are 'owned' or 'controlled' by non-residents / persons resident outside India and whose downstream investments are regarded as foreign investments.

3.4 ***Restricted transfer period***

No Warrant holder may require the transfer of a Warrant to be registered after any Exercise Notice has been delivered in respect of the Warrant.

3.5 ***Formalities free of charge***

Registration of a transfer of Warrants and, where applicable, issuance of new Warrant Consolidated Certificates or split of new Warrant Consolidated Certificates will be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Company being satisfied that the regulations concerning transfers of Warrants have been complied with.

4. Rights of Warrant holders

4.1 Subject to Warrant Conditions 3.2, 3.3 and 3.4, the Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations and other related matters as in the case of Equity Shares.

4.2 The Warrant holders shall have no other rights or privileges except as expressly provided in these Warrant Conditions.

4.3 On exercise of the Warrants and subsequent allotment of Equity Shares, the Warrant holders shall enjoy the rights and privileges of Shareholders and not of Warrant holders.

4.4 The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders or annual report of the Company and or to attend/vote at any of the general meetings of the Shareholders.

4.5 The Warrant holders shall not be entitled to any dividend or any other corporate benefits, which may be declared or announced by the Company from time to time, until such time that the Warrants are exchanged for the underlying Equity Shares and the Equity Shares so allotted, in accordance with these Warrant Conditions.

5. Exercise Right, Warrant Exercise Period and Warrant Exercise Price

5.1 ***Exercise Right***

5.1.1 Each Warrant entitles a Warrant holder to subscribe, at the option of the Warrant holder by way of exercise of the Warrant at any time during the Warrant Exercise Period (as defined below) at the Warrant Exercise Price (as adjusted in accordance with Warrant Condition 6), in the manner set forth in Warrant Condition 5.4, and otherwise on the terms and subject to this Warrant Condition 5, to 1 (one) fully paid Equity Share(s) (the "**Exercise Right**").

5.1.2 The Exercise Right shall be available: (i) in case of Warrants held in the dematerialized form, to the person for the time being appearing in the register of beneficial owners of a Depository as the holder of a Warrant, and (ii) in case of Warrants held in physical form, to the person for the time being appearing in the Register of Warrant holders, at the time of exercise of the Exercise Right.

5.1.3 An Exercise Right may only be exercised in respect of one or more Warrants. Upon exercise of Exercise Rights in relation to any Warrant and the fulfillment by the Company of all its obligations in respect thereof, the relevant Warrant holder shall have no further rights in respect of such Warrant and the obligations of the Company in respect of the Warrant shall be extinguished.

5.2 ***Warrant Exercise Period***

5.2.1 The Exercise Right by the Warrant holders may be exercised, at any time during normal business hours up to 5.00 p.m. in Mumbai on or after the date of Allotment *i.e.*, August 11, 2020, until August 10, 2023 (*i.e.*, within 36 months from the date of the Allotment, but in no event thereafter) ("**Warrant Exercise Period**").

Any Warrant which has not been exercised on or before 5.00 p.m. on August 10, 2023, will lapse and cease to be valid and any amounts paid towards them to date will stand forfeited.

5.3 ***Warrant Exercise Price***

The holder for the time being of each Warrant will have the right, by way of exercise of the Exercise Right attaching to such Warrant, at any time during the Warrant Exercise Period, to subscribe for a fully-paid up Equity Share at a price per Equity Share ("**Warrant Exercise Price**") equal to ₹ 2,165 per Warrant, or such adjusted amount as, in accordance with Warrant Condition 6, is applicable (disregarding any retroactive adjustment not then reflected in the Warrant Exercise Price, but without prejudice to the Company's obligations in respect thereof) on the Warrant Exercise Date (as defined in Warrant Condition 5.4.1 (iv)).

An Exercise Right may only be exercised in respect of one or more Warrants. If more than one Warrant held by the same holder is exercised at any one time by the same holder, the number of Equity Shares to be allotted upon such exercise will be calculated on the basis of the aggregate number of Warrants to be exercised.

5.4 ***Procedure for Exercise of Warrants***

5.4.1 *Exercise Notice*

(i) To exercise the Exercise Right, the Warrant holder thereof must complete, execute and deposit at his own expense, during normal business hours, at the Registered Office, a notice of Exercise (the "**Exercise Notice**") in the form obtainable during the Warrant Exercise Period from the Registered Office or on the website of the Company, www.hdfc.com. The form of the Exercise Notice may be obtained from the aforesaid locations during the period from the date of Allotment of Warrants until the termination of the Warrant Exercise Period. The duly completed Exercise Notice must be accompanied with: (i) a cheque/demand draft payable at Mumbai and drawn in favour of, or proof of payment by electronic means into, the bank account of the Company for this purpose for the aggregate amount of the Warrant Exercise Price in respect of all the Warrants sought to be converted pursuant to the Exercise Notice and the amounts specified in Warrant Condition 5.4.1(ii) ("**Other Costs**" and together with the Warrant Exercise Price, the "**Exercise Amount**"); and (ii) the scanned copies of the documents such as delivery instruction duly authenticated by the depository participant, copy of the PAN card, copy of the board resolution and/or power of attorney, as may be applicable, which may be sent electronically at the email address of the authorized person to be specified by the Company at the time of Exercise Notice to the Warrant holder.

(ii) On the Warrant Exercise Date, the Warrant holder is also required to make the payment of:

(a) all (if any) such stamp, issue, registration or other similar taxes or duties arising on exercise of the relevant Warrants in the place in which such Warrants is or are deposited for exercise thereof or in consequence of the delivery of Warrant Consolidated Certificates for the Equity Shares to be issued on such exercise to or to the order of a person other than the exercising Warrant holder or the person specified in the Exercise Notice as his standing proxy or other nominee as the Company may request at the time of the said deposit of the relevant Warrants; the expenses of, and the submission of any necessary documents required in order to effect, dispatch of certificates for Equity Shares and any other securities, property or cash to be delivered upon exercise to a place other than the Registered Office;

(b) If the amount received by the Company in respect of an exercising Warrant holder's purported payment of the Exercise Amount relating to all of the relevant Warrants is less than the full amount of the Exercise Amount, the Company shall not treat the amount so received or any part thereof as payment of the Exercise Amount, or any part thereof and, accordingly, the whole of such amount shall remain in the bank account of the Company unless and until a further payment is made in an amount sufficient to cover the deficiency. If the Company does not receive the payment of the Exercise Amount relating to the exercise of particular Warrants within fifteen days after the Exercise Date in respect of such Warrants, the Company may (but is not obliged to), in its discretion and without liability to itself return such amount (without any interest thereupon) received towards the purported payment of the Exercise Amount and the relevant Exercise Notice to the exercising Warrant holder at the risk and expense of such Warrant holder.

(iii) An Exercise Notice deposited outside the normal business hours or on a day which is not a business day at the place of the specified office of the Registrar shall for all purposes be deemed to have been deposited with the Registrar during the normal business hours on the next business day following such day.

(iv) The exercise date in respect of a Warrant (the "**Warrant Exercise Date**") must fall at a time when the Exercise Right attaching to that Warrant is expressed in these Warrant Conditions to be exercisable during the Warrant Exercise Period and will be deemed to be the date of the surrender of the Warrant Consolidated Certificate in respect of such Warrant and delivery of such Exercise Notice. An Exercise Notice once delivered shall be irrevocable and may not be withdrawn unless the Company consents to such withdrawal.

5.4.2 ***Delivery of Equity Shares***

(i) Upon exercise by a Warrant holder of his Exercise Right, the Company will, on or with effect from the relevant Exercise Date and within 15 days of the Warrant Exercise Date, cause the relevant securities account of the Warrant holder exercising his Exercise Right or of his/their nominee, to be credited with such number of relevant Equity Shares to be issued upon exercise and shall further cause the name of the concerned Warrant holder or its nominee to be registered accordingly, in the record of the beneficial holders of Equity Shares, maintained by the depository. Provided that in the event the Warrant holders holding the Warrants in the dematerialized form and not having the Warrants in their respective depository account on the relevant Warrant Exercise Date, the Warrant Exercise Date shall be the date after receipt of the Exercise Notice on which the Warrants are credited to the account of such Warrant holder.

(ii) The allotment of Equity Shares pursuant to exercise of Warrants in this Issue shall only be in dematerialized form (i.e., not in the form of physical certificates, but be fungible and be represented by the statement issued through the electronic mode). The holders thereof will hold the Equity Shares so allotted in dematerialised form and deal with the same in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time.

(iii) The Shareholders may rematerialize the Equity Shares at any time after allotment of such Equity Shares, in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time.

(iv) All Equity Shares issued upon exercise of Warrants shall be fully-paid and non-assessable or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those Equity Shares which as between themselves have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company and shall entitle the Warrant holders thereof to participate in full in all dividends and other distributions paid or made on the Equity Shares, the record date for which falls on or after the relevant Exercise Date and allotment of the Equity Shares pursuant to the exercise of the Warrants. Such Equity Shares will in all other respects rank *pari passu* with the issued and paid-up

Equity Shares on the relevant Exercise Date (except for any right the record date for which precedes such Exercise Date and any other right excluded by mandatory provisions of applicable law). The Equity Shares to be issued upon the exercise of the Exercise Right shall also be listed on the Stock Exchanges subject to receipt of necessary approvals.

(v) If the Warrant Exercise Date in relation to any Warrant shall be on or after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Warrant Exercise Price pursuant to Warrant Condition 6, but before the relevant adjustment becomes effective under the relevant Warrant Condition, upon the relevant adjustment becoming effective, the Company shall procure the issue to the exercising Warrant holder (or in accordance with the instructions contained in the Exercise Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Equity Shares (in addition to the Equity Shares issued on exercise of the relevant Warrants) as is equal to the number of Equity Shares which would have been required to be issued on exercise of such Warrant if the relevant adjustment to the Warrant Exercise Price had been made and become effective on or immediately after the relevant record date.

(vi) If the Exercise Right in respect of more than one Warrant is exercised at any one time, such that Equity Shares to be issued on exercise are to be registered in the same name, the number of such Equity Shares to be issued in respect thereof shall be calculated on the basis of the aggregate number of such Warrants being so exercised and rounded down to the nearest whole number of Equity Shares. Fractions of Equity Shares will not be issued on exercise but the Company will, including without limitation, in the event of a consolidation or re-classification of Equity Shares by operation of law or otherwise occurring after the date of Allotment of the Securities which reduces the number of Equity Shares outstanding, upon exercise of the Warrants pay in cash (in ₹ by means of a ₹ cheque drawn on a bank in Mumbai or by electronic means) the sum equal to such portion of the Warrant Exercise Price of the Warrant or Warrants evidenced by the Warrant Consolidated Certificate deposited in connection with the exercise of Exercise Rights, as corresponds to any fraction of an Equity Share not issued if such sum exceeds ₹ 2. Any such sum shall be paid not later than three business days after the relevant Warrant Exercise Date.

6. Adjustments to Warrant Exercise Price and Quantum of Warrants

The Warrant Exercise Price and the quantum of Warrants will be subject to adjustment in the following events (each an "**Adjustment Event**"), to the extent permitted by and subject to any conditions prescribed under applicable laws including the FEMA and the rules, regulations, notifications thereunder.

6.1 ***Consolidation, subdivision or re-classification***

Warrant Exercise Price Adjustment: If and whenever there shall be an alteration to the nominal value of the Equity Shares as a result of consolidation, sub-division or re-classification, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Equity Share immediately after such alteration; and

B is the nominal amount of one Equity Share immediately before such alteration.

Warrant Quantum Adjustment: If and whenever there shall be an alteration to the nominal value of the Equity Shares as a result of consolidation, sub-division or re-classification of Equity Shares, the number of Warrants shall be adjusted/altered by multiplying the total number of Warrants outstanding immediately before such alteration by the following fraction:

$$\frac{B}{A}$$

Where:

A is the nominal amount of one Equity Share immediately after such alteration; and

B is the nominal amount of one Equity Share immediately before such alteration.

In the event of any fractional Warrants, if any resulting from such adjustment, such fractional Warrants shall be ignored. The Board of Directors or any duly authorized committee thereof shall have powers to remove any difficulties and the same shall be done such that the benefits and obligations of the Warrant holder nearly results in similar value mathematically before and after such adjustment.

Effective date of adjustment: Such adjustment shall become effective on the date the alteration takes effect or, in the case of an alteration to the nominal value of the Equity Shares as a result of consolidation, if a record date is fixed therefor immediately after such record date.

6.2 ***Capitalisation of profits or reserves***

6.2.1 *Warrant Exercise Price Adjustment:* If, and whenever, the Company shall issue any Equity Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including, Equity Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend (as defined hereinafter)) and which would not have constituted a Capital Distribution (as defined hereinafter), the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Equity Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Equity Shares immediately after such issue.

Warrant Quantum Adjustment: If and whenever the Company shall issue any Equity Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including, Equity Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the number of Warrants shall be adjusted/altered by multiplying the total number of Warrants in force immediately before such alteration by the following fraction:

$$\frac{B}{A}$$

Where:

A is the aggregate nominal amount of the issued Equity Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Equity Shares immediately after such issue.

In the event of any fractional Warrants, if any resulting from such adjustment, such fractional Warrants shall be ignored. The Board of Directors or any duly authorized committee thereof shall have powers to remove any difficulties and the same shall be done such that the benefits and obligations of the Warrant holder nearly results in similar value mathematically before and after such adjustment.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such Equity Shares or if a record date is fixed therefor, immediately after such record date or such date as may be considered by Stock Exchanges for effecting adjustment price of Equity Shares.

6.2.2 *Warrant Exercise Price Adjustment:* In the case of an issue of Equity Shares by way of a Scrip Dividend where the Current Market Price (as defined hereinafter) of such Equity Shares on the date of the first public announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend (as defined hereinafter) or the relevant part thereof and which would not have constituted a Capital Distribution (as defined hereinafter), the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before the issue of such Equity Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A **is the aggregate nominal amount of the issued Equity Shares immediately before such issue;**

B **is the aggregate nominal amount of the Equity Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Equity Shares issued by way of Scrip Dividend in respect of each existing Equity Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and**

C is the aggregate nominal amount of Equity Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank (as defined hereinafter) shall certify to the Warrant holders is fair and reasonable.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such Equity Shares or if a record date is fixed therefor, immediately after such record date.

6.3 ***Capital Distributions and extraordinary dividend***

Warrant Exercise Price Adjustment: If and whenever the Company shall pay or make any Capital Distribution to the Shareholders, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A **is the Current Market Price of one Equity Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and**

B **is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Equity Share.**

Effective date of adjustment: Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date. For the avoidance of doubt, when the Capital Distribution is by means of a Relevant Cash Dividend, only such portion of the cash dividend which exceeds the Threshold Percentage (the "**Excess Portion**") shall be regarded as a Capital Distribution and only the Excess Portion shall be taken into account in determining the Fair Market Value of the portion of the Capital Distribution attributable to one Equity Share.

6.4 ***Rights issues of Equity Shares or options over Equity Shares***

Warrant Exercise Price adjustment: If and whenever the Company shall issue Equity Shares or other rights to subscribe for or purchase any securities (other than Equity Shares or options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares), to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase or otherwise acquire any Equity Shares or other rights to subscribe for or purchase any securities (other than Equity Shares or options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares) in each case at less than 90 per cent. of the Current Market Price per Equity Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the number of Equity Shares immediately before such announcement;

B is the number of Equity Shares which the aggregate amount (if any) payable for the Equity Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Equity Shares comprised therein would subscribe for or purchase or otherwise acquire at such Current Market Price per Equity Share; and

C is the aggregate number of Equity Shares issued or, as the case may be, comprised in the issue or grant.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such Equity Shares or other rights to subscribe for or purchase any securities (other than Equity Shares or options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares), or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Equity Shares are traded ex-rights, ex-options or ex-warrants (as the case may be).

6.5 ***Issues at less than Current Market Price***

Warrant Exercise Price Adjustment: If and whenever the Company shall issue (otherwise than as mentioned in Warrant Condition 6.4 above) wholly for cash any Equity Shares (other than Equity Shares issued upon the exercise of the Exercise Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Equity Shares) or shall issue or grant (otherwise than as mentioned in Warrant Condition 6.4 above and 6.14 below) wholly for cash any options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares in each case at a price per Equity Share which is less than the Current Market Price on the last Trading Day preceding (1) in all cases other than a Preferential Allotment, the date on which the Board decides to open the issue; and (2) in case of a Preferential Allotment, the date on which the Shareholders approve such issue, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

$$\underline{A + B}$$

C

Where:

A is the number of Equity Shares in issue immediately before the issue of such additional Equity Shares or the grant of such options, warrants or other rights to subscribe for or purchase or otherwise acquire any Equity Shares;

B is the number of Equity Shares which the aggregate consideration receivable (if any) for the issue of such additional Equity Shares would purchase at such Current Market Price per Equity Share; and

C is the number of Equity Shares in issue immediately after the issue of such additional Equity Shares.

References to additional Equity Shares in the above formula shall, in the case of an issue or grant by the Company of options, warrants or other rights to subscribe or purchase or otherwise acquire Equity Shares, mean such Equity Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Effective date of adjustment: Such adjustment shall become effective on the date of issue of such additional Equity Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

6.6 ***Other Issues at less than Current Market Price***

Warrant Exercise Price adjustment: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Warrant Condition 6.6, if and whenever the Company (otherwise than as mentioned in Warrant Conditions 6.4 or 6.5), or (at the direction or request of or pursuant to any arrangements with the Company) any other company, person or entity shall issue any securities (other than the Warrants) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Equity Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Equity Share which is less than the Current Market Price on the last Trading Day preceding (1) in all cases other than a Preferential Allotment of Equity Shares, the date on which the Board decides to open the issue; (2) in case of a Preferential Allotment, the date on which the Shareholders approve such issue, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the number of Equity Shares in issue immediately before such issue;

B is the number of Equity Shares which the aggregate consideration (if any) receivable by the Company for the Equity Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Equity Share; and

C is the maximum number of Equity Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Effective Date of adjustment: Such adjustment shall become effective on the date of issue of such securities.

6.7 ***Modification of rights of conversion etc***.

Warrant Exercise Price Adjustment: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Warrant Condition 6.6 (other than in accordance with the terms of such securities) so that the consideration per Equity Share (for the number of Equity Shares available on conversion, exchange or subscription following the modification) is reduced and is less than the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the number of Equity Shares in issue immediately before such modification;

B is the number of Equity Shares which the aggregate consideration (if any) receivable by the Company for the Equity Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price per Equity Share or, if lower, the existing conversion, exchange or subscription price of such securities; and

C is the maximum number of Equity Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank, consider appropriate (if at all) for any previous adjustment under this Warrant Condition 6.7 or Warrant Condition 6.6.

Effective Date of adjustment: Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

6.8 ***Other offers to Shareholders***

Warrant Exercise Price adjustment: If and whenever the Company or (at the direction or request of or pursuant to any arrangements with the Company) any other company, person or entity issues, sells or distributes any securities in connection with which offer the Shareholders generally (meaning for the purposes of these presents the holders of at least 60 per cent. of Equity Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Warrant Exercise Price fails to be adjusted under Warrant Condition 6.4, Warrant Condition 6.5 or Warrant Condition 6.6), the Warrant Exercise Price shall be adjusted by multiplying the Warrant Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one Equity Share on the last Trading Day preceding the date on which such issue is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Equity Share.

Effective Date of adjustment: Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

6.9 ***Delisting***

In the event the Equity Shares are no longer listed or admitted to trading on both of the Stock Exchanges (a "**Delisting**") or if either of the Stock Exchanges is notified of a proposed open offer in relation to a Delisting, the Warrant Exercise Price shall be adjusted to the amount representing the difference between the Floor Price and the Warrant Issue Price.

6.10 ***Other Events***

If the Company determines that an adjustment should be made to the Warrant Exercise Price as a result of one or more events or circumstances not referred to in this Warrant Condition 6, the Company shall, determine as soon as practicable what adjustment (if any) to the Warrant Exercise Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Warrant Exercise Price, and the date on which such adjustment should take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this Warrant Condition 6. have already resulted or will result in an adjustment to the Warrant Exercise Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Warrant Exercise Price, such modification (if any) shall be made to the operation of the provisions of this Warrant Condition 6 as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result.

For the purposes of these Warrant Conditions:

"**Alternative Stock Exchange**" means at any time, in the case of the Equity Shares, if they are not at that time listed and traded on at least one of the Stock Exchanges, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

"**Capital Distribution**" means any dividend or distribution (whether of cash or of assets in specie) by the Company for any financial period (whenever paid or made and however described) declared after the Issue Date (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Equity Shares credited as fully paid to the extent an adjustment to the Warrant Exercise Price is made in respect thereof under Warrant Condition 6.2.1 by way of capitalisation of reserves) and including any Scrip Dividend to the extent of the Relevant Cash Dividend unless:

(i) (and to the extent that) in the case of a Relevant Cash Dividend or a distribution in specie it does not, when taken together with any other dividend or distribution previously made or paid in respect of the same fiscal year, exceed 55 per cent. of the Company's consolidated net profits attributable to Shareholders after deducting minority interests and tax for the fiscal year in relation to which the Relevant Cash Dividend or distribution is made (the "**Threshold Percentage**"); or

(ii) (and to the extent that) in the case of a distribution in specie only it does not, when taken together with any other dividend or distribution previously made or paid in respect of all periods after March 31, 2020, exceed the aggregate of the consolidated net profits for such periods (less the aggregate of any consolidated net losses) attributable to Shareholders after deducting minority interests and preference dividends (if any) but (1) deducting any amounts in respect of any asset previously credited to the Company's reserves (in respect of any period or date up to and including March 31, 2020) pursuant to any revaluation of such asset, where amounts arising on the disposal of such asset have contributed to such profits and (2) deducting any exceptional and extraordinary items, (and for the avoidance of doubt after excluding any amount arising as a result of any reduction in registered capital, share premium account or capital redemption reserve), in each case calculated by reference to the audited consolidated profit and loss accounts for such periods of the Company; or

(iii) it comprises a purchase or redemption of Equity Shares by or on behalf of the Company, where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of the Equity Shares on NSE or the equivalent quotation sheet of an Alternative Stock Exchange, as the case may be, by more than 5 per cent. either (1) on that date, or (2) where an announcement has been made of the intention to purchase Equity Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding the Trading Day.

In making any such calculation, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Equity Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Equity Shares.

"**Closing Price**" for the Equity Shares for any Trading Day shall be the last reported transaction price on NSE or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

"**Current Market Price**" means, in respect of a Equity Share at a particular date, the arithmetic average of the Closing Prices for one Equity Share (being an Equity Share carrying full entitlement to dividend) for the 10 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 10 Trading Day period the Equity Shares shall have been quoted ex-dividend and during some other part of that period the Equity Shares shall have been quoted cum-dividend then:

(i) if the Equity Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Equity Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the amount of that dividend per Equity Share; or

(ii) if the Equity Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Equity Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of the amount of that dividend per Equity Share;

and provided further that if the Equity Shares on each of the said 10 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Equity Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Equity Share.

"**Fair Market Value**" means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank provided that (i) the fair market value of a cash dividend paid or to be paid per Equity Share shall be the amount of such cash dividend per Equity Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as expert) selected by the Company and notified to the Warrant holders in accordance with Warrant Condition 10.

"**Preferential Allotment**" shall mean preferential allotment under Chapter V of the SEBI ICDR Regulations, as amended.

"**Relevant Cash Dividend**" means any cash dividend specifically declared by the Company.

"**Relevant Stock Exchange**" means at any time, in respect of the Equity Shares, the Stock Exchanges or the Alternative Stock Exchange.

"**Scrip Dividend**" means any Equity Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Warrant Condition 6.3 in respect of the amount by which the Current Market Price of the Equity Shares exceeds the Relevant Cash Dividend or part thereof) but without prejudice to any adjustment required in such circumstances to be made under Warrant Condition 6.2.

"**Trading Day**" means a day when the Stock Exchanges or, as the case may be an Alternative Stock Exchange is open for trading business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of trading days.

6.11 The Warrant Exercise Price may not be reduced so that, on exercise of Warrants, Equity Shares would fall to be issued at a discount to their par value.

6.12 ***Minor adjustments***

On any adjustment, the relevant Warrant Exercise Price, if not an integral multiple of one Rupee, shall be rounded down to the nearest Rupee. No adjustment shall be made to the Warrant Exercise Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Warrant Exercise Price then in effect. Any adjustment not required to be made, and any amount by which the Warrant Exercise Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Warrant holders in accordance with Warrant Condition 9 as soon as practicable after the determination thereof.

6.13 ***Cumulative adjustments***

Where more than one event which gives or may give rise to an adjustment to the Warrant Exercise Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in their opinion appropriate in order to give such intended result.

6.14 ***Employee stock option***

No adjustment will be made to the Warrant Exercise Price or the quantum of Warrants, when Equity Shares or other securities (including rights or options) are issued, offered or granted to employees (including officers and directors) of the Company or any Subsidiary of the Company or any other eligible persons pursuant to any Employee Stock Option Scheme (and which Employee Stock Option Scheme is in compliance with the listing rules of the Stock Exchanges, and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended and the applicable provisions of the Companies Act, 2013, along with the rules framed thereunder).

6.15 ***Notice of Change in the Warrant Exercise Price***

The Company shall give notice to the Warrant holders in accordance with Warrant Condition 9 of any change in the Warrant Exercise Price and/or quantum of Warrants, as the case may be. Any such notice relating to a change in the Warrant Exercise Price and/or quantum of Warrants shall set forth the event giving rise to the adjustment, the Warrant Exercise Price and/or quantum of Warrants prior to such adjustment, the adjusted Warrant Exercise Price and/or quantum of Warrants and the effective date of such adjustment.

For the avoidance of doubt, nothing in this Warrant Condition 6 shall obligate the Company to disclose any information which is not public information to the Warrant holders or where it is not legally permissible to disclose such information.

6.16 ***Minimum Warrant Exercise Price***

Notwithstanding the provisions of this Warrant Condition, the Warrant Exercise Price shall not be reduced to an amount such that the sum of the Warrant Issue Price and the adjusted Warrant Exercise Price is less than the Floor Price as a result of any adjustment made hereunder, and in such case the reduction shall be limited to the Floor Price.

6.17 ***Reference to "fixed"***

Any reference in these Warrant Conditions to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

6.18 ***Miscellaneous***

6.1.1 No adjustment will be made to the Warrant Exercise Price when any Equity Shares are issued following the exercise of the Warrants.

6.1.2 No adjustment involving an increase in the Warrant Exercise Price in this Warrant Condition 6 will be made, except in the case of a consolidation of the Equity Shares as referred to in Warrant Condition 6.1 above.

6.19 ***Consolidation, Amalgamation or Merger of the Company***

In the case of any consolidation, amalgamation or merger of the Company with any other corporation or company (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation or company), or in the case of any sale or transfer of all, or substantially all, of the assets of the Company, or in the case of any creation of a holding company owning all shares of the Company by way of exchange for all outstanding shares of the Company or transfer of all the outstanding shares of the Company into the holding company, the Company shall forthwith notify the Warrant holders of such event in accordance with Warrant Condition 9 and (so far as legally possible) cause the corporation / company or the holding company resulting from such consolidation, amalgamation, merger, share exchange or share transfer or the corporation / company which shall have acquired such assets, as the case may be, to execute such instruments or other documents or assurances as may be necessary legally to ensure that the holder of each Warrant then remaining unexercised shall have the right (during the period such Warrant shall remain unexercised) by exercising such Warrant to be issued the class and number of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer by a holder of the number of Equity Shares which would have become liable to be issued upon exercise of such Warrant immediately after such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer (such instruments or other documents or assurances to provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of this Warrant Condition 6) and the above provisions of this Warrant Condition 6 shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales, transfers, share exchanges or share transfers.

If the Company is a party to any transaction referred to above in which it is not the continuing corporation / company, it shall use its best endeavours to obtain all consents that may be necessary or appropriate under law to enable the continuing corporation / company to give effect to the Warrants in the manner stated above and to execute such instruments or other documents or assurances as may be necessary legally to ensure that the holder of each Warrant then remaining unexercised shall have the right (during the period such Warrant shall remain unexercised) by exercising such Warrant to be issued the class and number of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer by a holder of the number of Equity Shares which would have become liable to be issued upon exercise of such Warrant immediately after such consolidation, amalgamation, merger, sale, transfer, share exchange or share transfer (such instruments or other documents or assurances to provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of this Warrant Condition 6).

7. Undertakings

7.1 The Company undertakes that, so long as any Warrant remains unexercised:

(i) it will use its best endeavours (a) to obtain and maintain a listing of the Warrants on the Stock Exchanges, (b) to maintain a listing for all the issued Equity Shares on the Stock Exchanges, and (c) to obtain and maintain a listing for all the Equity Shares issued on the exercise of the Exercise Rights attaching to the Warrants on the Stock Exchanges and if the Company is unable to obtain or maintain such listing, to use it best endeavours to obtain and maintain a listing for all the Equity Shares on an Alternative Stock Exchange as the Company may from time to time determine and will forthwith give notice to the Warrant holders in accordance with Warrant Condition 10 of the listing or delisting of the Equity Shares (as a class) by any such stock exchange;

(ii) it will reserve, free from any other encumbrances, pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Equity Shares liable to be issued on exercise of the Warrants and will ensure that all such Equity Shares will be duly and validly issued as fully-paid;

(iii) it will pay the expenses of the issue or delivery of, and all expenses of obtaining listing for, Equity Shares arising on exercise of the Warrants, including but not limited to stamp duties, issue expenses, registration fees and taxes;

(iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);

(v) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Warrant Exercise Price below the face value of the Equity Shares, provided always that the Company shall not be prohibited from purchasing its Equity Shares to the extent permitted by law; and

(vi) it will not take any corporate or other action described in Warrant Condition 6 unless, the total aggregate decrease in the Warrant Exercise Price that would result from all corporate actions or other actions provided in Warrant Condition 6 would not result in the sum of the Warrant Issue Price and the Warrant Exercise Price being lower than the Floor Price.

8. Further issues

The Company may from time to time without the consent of the Warrant holders create and issue new further securities upon such terms as the Company may determine at the time of their issue.

9. Notices

9.1 If, at any time prior to the expiration of the Warrants and prior to their exercise, any of the following events shall occur:

9.1.1 any action which would require an adjustment pursuant to Warrant Condition 6, or

9.1.2 a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation, merger, or sale of all or substantially all of its property, assets, and business as an entirety) shall be proposed

then in any one or more of said events, the Company shall give notice in writing of such event to the Warrant holders in accordance with Warrant Condition 9.2. Failure to publish or mail such notice or any defect therein or in the publication or mailing thereof shall not affect the validity of any action taken in connection with such dividend, distribution, or subscription rights, or proposed dissolution, liquidation or winding up.

9.2 The notices to the Warrant holders required to be given by the Company shall be deemed to have been given if sent by ordinary post or electronic mail to the sole/first allottee or sole/first registered holder of the Warrant, as the case may be. All notices to be given by Warrant holders shall be sent by registered post, electronic mail or by hand delivery to the Company at its Corporate Office and be marked to the attention of the Company Secretary.

10. Replacement of Warrants

If any rematerialized Warrant is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company or the Registrar may require. Mutilated or defaced Warrant must be surrendered before replacements will be issued.

11. Amendments and supplements

11.1 These Warrant Conditions may be amended without the consent of the Warrant holders to cure ambiguities and defects or make amendments of a formal, minor or technical nature and make other changes that do not affect the Warrant holders.

11.2 These Warrant Conditions may be amended with the written consent of the Warrant holders holding fifty per cent of the outstanding Warrants in value in respect of all other matters except the preceding and except for increasing the Warrant Exercise Price or decreasing the Warrant Exercise Period or entitlement. Consent of the Warrant holders holding seventy five per cent of outstanding Warrants in value shall be required for increase or decrease in Warrant Exercise Period. The approval of all Warrants holder will be required for increase or decrease the Warrant Exercise Price or entitlement.

11.3 Once an amendment has been approved in writing by the Warrant holders, the amendment shall be given effect to.

12. Severability

If any provision of these Warrant Conditions are determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provisions or the applicable part of such of such provisions and the remaining part of such provision and all other provisions of these Warrant Conditions shall continue to remain in full force and effect.

13. Governing law and jurisdiction

The Warrants are governed by, and shall be construed in accordance with, the laws of India and any dispute arising out of or in connection with the Warrants shall be subject to the exclusive jurisdiction of courts at Mumbai.

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bids, payment of Bid Amount, Allocation and Allotment, as applicable, of the Eligible Securities which were required to followed/undertaken as disclosed in the Preliminary Placement Document and this Placement Document, as applicable. The procedure followed in this Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Prospective Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 331 and 341, respectively.

Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they were eligible to apply. Eligible QIBs were advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Eligible Securities that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document and this Placement Document. Further, Eligible QIBs were required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations.

Eligible QIBs were advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that applied in the Issue were required to confirm and were deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they were eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Eligible Securities. Our Company, the Book Running Lead Managers and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIB on whether such Eligible QIB is eligible to acquire the Eligible Securities. Please see the section entitled, "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 331 and 341.

Qualified Institutions Placement

THIS ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations, Rule 14 of the PAS Rules, the SEBI Debt Regulations, the NCD Directions and Sections 42 and 71 of the Companies Act and rules thereunder. The Warrants in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to persons in any jurisdiction outside India. Further, the NCDs in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to persons in any jurisdiction outside India, except Eligible FPIs. Furthermore, the Warrants will not be issued to, or subsequent to receipt of listing and trading approvals from the Stock Exchanges, subject to applicable law, the Warrants cannot be transferred to persons not resident in India in terms of applicable FEMA regulations (including Eligible FPIs) or entities which are 'owned' or 'controlled' by non-residents/persons resident outside India. Furthermore, the NCDs will not be issued to, or subsequent to receipt of listing and trading approvals from the Stock Exchanges, subject to applicable law, the NCDs cannot be transferred to persons not resident in India in terms of applicable FEMA regulations, except FPIs, or entities which are 'owned' or 'controlled' by non-residents/persons resident outside India, except FPIs.

The Preliminary Placement Document and this Placement Document have not been and will not be filed as a prospectus with the RoC and, no Eligible Securities will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The NCDs are proposed to be listed in pursuance of the relaxation provided under Regulation 22 of the SEBI Debt Regulations from the strict applicability of Rule 19(2)(b) of the SCRR.

Pursuant to a letter dated July 30, 2020, SEBI has granted an exemption from the strict applicability of Rule 19(2)(b) of the SCRR in respect of the listing of the Warrants being offered along with NCDs on the Stock Exchanges. Further, pursuant to a letter dated July 24, 2020, SEBI has granted an exemption from the strict applicability of Regulations 175(3), 179(2)(a) and 180 of the SEBI ICDR Regulations in relation to the issuance of the NCDs pursuant to the Issue, subject to the Company complying with its undertakings furnished to the SEBI and applicable rules and regulations promulgated by the SEBI.

Our Company could issue and Allot the Eligible Securities to Eligible QIBs on a private placement basis, provided that, amongst others:

- the Shareholders have passed a special resolution approving this Issue. Such special resolution must specify (a) that the Allotment is proposed to be made pursuant to the QIP, and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of this Issue including the date of passing the resolution of the Board, the kind of securities being offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of this Issue, the contribution made by the Directors either as part of this Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be Allotted through this Issue or which may be issued and allotted pursuant to exchange of Warrants Allotted through this Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution;

- invitation to apply for subscription of Equity Shares and Warrants in this Issue must be made through a private placement offer-cum-application (*i.e.*, the Preliminary Placement Document) and Application Form(s) (as may be applicable) serially numbered and addressed specifically to the Eligible QIBs to whom this Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- bids for subscription to NCDs in this Issue will be under the electronic book mechanism for issuance of debt securities on a private placement basis in accordance with the NCD Operational Guidelines;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer. However, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be permitted under applicable law;

- our Directors are not declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (*i.e.*, the Preliminary Placement Document) for the purpose of inviting Bids for subscription to Equity Shares and Warrants, our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The issuance of Equity Shares and Warrants pursuant to this Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- our Company having appointed a debenture trustee, which is registered with SEBI and has consented to its appointment under Regulation 4(4) of the SEBI Debt Regulations;

- the offer document for private placement being issued within a period of six months from the date of the Board resolution authorizing the issue of the non-convertible debentures;

- our Company acknowledges that issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about this Issue is prohibited;

- our Company having obtained credit rating for the purpose of issuance of NCDs in accordance with the SEBI Debt Regulations and such rating being of adequate degree of safety for timely servicing of financial obligations, current and not having fallen due for review;

- no roll over of NCDs being permitted;

- the tenor of the NCDs not exceeding the validity period of the credit rating of the NCDs;

- the minimum Bid by each Eligible QIB to the NCDs being at least such number of NCDs, which would aggregate to ₹ 10,000,000;

- the number of subscribers for non-convertible debentures issued by our Company in the current financial year, the value of whose subscription is less than ₹ 10,000,000, being less than 200 persons and such subscription shall be fully secured;

- the NCDs proposed to be issued pursuant to this Issue do not have a maturity of less than 12 months and no redemption date in relation to the NCDs shall fall within a period of one year from the date of the Issue;

- our Company has a NOF of at least ₹ 100,000,000 as per the Financial Information. The Statutory Auditors, have by way of their report dated August 4, 2020, certified that our Company has met the eligibility criteria specified in the NCD Directions; and

- for an issuance of non-convertible debentures, our Company having in place a policy for resource planning approved by its Board, covering the planning horizon and periodicity of private placement of NCDs.

In accordance with the SEBI ICDR Regulations and SEBI Debt Regulations, Eligible Securities will be issued and Allotment shall be made only in the dematerialized form to the Allottees.

At least 10% of the Equity Shares and 10% of the Warrants issued to Eligible QIBs shall each be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be Allotted to other Eligible QIBs.

Bidders were not allowed to withdraw or revise downwards their Bids after the Issue Closing Date or the Bid Closing Date, as applicable.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The sum of the Warrant Exercise Price and Warrant Issue Price shall not be less than the Floor Price as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Further, in accordance with the resolution of the Shareholders passed by way of postal ballot dated July 21, 2020, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The "Relevant Date" referred to above means (i) in case of Allotment of Equity Shares issued under this Issue, the date of the meeting in which the Board or the Committee of Directors decides to open this Issue; and (ii) in case of Allotment of Warrants, the date of the meeting in which the Board or the Committee of Directors decides to open this Issue. Further, "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Please note that submitting a Bid for Eligible Securities should not be taken to be indicative of the number of Eligible Securities that will be Allotted to a Successful Bidder. Allotment of Eligible Securities will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers.

The Eligible Securities will be Allotted within 365 days from the date of the Shareholders' resolution approving this Issue and within 60 days from the date of receipt of Bid Amount from the Successful Bidders. However, the NCDs shall be Allocated and Allotted to the Successful Bidders within 30 days from the Bid Opening Date, in accordance with the NCD Directions. For details of refund of Bid Amount, see "– *Pricing and Allocation*" on page 324.

Subscription to the Eligible Securities issued pursuant to this Issue must be made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document which shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations, the requirements prescribed under Form PAS-4, disclosures specified in Schedule I of the SEBI Debt Regulations and the NCD Operational Guidelines, as applicable. Solely in relation to an invitation to subscribe to Equity Shares or Warrants, the Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies. Further, the Preliminary Placement Document and this Placement Document are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you did not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making a Bid to subscribe to Equity Shares or Warrants pursuant to this Issue.

The Committee of Directors pursuant to its resolutions dated June 19, 2020 approved the draft postal ballot notice to be sent to the shareholders of our Company for seeking their approval for the Issue. The Shareholders have authorised and approved the Issue by way of a resolution passed by way of postal ballot on July 21, 2020. The Board of Directors of our Company pursuant to its resolution dated July 30, 2020 have authorised the Issue. The minimum number of Allottees with respect to the QIP of Equity Shares and Warrants shall not be less than:

- two, where the respective issue size of the Equity Shares or Warrants, as the case may be, is less than or equal to ₹ 2,500 million; and
- five, where the respective issue size of the Equity Shares or Warrants, as the case may be, is greater than ₹ 2,500 million.

No single Allottee of the Equity Shares or Warrants, as the case may be, shall be Allotted more than 50% of the respective Issue Size. Further, no single Allottee of the NCDs, who is an Eligible FPI, shall be Allotted more than 50% of the NCD Issue size, unless exempted specifically under the rules and regulations regarding investments by FPIs in corporate debt, promulgated by the SEBI and the RBI.

The minimum number of Allottees and maximum Allotment to a single Allottee, as specified above, shall be counted separately with respect to issue and Allotment of (i) Equity Shares; and (ii) Warrants, pursuant to this Issue.

In respect of the subscription to Equity Shares or Warrants, Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee. For details of what constitutes "same group" or "common control", see "—*Bid Process – Application Form(s)*" on page 319.

Eligible Securities being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on a recognised stock exchange. Allotments made to VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. FVCIs are not permitted to participate in the Issue.

The Eligible Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended

("**Securities Act**"), or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares and the NCDs forming a part of the Eligible Securities are being offered and sold (a) in the United States only to persons reasonably believed to be U.S. QIBs in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States in reliance on Regulation S. The Warrants and the Equity Shares issued in exchange thereof are being offered and sold only outside the United States in reliance on Regulation S. For a description of certain restrictions on transfer of the Eligible Securities, see the section, "*Transfer Restrictions and Purchaser Representations*" on page 341.

The Equity Shares and NCDs forming part of the Eligible Securities have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. Bids may not be made by persons in any jurisdiction outside of India for Eligible Securities other than Equity Shares and NCDs, where the Bids for the purpose of subscription to NCDs may be made solely by Eligible FPIs.

Our Company has filed a draft of the Preliminary Placement Document with each of the Stock Exchanges and will file a copy of this Placement Document with the Stock Exchanges. Our Company has also uploaded a draft of the Preliminary Placement Document on the EBP Platform only to comply with the NCD Operational Guidelines. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Eligible Securities and the Equity Shares to be issued upon exercise exchange of the Warrants pursuant to the Issue on both BSE and NSE on August 5, 2020.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Detailed terms of the NCDs proposed to be issued pursuant to the Issue are set out in the section titled, "*Summary of the Issue*" on page 34 and "*Terms and Conditions of NCDs*" on page 278.

Issue Procedure for issuance of NCDs

Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the NCDs pursuant to this Issue. Persons resident outside India (other than Eligible FPIs) are not permitted to submit Bids for NCDs in the Issue. Accordingly, Eligible QIBs for the NCDs for the purpose of this Issue shall comprise:

NCDs
QIBs, who are eligible to Bid for NCDs in this Issue and are as set forth below: • alternate investment funds registered with SEBI and having funds pooled-in only from persons resident in India; • insurance companies registered with Insurance Regulatory and Development Authority of India; • insurance funds set up and managed by army, navy or air force of the Union of India; • insurance funds set up and managed by the Department of Posts, India; • Mutual Funds (not owned or controlled by non-resident investors); • pension funds with minimum corpus of ₹ 250 million; • provident funds with minimum corpus of ₹ 250 million; • public financial institutions; • scheduled commercial banks; • state industrial development corporations; • the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; • systemically important non-banking financial companies, and

NCDs
• Eligible FPIs. subject to such QIB not being: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) an entity not being a person resident in India under the FEMA, except Eligible FPIs; or (c) 'owned' or 'controlled' by non-residents/ persons resident outside India, as defined under the FEMA, except Eligible FPIs.

*** ELIGIBLE FPIs SHALL PARTICIPATE IN THIS ISSUE FOR SUBSCRIPTION TO NCDs IN TERMS OF SCHEDULE 1 OF THE FOREIGN EXCHANGE MANAGEMENT (DEBT-INSTRUMENTS) REGULATIONS, 2019 ARE PERMITTED TO BID ONLY FOR NCDs IN THIS ISSUE SUBJECT TO COMPLIANCE WITH INVESTMENT CONDITIONS AND ALL APPLICABLE LAWS. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE**.

How to Bid

All Eligible QIBs were required to register themselves as a one-time exercise (if not already registered) with the EBP Platform for participating in electronic book building mechanism. Eligible QIBs referred the NCD Operational Guidelines for issuance of NCDs on private placement basis through an electronic book mechanism as available on the website of the EBP Provider. Eligible QIBs had to complete the mandatory know your customer verification process. Eligible QIBs could refer to the SEBI EBP Circulars in this respect.

Some of the key guidelines in terms of the current NCD Operational Guidelines on issuance of NCDs on a private placement basis through an EBP mechanism are as follows:

(i) **Modification of Bid**

Eligible QIBs noted that modification of Bid is allowed during the bidding period or window. However, in the last 10 minutes of the bidding period or window, revision of Bid is only allowed for upward revision of the bid amount placed or to improve the coupon/ yield by the Eligible QIB.

(ii) **Cancellation of Bid**

Eligible QIBs noted that cancellation of Bid is allowed during the bidding period or window. However, in the last 10 minutes of the bidding period or window, no cancellation of bids is permitted.

(iii) **Multiple Bids**

Bidders were permitted to place multiple bids on the EBP Platform in line with the NCD Operational Guidelines.

(iv) **Manner of bidding**

The Issue was through open bidding on the EBP Platform in line with the NCD Operational Guidelines.

(v) **Manner of allotment**

The allotment will be done on uniform yield basis in line with the NCD Operational Guidelines.

(vi) **Manner of settlement**

Settlement of the Issue will be done through Clearing Corporation and the account details are given in the section on Payment Mechanism of this Placement Document.

(vii) **Settlement cycle**

The process of pay-in of funds by Successful Bidders and pay-out to our Company will be done on the Pay-in Date, where T is the Bid Closing Date.

(viii) **Offer or issue of executed Placement Document to Successful Bidders**

The Placement Document will be issued to the Successful Bidders.

NCDs in dematerialized form with NSDL or CDSL

The Allotment of the NCDs in this Issue shall be only in dematerialized form (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. An Eligible QIB applying for NCDs in this Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. The NCDs Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) such Successful Bidders.

3. NCDs in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. BSE and NSE have electronic connectivity with CDSL and NSDL.

4. The trading of the NCDs issued pursuant to this Issue would be in dematerialized form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

5. Our Company will not be responsible or liable for the delay in the credit of NCDs due to errors on the part of the Eligible QIBs.

Documents to be provided by Eligible QIBs at the time of submission of Bid

In order to be able to submit a Bid on the EBP Platform, Eligible QIBs must have provided the requisite documents (including but not limited to know your customer) in accordance with the NCD Operational Guidelines and under Applicable Law. Our Company is entitled at any time to require an Eligible QIB to provide any know your customer or other documents as may be required to be maintained by it or delivered to a third party by it in accordance with Applicable Laws.

Bids by the Arranger

The Arranger as authorized on the EBP Platform by our Company was allowed to Bid on a proprietary, client and consolidated basis. At the time of Bidding, the Arranger was required to disclose the following details to the EBP Platform:

(i) Whether the bid was a proprietary bid or was entered on behalf of an Eligible QIB or was a consolidated bid, i.e., an aggregate bid consisting of proprietary bid and bid(s) on behalf of Eligible QIBs.

(ii) For consolidated bids, the Arranger should have disclosed breakup between proprietary bid and bid(s) made on behalf of Eligible QIBs.

(iii) For bids entered on behalf of Eligible QIBs, the Arranger should have disclosed the following:

(a) Names of such Eligible QIBs;

(b) Category of the Eligible QIB; and

(c) Quantum of Bid of each Eligible QIB.

Provided that the Arranger was not allowed to bid on behalf of any Eligible QIB if the bid amount exceeds 5% (five per cent.) of the Issue size or ₹ 150,000,000 (Rupees 0.15 billion), whichever is lower (or such revised limits as may be specified in the NCD Operational Guidelines from time to time).

Withdrawal of Issue

Our Company could, at its discretion, withdraw the Issue process for issuance of NCDs at any time provided that, subsequent to such withdrawal, our Company could not access any EBP platform for a period of 7 days from the date of such withdrawal.

However, the restrictions set out above did not apply to our Company in the event it withdrew the Issue on account of any of the reasons mentioned below:

(i) Non receipt of bids up-to the NCD Issue size;

(ii) The bidder has defaulted on payment towards the allotment, within the stipulated time frame, due with which our Company is unable to fulfil the NCD Issue size; and

(iii) The cut-off yield entered by the bidder is higher than the estimated cut-off yield disclosed to the EBP.

Our Company could accept or withdraw the Issue of the EBP within 1 (one) hour of the closing of the bidding window. However, the Eligible QIBs should also refer to the NCD Operational Guidelines, as prevailing on the date of the Bid.

Our Company could withdraw the Issue process for issuance of NCDs in the event the issuance of the Warrants is cancelled or is withdrawn and the entire Bid Amount paid by a Bidder for the purpose of subscription to the Warrants is refunded by the Company in accordance with this Placement Document and the Escrow Agreement. In the event the issuance of the Warrants is cancelled or is withdrawn and the entire Bid Amount paid by a Bidder for the purpose of subscription to the Warrants is refunded by the Company, after Allotment of the NCDs by the Company, such NCDs shall be redeemed by the Company in accordance with the terms set out in the section titled *"Terms and Conditions of NCDs"* on page 278.

Basis of Allocation or Allotment

Allocation shall be made by the EBP Platform in accordance with applicable SEBI Debt regulations, the NCD Operational Guidelines and Applicable Laws. Post completion of bidding process, the EBP Platform will upload the details of the Allocation on its website, in terms of the NCD Operational Guidelines.

Our Company and any of its respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or regulation or circular as specified in this Placement Document.

By making a Bid (including any revision thereof) for NCDs and pursuant to the terms of this Placement Document, each Eligible QIB deemed to have made the representations, warranties, acknowledgements and undertakings under the sections titled "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 1, 3, 331 and 341, respectively, including:

1. the Bidder confirms that it is an Eligible QIB, has a valid and existing registration under the applicable laws

in India and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations and is eligible to participate in this Issue;

2. each Bidder applying for NCDs confirms that it is either a person resident in India, as defined in FEMA, or an Eligible FPI, and is eligible to invest in the NCDs under applicable law;

3. each Bidder applying for NCDs confirms that it is not 'owned' or 'controlled' by non-residents / persons resident outside India as defined under the FEMA, except Eligible FPIs;

4. the Bidder has no right to withdraw or revise its Bid downwards after the Bid Closing Date;

5. the Bidder confirms that it is eligible to Bid for and hold NCDs so Allotted and together with any securities (including Equity Shares) held by the Bidder prior to this Issue. The Bidder further confirms that its holding, does not and shall not, exceed the level permissible as per any regulations applicable to the Bidder;

6. the Bidder agrees that although the Bid Amount is required to be paid by it by the Pay-in Date in terms of the provisions of the NCD Operational Guidelines, our Company reserves the right to Allot NCDs on a discretionary basis. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allotment of NCDs Bid for in full or in part;

7. The Bidder confirms that:

    a. It will make payment of its Bid Amount on the Pay-in Date;

    b. a representation that it is either (i) outside the United States acquiring the NCDs forming part of the Eligible Securities in an offshore transaction in reliance on Regulation S, or (ii) it is a "qualified institutional buyer" as defined in Rule 144A;

8. the Bidder acknowledges that no Allocation shall be made to them if the price at which they have Bid for in this Issue is lower than the NCD Issue Price.

9. the Bidder shall not undertake any trade in the NCDs credited to its beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the NCDs are issued by the Stock Exchanges.

Acknowledgements

No separate receipts will be provided by our Company for the Bid Amount.

Payment Mechanism

Payment of the Bid Amount for the NCDs on the Pay-in Date was made by the Successful Bidder as notified by our Company (to whom our Company has issued the Placement Document). Successful Bidders should do the funds pay-in to the following bank account of Clearing Corporation ("**Designated Bank Account**"):

Bank:	HDFC Bank Limited
Beneficiary Name:	NSE Clearing Limited
Account Number:	NSCCL/NSE Clearing Ltd as mentioned in the NSE EBP portal
IFSC Code:	HDFC0000060

The Designated Bank Account information was displayed in the front end of EBP Platform and the same was available in the obligation file downloaded to Eligible QIBs.

Successful Bidders must do the subscription amount payment to the Designated Bank Account on or before 10:30 a.m. on the Pay-in Date ("**Pay-in Time**"). Successful Bidders should ensure to make payment of the Bid Amount for the NCDs from their same bank account which is updated by them in the EBP Platform while placing the Bids. In case of a mismatch in the bank account details between EBP Platform and the bank account from which payment is done by the Successful Bidder, the payment would be returned by the Clearing Corporation and the EBP Platform may, at its discretion, inform the Successful Bidder to make the payment from the bank account which is registered with the EBP.

Note: In case of failure of any Successful Bidders to complete the Bid Amount payments by the Pay-in Time or the funds are not received in the Clearing Corporation's Designated Bank Account by the Pay-in Time for any reason whatsoever, the Bid will be liable to be rejected by the EBP Platform and our Company shall not issue the NCDs to such Successful Bidders.

Bid Amounts will be paid out from the Clearing Corporation's Designated Bank Account to our Company's account. The transfer will be done in accordance with the procedure prescribed by the NCD Operational Guidelines.

Settlement Process

Upon final Allocation by the EBP Provider, our Company will send the Placement Document to the Successful Bidders who have been Allocated the NCDs, either in electronic form or through physical delivery. The dispatch of the Placement Document to a Successful Bidder, and subsequent payment by the Successful Bidder of the Bid Amount on the Pay-in Date to the Designated Bank Account shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the NCDs Allocated to such Successful Bidders at an aggregate price equivalent to the product of the NCD Issue Price and NCDs Allocated to such Successful Bidders.

Our Company or the Share Transfer Agent on behalf of our Company shall instruct the Depositories on the Pay-in Date, and the Depositories shall accordingly credit the allocated NCDs to the demat account of the Successful Bidder. Our Company shall give the instruction to the Share Transfer Agent for crediting the NCDs by 11:00 p.m. on the Pay-In Date. The Share Transfer Agent shall provide corporate action file along with all requisite documents to Depositories by 12:00 p.m. on the Pay-In Date. On the Pay-In Date, the Depositories shall confirm to the Clearing Corporation regarding the allotment of the NCDs in the demat account(s) of the Successful Bidders.

Our Company shall apply to the Stock Exchanges for listing and trading approvals in respect of the NCDs Allotted pursuant to this Issue. The NCDs that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Successful Bidders to whom the NCDs have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company. In terms of the SEBI Debt Regulations, in case of delay in listing of the NCDs beyond 20 days from the Closing Date, our Company will pay penal interest of at least 1% per annum over the coupon rate from the expiry of 30 days from the Closing Date till the listing of such NCDs to the Successful Bidders.

In accordance with the SEBI Debt Regulations, NCDs will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the NCDs, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

Post-Allocation Disclosures by the EBP

Upon closure of the bidding process, the Company shall provide to the EBP Platform, details of the Issue in the format prescribed under the SEBI EBP Circulars. Upon final Allocation by the EBP Platform, the EBP Platform shall disclose on its website, the NCD Issue size, coupon rate, number of Successful Bidders, category of the Successful Bidder(s), tenor of the NCDs, etc., in accordance with the NCD Operational Guidelines.

Allotments or Refunds

Allotment of the NCDs shall be made in dematerialized form to the demat accounts of the Successful Bidders. Pending allotment and filing of a return of allotment by our Company in accordance with the Companies Act, all monies received for subscription of the NCDs shall not be utilized by the Company and shall be kept by our Company in a separate bank account. In case no demat details are provided by the Successful Bidder or such details are incomplete or insufficient, our Company reserves the right to hold the Bid Amounts until such details are provided accurately.

In case the Clearing Corporation has received money from Successful Bidders for NCDs in excess of the aggregate of the NCD Issue size relating to the NCDs, the Clearing Corporation shall repay the Refund Amount to the extent of such excess, if any.

Interest shall be payable on the Bid Amount in respect of all valid Bids, including refunds (subject to deduction of income tax under the provisions of the I.T Act, or any other statutory modification or re-enactment thereof, as applicable) to all Eligible QIBs from the date of electronic transfer of funds up to one day prior to the Closing Date. This interest shall be calculated on an actual-by-365 days a year basis. The interest on Bid Amount shall be paid along with the refund orders where entire Bid Amount is refunded and where an applicant is allotted lesser NCDs than applied for, the interest on Bid Amount shall be paid along with the refund of excess amount paid on submission of the Bid.

In the terms of the NCD Directions, the Allocation and Allotment is required to be completed within 30 days from the Bid Opening Date. Further, in terms of Section 42(6) of the Companies Act, if the NCD is not allotted within 60 days from the Pay-in Date, our Company shall repay such monies to the applicants within 15 days from the date of completion of the aforesaid 60 days. If our Company fails to repay the Refund Amount within the aforesaid period, it shall be liable to repay that money with interest at the rate of 12% per annum from the expiry of the sixtieth day.

Force Majeure

Our Company, in consultation with the Book Running Lead Managers, reserves the right to withdraw the Issue prior to the Bid Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment. Our Company, in consultation with the Book Running Lead Managers, reserves the right to change the Issue Period.

Right to Accept or Reject Bids

Our Company, in consultation with the Book Running Lead Managers, reserves its full, unqualified and absolute right to accept or reject the Bid, in part or in full, without assigning any reason thereof. The rejected applicant will be intimated along with the refund warrant, if applicable. No interest on Bid Amount will be paid on rejected Bids.

Any Bid would be liable to be rejected by the EBP Platform on one or more technical grounds, including but not restricted to:

(i) Number of NCDs applied for is less than the Minimum Bid;

(ii) The amount paid does not tally with the NCDs applied by the Eligible QIB;

(iii) A Bid is made by a person other than an Eligible QIB

(iv) PAN or GIR and IT Circle or Ward or District not given;

(v) Bid exceeding the NCD Issue size;

(vi) Bids by persons/entities who have been debarred from accessing the capital markets by the SEBI;

(vii) Bids by persons who are not eligible to apply to this Issue;

(viii) Bank account details not given, or are incomplete, or inadequate;

(ix) Relevant documents not submitted in cases where the Bid is under a power of attorney or by limited companies, corporate, trust etc.;

(x) The Bid Amount is paid in any other manner than as mentioned in this Placement Document; and

(xi) Complete demat details not provided or is incorrect or inadequate.

Issue Procedure for issuance of Equity Shares and Warrants

1. On the Bid/Issue Opening Date, our Company and the Book Running Lead Managers had circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form(s), either in electronic or physical form, to identified Eligible QIBs and the Application Form(s) were specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom the Preliminary Placement Document and the serially numbered Application Form(s) were dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act and the PAS Rules. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form(s) are delivered was determined by our Company in consultation with the Book Running Lead Managers, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form(s), which includes the details of the bank account wherein the Bid Amount is to be deposited, were addressed to a particular Eligible QIB, no invitation to make an offer to subscribe was made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any Bid that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs could submit the Application Form(s), including any revisions thereof along with the Bid Amount and a copy of the PAN card or PAN allotment letter (if applicable), during the Bidding Period to the Book Running Lead Managers. The Application Form could be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB could submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and could not be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Bidders were required to indicate the following in the Application Form(s):

   - full official name of the Eligible QIB to whom Equity Shares or Warrants are to be Allotted, complete address, e-mail id, phone number, PAN (if applicable) and bank account details;
   - number of respective Equity Shares or Warrants Bid for;
   - price at which they are agreeable to subscribe for the Equity Shares and/or Warrants and the aggregate Bid Amount for the number of Equity Shares or Warrants Bid for, provided that with respect to Warrants the Bidders may also indicate that they are agreeable to submit an Application Form at "Cut-off Price", which shall be any price as may be determined by our Company in consultation with the Book Running Lead Managers at or above the Floor Price or the Floor Price,

net of such discount as approved in accordance with the SEBI ICDR Regulations;

- details of the depository account to which the Equity Shares or Warrants should be credited;
- in the case of Bids for the Equity Shares, a representation that it is either (i) outside the United States acquiring the Equity Shares forming part of the Eligible Securities in an offshore transaction in reliance on Regulation S, or (ii) it is a US QIB, and it has agreed to certain other representations set forth in the Application Form(s);
- Details of the Equity Shares and Warrants held by the Eligible QIBs in our Company prior to the Issue;
- It has agreed to certain other representation set forth in the Application Form;
- in case of submission of a Bid for Warrants, a representation that it is a resident in India; and
- in case of submission of a Bid for Equity Shares to be issued in this Issue, Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form.

Note: *Eligible FPIs are required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Bids by various schemes or funds of a Mutual Fund will be treated as one Bids from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Eligible QIBs were required to make the entire payment of the Bid Amount for the Equity Shares or Warrants Bid for, along with the Application Form(s), only through electronic transfer to the Escrow Accounts opened in the name of '*HDFC Limited – QIP Equity Shares Escrow Account*' and '*HDFC Limited – Warrant Escrow Account*' with the Escrow Bank, within the Bidding Period as specified in the Application Form(s) sent to the respective Bidders. No payment could be made by Bidders in cash or cheques. Please note that any payment of Bid Amount for the Equity Shares or Warrants should have been made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Bid Amount payable on Equity Shares and Warrants to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form(s). Until Allotment of the Equity Shares or Warrants, the filing of return of Allotment by our Company with the RoC and the receipt of the final listing and trading approval from the Stock Exchanges, Bid Amount received for subscription of the Equity Shares or Warrants shall be kept by our Company in a separate bank account with a scheduled commercial bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event, among others (a) any Bidder was not Allocated Equity Shares or Warrants in this Issue, (b) the number of Equity Shares or Warrants Allotted to a Successful Bidder is lower than the number of Equity Shares or Warrants applied for through the Application Form(s) and towards which Bid Amount was paid by such Bidder, (c) the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares or Warrants that have been Allocated to the Successful Bidder and the issue price applicable with respect to such Equity Shares or Warrants, (d) any Eligible QIB lowered or withdraw their Bid after submission of the Application Form(s) but prior to the Bid Closing Date, or (e) if this Issue was cancelled or withdrawn for any reason after Allocation, the excess Bid Amount for the respective Equity Shares or Warrants would be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 326.

6. Once duly completed Application Form(s) is/are submitted by a Bidder, whether signed or not, and the Bid Amount is transferred to the respective Escrow Accounts, such Application Form(s) constitute(s) an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the respective Escrow Accounts along with the submission of such revised Bid. The Issue Closing Date has been notified to the Stock Exchanges and the Eligible QIBs have been given notice of such date after receipt of the Application Form(s). The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned

schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

7. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares or Warrants are Allocated to it.

8. Upon receipt of the duly completed Application Form(s) and the Bid Amount in the Escrow Accounts, after the Issue Closing Date, our Company, in consultation with Book Running Lead Managers determined the final terms, including (i) the Equity Issue Price and/or Warrant Exercise Price, as applicable, (ii) the number and type of Equity Shares or Warrants to be Allocated to each Successful Bidder; and (iii) the Successful Bidders to whom such Equity Shares or Warrants shall be Allocated. Upon such determination, the Book Running Lead Managers will send the serially numbered CAN, along with serially numbered Placement Document, (in electronic form of physical delivery) to the Successful Bidders who have been Allocated the Equity Shares or Warrants. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares or Warrants Allocated to such Successful Bidders at an aggregate price equivalent to the product of the relevant issue price and Equity Shares or Warrants Allocated to such Successful Bidders. The CAN shall contain details such as the number and type of Equity Shares or Warrants Allocated to the Successful Bidders, relevant issue price and the aggregate amount received towards the Equity Shares or Warrants Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and will be in consultation with the Book Running Lead Managers.**

9. Upon determination of the Equity Issue Price/ Warrant Issue Price/ Warrant Exercise Price (as applicable) and the issuance of CAN and before Allotment of Equity Shares or Warrants to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares or Warrants pursuant to dispatch of a serially numbered CAN.

10. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares and Warrants as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

11. After passing the resolution for Allotment and prior to crediting the Equity Shares and Warrants into the beneficiary account of the Successful Bidders maintained by the depository participant, as indicated in their respective Application Form(s), our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares and Warrants Allotted pursuant to this Issue.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares or Warrants Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

13. Our Company will then apply for the final trading approvals from the Stock Exchanges.

14. The Equity Shares or Warrants that will be credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

15. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Successful Bidders to whom the Equity Shares or Warrants have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Successful Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only Eligible QIBs were eligible to invest in the Equity Shares and Warrants pursuant to this Issue. FVCIs were not permitted to participate in the Issue. Accordingly, Eligible QIBs for the purpose of the issue of the Equity Shares and Warrants comprised:

<table>
<tr><th colspan="2">Equity Shares and Warrants to be issued in this Issue</th></tr>
<tr><th>Equity Shares</th><th>Warrants</th></tr>
<tr><td>QIBs, who were eligible to Bid for Equity Shares in this Issue and as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

• alternate investment funds registered with SEBI;
• Eligible FPIs*;
• insurance companies registered with Insurance Regulatory and Development Authority of India;
• insurance funds set up and managed by army, navy or air force of the Union of India;
• insurance funds set up and managed by the Department of Posts, India;
• multilateral and bilateral development financial institutions;
• Mutual Funds;
• pension funds with minimum corpus of ₹ 250 million;
• provident funds with minimum corpus of ₹ 250 million;
• public financial institutions;
• scheduled commercial banks;
• state industrial development corporations;
• the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
• venture capital funds registered with SEBI; and
• systemically important non-banking financial companies,

subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.</td><td>QIBs, who were eligible to Bid for Warrants in this Issue and are as set forth below:

• alternate investment funds registered with SEBI and having funds pooled-in only from persons resident in India;
• insurance companies registered with Insurance Regulatory and Development Authority of India;
• insurance funds set up and managed by army, navy or air force of the Union of India;
• insurance funds set up and managed by the Department of Posts, India;
• Mutual Funds (not owned or controlled by non-resident investors);
• pension funds with minimum corpus of ₹ 250 million;
• provident funds with minimum corpus of ₹ 250 million;
• public financial institutions;
• scheduled commercial banks;
• state industrial development corporations;
• the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and
• systemically important non-banking financial companies,

subject to such QIB not being:

(a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations;

(b) an entity not being a person resident in India under the FEMA; or

(c) ‘owned’ or ‘controlled’ by non-residents/ persons resident outside India, as defined under the FEMA.</td></tr>
</table>

*** ELIGIBLE FPIs COULD PARTICIPATE IN THIS ISSUE FOR SUBSCRIPTION TO EQUITY SHARES IN TERMS OF SCHEDULE 2 OF THE FEMA RULES. ELIGIBLE FPIs WERE PERMITTED TO BID ONLY FOR EQUITY SHARES IN THIS ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE ELIGIBLE FPIs DOES NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN**

THIS REGARD. FVCIs WERE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI, including its investor group, increases beyond 10% of the total paid-up equity capital of a company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by the company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by the SEBI and the RBI in this regard and the company and the investor will be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The existing individual and aggregate investment limits for an FPI in our Company are not exceeding 10% and 100% of the total paid-up Equity Share capital of our Company, respectively. As on July 31, 2020, the aggregate FPI holding is 70.23% of our total paid-up capital.

SEBI has through circular dated April 5, 2018, put in place a new system for monitoring the foreign investment limits in listed Indian companies, and by its circular dated May 17, 2018, SEBI has directed that the system be made operational from June 1, 2018. Accordingly, the listed Indian company shall have to appoint any one depository as its designated depository for the purpose of monitoring the foreign investment limit.

Pursuant to the SEBI Circular dated April 5, 2018, our Company has appointed NSDL as the designated depository to monitor the level of FPI/NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

The Warrants in the Issue are not and will not, in any circumstances, be offered and will not be Allotted, to persons in any jurisdiction outside India. Any Bid received from such category of investors or Bids wherein a foreign address is provided by the depositories would be rejected. Subsequent to receipt of listing and trading approvals from the Stock Exchanges and as per the extant laws, the Warrants cannot be transferred to non-residents or entities, which are 'owned' or 'controlled' by non-residents / persons resident outside India and whose downstream investments are regarded as foreign investments. For further details, see "*Terms and Conditions of NCDs – No Transfer except on Stock Exchange for one year*" on page 279.

Restrictions on Allotment

Our Company does not have any identifiable promoter and accordingly, no allotment shall be made in accordance with Regulation 179(2)(b) of the SEBI ICDR Regulations.

Our Company and the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they were eligible to apply. Eligible QIBs were advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares or Warrants that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs were required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations.

Note: Affiliates or associates of the Book Running Lead Managers, who are Eligible QIBs, could participate in this

Issue in compliance with applicable laws.

Bid Process

Application Form(s)

Please note that there were separate Application Form(s) for each of the Equity Shares or Warrants issued in this Issue and Eligible QIBs could apply through prescribed Application Form(s) for each of the Equity Shares or Warrants:

S. No.	Particulars	Applicable Application Form
1.	Equity Shares	Equity Application Form
2.	Warrants	Warrant Application Form

Eligible QIBs used the serially numbered Application Form(s) (specifically addressed to them) supplied by our Company and/ or the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including any revision thereof) for Equity Shares or Warrants through the Application Form(s) and pursuant to the terms of this Placement Document, each Bidder will be deemed to have made the representations, warranties, acknowledgements and undertakings under the sections titled "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 1, 3, 331 and 341, respectively, including:

1. the Bidder confirms that it is an Eligible QIB, has a valid and existing registration under the applicable laws in India and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations and is eligible to participate in this Issue;

2. each Bidder applying for Warrants confirms that it is a person resident in India, as defined in FEMA, and is eligible to invest in the Warrants under applicable law;

3. each Bidder applying for Warrants confirms that it is not 'owned' or 'controlled' by non-residents / persons resident outside India as defined under the FEMA;

4. the Bidder confirms that, and consents to, its name and percentage of post-Issue shareholding (assuming full subscription in this Issue) being included as a "proposed Allottee" in this Issue in the Placement Document. However, the Bidder further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers;

5. the Bidder has no right to withdraw or revise its Bid downwards after the Bid Closing Date;

6. the Bidder confirms that if Eligible Securities are Allotted to it through this Issue, it shall not, for a period of one year from Allotment, sell such Eligible Securities otherwise than on the floor of the Stock Exchanges;

7. the Bidder confirms that it is eligible to Bid for and hold Equity Shares and Warrants (including Equity Shares to be issued upon exchange of Warrants) so Allotted and together with any securities (including Equity Shares) held by the Bidder prior to this Issue. The Bidder further confirms that its holding, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

8. the Bidder agrees that although the Bid Amount is required to be paid by it along with the Application Form(s) within the Bidding Period in terms of the provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares and Warrants on a discretionary basis, in consultation with the

Book Running Lead Managers. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares and Warrants Bid for in full or in part;

9. the Bidder confirms that its Bid (including Allotment of Equity Shares and issuance of Equity Shares upon exchange of Warrants at such time, to the extent applicable) would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

10. the Bidder confirms that, to the best of its knowledge and belief, together with other Eligible QIBs participating in this Issue that belong to the same group or are under common control, the Allotment to the Bidder shall not exceed 50% of the Issue Size. For the purposes of this statement:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

    b. "Control" shall have the same meaning as is assigned to it by clause 1(e) of Regulation 2 of the SEBI Takeover Regulations.

11. The Bidder confirms that:

    a. It will make payment of its Bid Amount along with submission of the Application Form(s) within the Bidding Period;

    b. A representation that it is either (i) outside the United States acquiring the Equity Shares in an offshore transaction in reliance on Regulation S, in the case of the Equity Shares only, or (ii) a "qualified institutional buyer" as defined in Rule 144A, and it has agreed to certain other representations set forth in the Application Form (s);

12. the Bidder acknowledges that no Allotment shall be made to them if the price at which they have Bid for in this Issue is lower than the issue price relevant to the Equity Shares and Warrants.

13. the Bidder shall not undertake any trade in the Equity Shares and Warrants credited to its beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares and Warrants are issued by the Stock Exchanges.

BIDDERS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, E-MAIL ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN / PAN ALLOTMENT LETTER, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM(S). BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM(S) IS EXACTLY THE SAME AS THE NAME IN WHICH THE BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM(S), WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER THE BIDDDING DATE, THE ELIGIBLE QIB SUBMITTING A BID AND/ OR BEING ALLOTTED EQUITY SHARES OR WARRANTS IN THIS ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CLIENT (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form(s). However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form(s) from which the Bid Amount shall be remitted for the Equity Shares or Warrants applied for in this Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form(s) by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire relevant issue price for the Equity Shares or Warrants proposed to be Allotted and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of the Application Form(s)

All Application Form(s) were required to be duly completed with information including the number of Equity Shares or Warrants applied for along with payment and a copy of the PAN card or PAN allotment letter (if applicable). The Bid Amount was required to be deposited in the Escrow Accounts as is specified in the Application Form(s) and the Application Form(s) were required to be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Name of the Book Running Lead Managers	Address	Contact Person	Email	Phone (Telephone and Fax)
Kotak Mahindra Capital Company Limited	1st Floor, 27 BKC, Plot No. 27, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India	Mr. Karl Sahukar	Hdfc.qip@kotak.com	**Tel**: +91 22 4336 0000 **Fax**: +91 22 6713 2447
Axis Capital Limited	1st Floor, Axis House, C-2 Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai 400 025	Mr. Sanjay Kathale	Sanjay.Kathale@axiscap.in	**Tel**: +91 22 4325 5587 **Fax**: +91 22 4325 4599
BNP Paribas	BNP Paribas House, 1-North Avenue, Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051	Mr. Mehul Golwala	dl.project.redstart@asia.bnparibas.com	**Tel:** +91 22 3370 4000 **Fax**: +91 22 6196 5194
DSP Merrill Lynch Limited	Ground Floor, “A” Wing, One BKC, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India	Mr. Gautam Dhaliwal	dg.gcib_in_project_redstart@bofa.com	**Tel:** +91 22 6632 8000 **Fax**: +91 22 6776 2343
Citigroup Global Markets	1202, 12th Floor, First International Financial Center	Mr. Abhijay Thacker	hdfc.qip.2020@citi.com	**Tel:** +91 22 6175 9964 **Fax**: +91 22 6175

Name of the Book Running Lead Managers	Address	Contact Person	Email	Phone (Telephone and Fax)
India Private Limited	G-Block, C 54 & 55, Bandra Kurla Complex, Bandra (East), Mumbai 400 098 Maharashtra, India			9898
Credit Suisse Securities (India) Private Limited	Ceejay House, 9th Floor Plot F, Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai 400 018 Maharashtra, India	Abhay Agarwal	list.projectredstart@credit-suisse.com	**Tel:** 22 6777 3885 **Fax:** 22 6777 3820
Goldman Sachs (India) Securities Private Limited	951-A Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	Mr. Raghav Pillay	raghav.pillay@gs.com	**Tel:** +91 22 6616 9000 **Fax**: +91 22 6616 9090
HDFC Bank Limited	Investment Banking Group Unit 401&402, 4th Floor, Tower B Peninsula Business Park, Lower Parel Mumbai 400 013 Maharashtra, India	Mr. Harsh Thakkar / Mr. Ravi Sharma	project.redstart@hdfcbank.com	**Tel:** +91 22 3395 8233 **Fax**: +91 22 30788584
HSBC Securities and Capital Markets (India) Private Limited	52/60, Mahatma Gandhi Road, Fort Mumbai 400 001 Maharashtra, India	Ayush Jain / Sanjana Maniar	ayush1.jain@hsbc.co.in/ sanjana.maniar@hsbc.co.in	**Tel:** +91 22 2268 5555 **Fax**: +91 22 226536207
ICICI Securities Limited	ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020 Maharashtra, India	Mr. Anurag Byas / Ms. Nidhi Wangnoo	redstart.qip@icicisecurities.com	**Tel:** +91 22 2288 2460 **Fax:** +91 22 2282 6580
IIFL Securities Limited	10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013 Maharashtra, India	Mr. Ujjaval Kumar / Ms. Nishita Mody	hdfc.qip@iiflcap.com	**Tel**: +91 22 4646 4600 **Fax**: +91 22 2493 1073
Jefferies India Private Limited	42/43, 2 North Avenue, Maker Maxity Bandra - Kurla Complex, Bandra (East)	Mr. Aman Puri	Project.REDSTARTECM@jefferies.com	**Tel**: +91 22 4356 6000 **Fax**: +91 22 6765 5595

Name of the Book Running Lead Managers	Address	Contact Person	Email	Phone (Telephone and Fax)
	Mumbai 400 051 Maharashtra, India			
JM Financial Limited	7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	Mr. Jaideep Joshi	HDFC.QIP2020@jmfl.com	**Tel**: +91 22 6630 3030 **Fax**: +91 22 6630 3330
J.P. Morgan India Private Limited	J.P. Morgan Towers, Off CST Road, Kalina, Santacruz (East), Mumbai 400 098, Maharashtra, India	Mr. Shagun Gupta	shagun.gupta@jpmorgan.com	**Tel**: +91 22 6157 3000 **Fax**: +91 22 6157 3911
Morgan Stanley India Company Private Limited	18F, Tower II, One Indiabulls Centre 841, Senapati Bapat Marg, Mumbai 400 013	Mr. Samarth Jagnani	Samarth.Jagnani@morganstanley.com	**Tel:** +91 22 6118 3354 **Fax**: +91 22 6118 1031
Motilal Oswal Investment Advisors Limited	Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai 400 025 Maharashtra, India	Mr. Subodh Mallya / Ms Kristina Dias	redstart@motilaloswal.com	**Tel**: +91 22 7193 5300 **Fax**: +91 22 7193 4315
Nomura Financial Advisory and Securities (India) Private Limited	Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra, India	Mr. Vishal Kanjani	hdfcqip2020@nomura.com	**Tel:** +91 22 4037 4037 **Fax**: +91 22 4037 4111
SBI Capital Markets Limited	202, Maker Tower 'E', Cuffe Parade Mumbai 400 005 Maharashtra, India	Mr. Akhilesh Yadav	hdfc.qip@sbicaps.com	**Tel:** +91 22 2217 8300 **Fax:** +91 22 2218 8332
UBS Securities India Private Limited	2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India	Ms. Lipika Mitra	Lipika.mitra@ubs.com	**Tel:** +91 22 6155 6126 **Fax:** +91 22 6155 6292

The Book Running Lead Managers were not required to provide any written acknowledgement of submission of the Applications Form(s) and Bid Amount. All Bidders submitting a Bid in this Issue, were required to pay the entire Bid Amount within the Bidding Period.

Bank Account for payment of Bid Amount

In terms of the arrangement among our Company, the Book Running Lead Managers and the Escrow Bank, our Company opened the following Escrow Accounts with the Escrow Bank, in the name of:

(a) "**HDFC LIMITED- QIP EQUITY SHARES ESCROW ACCOUNT**" into which the application monies payable by Eligible QIBs in connection with subscription to the Equity Shares pursuant to this Issue were deposited; and

(b) "**HDFC LIMITED –WARRANT ESCROW ACCOUNT**" into which the application monies payable by Eligible QIBs in connection with subscription to the Warrants pursuant to this Issue were deposited.

Each Bidder was required to deposit the Bid Amount payable for the Equity Shares or Warrants Bid by it along with the submission of the Application Form(s) and during the Bidding Period in the respective Escrow Accounts. Bidders could make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments were to be made only through electronic fund transfer. Payments made through cash or cheques were liable to be rejected. Further, if the payment was not made favouring the respective Escrow Accounts for the Equity Shares or Warrants, the Application Form(s) were liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in the Escrow Accounts only for the purposes of (i) adjustment against Allotment of Equity Shares or Warrants in this Issue; or (ii) refund of Bid Amount if our Company was not able to Allot Equity Shares or Warrants in this Issue.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue was not less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The sum of the Warrant Exercise Price and Warrant Issue Price was not less than the Floor Price as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price may be offered by our Company in accordance with the provisions of the SEBI ICDR Regulations.

The "Relevant Date" referred to above means (i) in case of Allotment of Equity Shares issued under this Issue, the date of the meeting in which the Board or the Committee of Directors – QIP 2020 decides to open this Issue; and (ii) in case of Allotment of Warrants, it is the date of the meeting in which the Board or the Committee of Directors – QIP 2020 decides to open this Issue. Further, "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the book

Bidders were required to submit their Bids (including any revision thereof) through the Application Form(s), within the Issue Period to the Book Running Lead Managers. Such Bids could not be withdrawn or revised downwards after the Bid Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery, terms and Allocation

Our Company, in consultation with the Book Running Lead Managers, has determined the Equity Issue Price, and Warrant Issue Price and Warrant Exercise Price, which is at or above the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price, in accordance with the approval of our Shareholders pursuant to resolution dated July 21, 2020, passed by way of postal ballot, in terms of Regulation 176(1) of the SEBI ICDR Regulations.

After finalisation of the Equity Issue Price, Warrant Issue Price and Warrant Exercise Price, our Company has updated the Preliminary Placement Document with the Issue details and filed such updated document with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company has determined the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations. All the Equity Application Form(s) received from the Bidders at or above the Equity Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Equity Issue Price.

Our Company has determined the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations. All the Warrant Application Form(s) received from the Bidders at or above the Warrant Issue Price shall be grouped together, respectively to determine the total demand. The Allocation to all such Bidders will be made at the Warrant Issue Price.

Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Equity Issue Price and Warrant Issue Price.

Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be calculated separately with respect to issue and Allotment of (i) Equity Shares; and (ii) Warrants, pursuant to this Issue.

THE DECISION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF THE EQUITY SHARES AND WARRANTS IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND THE ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORM(S) AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

Confirmation of Allocation Notice or CAN

Based on Application Form(s) and Bid Amount received, our Company in consultation with the Book Running Lead Managers, in its sole and absolute discretion, has decided the list of Successful Bidders to whom the serially numbered CANs will be sent, pursuant to which the details of the Equity Shares or Warrants Allocated to the Successful Bidders, Equity Issue Price/ Warrant Issue Price and Warrant Exercise Price (as applicable) and the total amount received towards Equity Shares or Warrants Allocated to them will be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares or Warrants to the Bidder's account, as applicable to the respective Bidders.

Successful Bidders who have been Allocated Equity Shares or Warrants pursuant to this Issue would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the CAN and the serially numbered Placement Document in electronic form (whenever dispatched) to a Bidder shall be deemed to be a valid, binding and irrevocable contract in respect of Equity Shares or Warrants allocated to it. Subsequently, our Board will approve the Allotment of the Equity Shares or Warrants to the Allottees in consultation with the Book Running Lead Managers.

BIDDERS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES AND WARRANTS THAT MAY BE ALLOCATED / ALLOTTED TO THEM PURSUANT TO THIS ISSUE.

By submitting the Application Form(s), the Bidder would have deemed to have made the representations and warranties as specified "*Notice to Investors*" on page 1 and further that such Bidder shall not undertake any trade on the Equity Shares and Warrants credited to its Depository Participant account pursuant to this Issue until such time as the final listing and trading approval is issued by the Stock Exchanges.

Designated Date and Allotment of Equity Shares and Warrants

1. The Equity Shares and Warrants will not be Allotted unless the Bidders pay the Equity Issue Price and the Warrant Issue Price (as applicable) in to the relevant Escrow Accounts as stated above.

2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares and Warrants is completed by the Designated Date provided in the CAN.

3. In accordance with the SEBI ICDR Regulations, Equity Shares and Warrants will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

4. Our Company, at its sole discretion, reserves the right to cancel this Issue at any time up to Allotment without assigning any reasons whatsoever.

5. Following the Allotment of the Equity Shares and Warrants pursuant to this Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares and Warrants into the beneficiary accounts of the Successful Bidders.

6. Following the credit of Equity Shares and Warrants into the Successful Bidders' beneficiary accounts, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

7. The monies lying to the credit of the respective Escrow Accounts shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares and Warrants issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with this Issue with the RoC.

8. After finalization of the terms of the Equity Shares and Warrants, our Company updated the Preliminary Placement Document with the Issue details and filed it with the Stock Exchanges as the Placement Document. Pursuant to a circular dated March 5, 2010 issued by SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been Allotted more than 5% of the Eligible Securities offered in the Issue, namely, names of the Allottees, and number of Eligible Securities Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document.

Refunds

In the event that the Equity Shares and Warrants are not Allocated to a Bidder for any reason, or number of Equity Shares or Warrants Allocated to a Successful Bidder is lower than the number of Equity Shares or Warrants applied for through the Application Form(s) and towards which Bid Amount has been paid by such Bidder, or a Bidder lowered or withdrew the Bid prior to the Issue Closing Date, or Bid Amount paid by the Bidder is in excess of the amount equivalent to the product of the Equity Shares or Warrants that have been Allocated to such Bidder and the issue price applicable with respect to such Equity Shares or Warrants, or if this Issue is cancelled or is withdrawn for any reason after Allocation, the excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted (as set out in the Application Form(s)), in the form and manner set out in the Refund Intimation Letter. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares and Warrants have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares and Warrants offered in this Issue or on cancellation of this Issue, within 60 days or any other time period, as prescribed under the applicable law, from the date of receipt of the Bid Amount, our Company shall repay the Bid Amount within 15 days from expiry of 60 days or any other time period, as prescribed under the applicable law, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act.

In the event the Company cancels or withdraws the issuance of the NCDs pursuant to this Issue, the issuance of the Warrants shall be cancelled by the Company and the Bid Amount in relation to the issuance of the Warrants shall be repaid or refunded by the Company in accordance with the procedure set out above.

Other Instructions

Permanent Account Number or PAN

Each Bidder was required to mention its PAN allotted under the IT Act. A copy of the PAN card or PAN allotment letter (if applicable) is required to be submitted with the Application Form(s). However, this requirement did not apply to certain Bidders who were exempted from the requirement of obtaining PAN under the IT Act. Further, the Application Form(s) without this information were considered incomplete and were liable to be rejected. It is to be specifically noted that applicants could not submit the GIR number instead of the PAN as the Application Form(s) were liable to be rejected on this ground.

Bank Account Details

Each Bidder was required to mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Managers, rejected Bids, in part or in full, without assigning any reasons whatsoever. The decision of our Company and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder. For details see "- *Bid Process – Refunds*" on page 326.

Equity Shares and Warrants in dematerialized form with Depositories

The Allotment of the Equity Shares and Warrants in this Issue shall be only in dematerialized form (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. An Eligible QIB applying for Equity Shares or Warrants in this Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. The Equity Shares or Warrants Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) such Successful Bidders.

3. Equity Shares and Warrants in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The BSE and the NSE have electronic connectivity with CDSL and NSDL.

4. The trading of the Equity Shares and Warrants issued pursuant to this Issue would be in dematerialized form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

5. Our Company and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares and Warrants due to errors in the Application Form(s) or otherwise on the part of the Eligible QIBs.

Procedure for Exercise of Warrants

Warrant holders shall have the Exercise Right to convert their Warrants into Equity Shares at any time during the Warrant Exercise Period at Warrant Exercise Price. For details, see "*Terms and Conditions of Warrants*" on page 286.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into an agreement with our Company dated August 5, 2020 ("**Placement Agreement**") pursuant to which the Book Running Lead Managers have agreed to manage the Issue and act as a placement agents in connection with the proposed Issue and procure subscriptions for the Eligible Securities to be issued pursuant to the Issue, on a reasonable efforts basis, to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, the SEBI Debt Regulations, the NCD Operational Guidelines, the Companies Act read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company including under the U.S. Securities Exchange Act of 1934, and the Book Running Lead Managers, and is subject to termination in accordance with the terms contained therein.

The Preliminary Placement Document has not been, and this Placement Document will not be filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than to Eligible QIBs. Our Company shall make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Applications shall be made to list the Eligible Securities and the Equity Shares issued pursuant to the exchange of Warrants issued pursuant to the Issue and admit them to trading on the Stock Exchange. No assurance can be given as to the liquidity or sustainability of the trading market for such Eligible Securities and Equity Shares issued pursuant to the exchange of Warrants issued pursuant to the Issue, the ability of holders of the Eligible Securities and the Equity Shares issued pursuant to the exchange of Warrants issued pursuant to the Issue to sell their respective Eligible Securities and Equity Shares issued pursuant to the exchange of Warrants issued pursuant to the Issue or the price at which holders of the Eligible Securities will be able to sell their respective Eligible Securities and Equity Shares issued pursuant to the exchange of Warrants issued pursuant to the Issue.

The Eligible Securities offered hereby have not been and will not be registered under the Securities Act or any state securities law in the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares and NCDs forming part of the Eligible Securities are being offered and sold (a) in the United States only to persons reasonably believed to be Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act), and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Warrants and Equity Shares issued in exchange thereof are being offered and sold only outside the United States in reliance on Regulation S. The Warrants are not and will not, in any circumstances, be offered and will not be Allotted, to any persons in any jurisdiction outside India. For a description of certain restrictions on transfer of the Eligible Securities, see the section, "Transfer Restrictions and Purchaser Representations" on page 341.

Relationship with the Book Running Lead Managers

In connection with the Issue, the Book Running Lead Managers or their affiliates may, for their own accounts, subscribe to the Eligible Securities or enter into asset swaps, credit derivatives or other derivative transactions relating to the Eligible Securities to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Eligible Securities, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Eligible Securities. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares and NCDs in this Issue, and may issue P-Notes in respect thereof. Please see sections entitled "*Offshore Derivative Instruments*" and "*Representations to Investors*" on pages 9 and 3, respectively. From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their respective affiliates and associates.

Our Company undertakes that it will not for a period of 90 days from the date of Allotment under the Placement, without the prior written consent of the BRLMs, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. Provided that, the foregoing restriction shall not apply to (i) an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by our Company; (ii) issue and allotment of Equity Shares arising out of the conversion of the Warrants; (iii) grant of stock option under any new stock option schemes including Employees Stock Option Scheme 2017 and/or Employees stock Option Scheme 2020; and (iv) an issuance of Equity Shares by our Company pursuant to any acquisition, merger or amalgamation undertaken by our Company. Except as disclosed in this Placement Document, our Company confirms that as on the date of this Placement Document, it has not entered into agreements, schemes of mergers or amalgamations or any other similar arrangements.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document and this Placement Document or any offering material and the offering, sale or delivery of the Eligible Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the Preliminary Placement Document and this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Preliminary Placement Document and this Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations, the SEBI Debt Regulations, Sections 42 and 71 of the Companies Act and rules thereunder, the NCD Directions and the NCD Operational Guidelines. The NCDs and Warrants in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to persons in any jurisdiction outside India.

General

This Issue is being made only to Eligible QIBs and the NCDs and Warrants in this Issue will not, in any circumstance, be offered to persons in any jurisdiction outside India. No action has been taken or will be taken that would permit an offering of the NCDs and Warrants to occur in any jurisdiction, or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Company or the NCDs and Warrants in any jurisdiction where action for such purpose is required, except India. Accordingly, the Eligible Securities may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document, this Placement Document nor any offering materials or advertisements in connection with the offering of the Eligible Securities may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable laws, including the SEBI ICDR Regulations. Each subscriber of the Eligible Securities offered by this Placement Document will be required to make, or be deemed to have made, as applicable, the representations, agreements and acknowledgements as described under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 1,3,331 and 341.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations, the SEBI Debt Regulations and Sections 42 and 71 of the Companies Act and rules thereunder. The NCDs in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to persons in any jurisdiction outside India (except Eligible FPIs). The Warrants in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to persons in any jurisdiction outside India. The Warrants will not be issued to persons in any jurisdiction outside India, or subsequent to receipt of listing and trading approvals from the Stock Exchanges, except to the extent permitted under applicable law. Furthermore, the Warrants will not be issued to persons in any jurisdiction outside India, or subsequent to receipt of listing and trading approvals from the Stock Exchanges, subject to applicable law, the Warrants cannot be transferred to persons not resident in India in terms of applicable FEMA Rules (including Eligible FPIs) or entities which are 'owned' or 'controlled' by non-residents/persons resident outside India.

Republic of India

The Preliminary Placement Document and/or this Placement Document has not been and will not be filed as a prospectus with any registrar of companies in India and the Eligible Securities will not be offered or sold directly or indirectly, to the public or any members of the public in India or any other class of investors other than Eligible QIBs. This Placement Document is not a prospectus under the Companies Act, nor an advertisement and should not be circulated to any person other than to whom the offer is made. This Placement Document has not been and will not be filed as a prospectus with any Registrar of Companies in India.

The Preliminary Placement Document and/or this Placement Document has not been and will not be registered or filed as a prospectus with any registrar of companies in any other jurisdiction outside India and the Eligible Securities have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside

India and may not be offered or sold in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

The Eligible Securities other than the Equity Shares and NCDs are not available to investors outside of India.

United States

This Placement Document is not a public offering (within the meaning of the US Securities Act) of securities in the United States. The Eligible Securities have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. Accordingly, the Equity Shares and NCDs are being offered (i) in the United States only persons reasonably believed to be QIBs pursuant to an exemption from the registration requirements of the US Securities Act; or (ii) outside the United States in offshore transactions in reliance on Regulation S. The Warrants are not and will not, in any circumstances, be offered and will not be Allotted, to any persons in any jurisdiction outside India.

In addition, until 40 days after the commencement of the offering, any offer or sale of Equity Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Placement Agreement provides that certain of the BRLMs may, through their respective U.S. broker-dealer affiliates or otherwise in accordance with applicable law, arrange for the offer and resale of the Equity Shares within the United States only to U.S. QIBs.

Under Rule 15c6-1 under the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days after the date of the trade, known as T, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Equity Shares between the date of pricing and the settlement date, or NCD on the date of pricing, will be required, by virtue of the fact that the Equity Shares initially will settle in T+1 and the NCD in T+1, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Bonds who wish to trade the equity Shares or the NCD between the date of pricing and the date of delivery should consult their own advisors.

European Economic Area and the United Kingdom

In relation to each Relevant State no Eligible Securities have been offered or will be offered pursuant to the Placement Document to the public in that Relevant State, except that offers of Eligible Securities may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a Qualified Investor;

(b) to fewer than 150 natural or legal persons (other than Qualified Investors) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Eligible Securities shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Each person (other than a person in a Relevant State where there is a Permitted Public Offer) who initially acquires any Eligible Securities or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Book Running Lead Managers and the Company that it is a Qualified Investor.

In the case of any Eligible Securities being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Eligible Securities acquired by it in the Placement Document have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Eligible Securities to the public other than their offer or resale in a Relevant State to Qualified Investors or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale. The Company, the Book Running Lead Managers and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a Qualified Investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Book Running Lead Managers, be permitted to acquire Equity Shares in the Offering.

For the purposes of this section, the expression an "offer to the public" in relation to any Offer Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Securities to be offered so as to enable an investor to decide to purchase any Equity Shares.

United Kingdom

This Placement Document and any other material in relation to the Eligible Securities described herein is only being distributed to, and is only directed at persons in the United Kingdom who are Qualified Investors that are also (i) investment professionals falling within Article 19(5) of the Order; (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom distributions may otherwise lawfully be made (all such persons together being referred to as "**Relevant Persons**") or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the FSMA. The Equity Shares are only available to, and any investment or investment activity to which this Placement Document relates is available only to, and will be engaged in only with, Relevant Persons). This Placement Document and its contents should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Persons who are not Relevant Persons should not take any action on the basis of this Placement Document and should not rely on it.

Australia

This Placement Document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a prospectus or disclosure document under the Australian Corporations Act. This Placement Document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it with ASIC. No offer will be made under this Placement Document to any person to whom disclosure is required to be made under Chapter 6D of the Australian Corporations Act. Any offer in Australia of the Equity Shares under this Placement Document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act which permit the offer of the Equity Shares without disclosure under Part 6D.2 of the Australian Corporations Act.

As any offer of Eligible Securities under this Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to the Issuer that you will not, for a period of 12 months from the date of issue of the Eligible Securities, offer, transfer, assign or otherwise alienate those securities to any person in Australia except in circumstances where disclosure to such person is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

The Central Bank of Bahrain, The Bahrain Bourse And The Ministry of Industry, Commerce And Tourism Of The Kingdom Of Bahrain take no responsibility for the accuracy of the statements and information contained in this Placement Document or the performance of the Eligible Securities, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for accredited investors as defined by the Central Bank of Bahrain. No invitation to the public has been or will be made in the Kingdom of Bahrain to subscribe to the Equity

Shares and this Placement Document will not be issued, passed to, or made available to the public generally. The Central Bank of Bahrain has not reviewed, nor has it approved, this placement document or the marketing thereof in the kingdom of Bahrain. The Central Bank of Bahrain is not responsible for the performance of any of the Eligible Securities.

Bermuda

No invitation or offer has been, or will be, made to the public in Bermuda to purchase or subscribe for any of the Eligible Securities, and any such invitation or offer may only be made in compliance with the provisions of the Investment Business Act 2003 and the Exchange Control Act 1972, and related regulations of Bermuda which regulate the sale of securities in Bermuda.

British Virgin Islands

No invitation or offer has or will be made to the public in the British Virgin Islands to purchase or subscribe for any of the Eligible Securities.

Canada

This Placement Document does not constitute a prospectus or other disclosure document under the Canadian securities laws and does not purport to include the information required of a prospectus or disclosure document. This Placement Document has not been filed with any of the regulatory authorities or participating bodies of the Canadian Securities Administrators ("CSA"). No offer will be made under this Placement Document to any person in any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus in the province or territory in Canada in which the offer or sale is made. Any offer in Canada of the Eligible Securities under this Placement Document may only be made to persons who are "accredited investors" (within the meaning of CSA National Instrument 45-106 – Prospectus Exemptions), or otherwise pursuant to one or more exemptions under Canadian securities laws which permit the offer of the Eligible Securities without preparing a prospectus.

As any offer of Eligible Securities under this Placement Document will be made without disclosure in Canada, the offer of those securities for resale in Canada must be made either: (i) pursuant to a prospectus; (ii) pursuant to an exemption from the prospectus requirement; or (iii) through the facilities of a stock exchange outside of Canada, provided that (A) the number of beneficial holders of such securities that are resident in Canada does not constitute 10% or more of the holders of such securities; and (B) the number of such securities held by Canadians does not constitute 10% or more of such securities. Purchasers are advised to seek legal advice prior to any resale of the securities offered hereunder to a Canadian resident.

Cayman Islands

No invitation or offer has or will be made to the public in the Cayman Islands to subscribe for any of the Eligible Securities but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL.

Hong Kong

This Placement Document has not been delivered for registration to the registrar of companies in Hong Kong, and its contents have not been reviewed or authorized by any regulatory authority in Hong Kong. Accordingly: (i) the Eligible Securities have not been and will not be offered or sold in Hong Kong, by means of any document, other than to persons that are considered "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made thereunder, or in other circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong and as permitted under the SFO; and (ii) no invitation, advertisement or other document relating to the Equity Shares has been or will be issued (or possessed for the purpose of issue), whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Eligible Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

WARNING: The contents of this Placement Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Issue. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Japan

The Eligible Securities have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement.

Accordingly, the Eligible Securities may not be offered or sold outside of this small number private placement, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act of Japan and any other applicable laws, regulations and ministerial guidelines of Japan.

Jordan

This Placement Document and any underlying instruments or securities offered hereby (including, without limitation, the Equity Shares) is not intended to constitute, shall not be treated as constituting or shall not be deemed to constitute, an "offer", “Public Offer” or otherwise sale of securities in the Hashemite Kingdom of Jordan as defined in, or may be interpreted in context of, the Jordanian Securities Law number 18 of 2017 and its regulations and instructions (the “**Securities Law**”). This Placement Document does not comprise a “prospectus” for the purposes of the Securities Law. The Equity Shares will neither be listed on the Amman Stock Exchange or any local or international exchange or deposited with the Jordan Securities Depository Centre, nor will they be registered with the Jordan Securities Commission (the “**Securities Commission**”).

The Issuer has not been authorized, licensed or regulated by the Jordan Securities Commission to market, offer, or sell the Equity Shares in the Hashemite Kingdom of Jordan.

Any and all information disclosed in this Placement Document is solely provided by the Issuer and does not purport to abide by the standards set out in the Securities Law or required by the Securities Commission or any other competent authority. The Securities Commission shall not be held liable for any information included in the Placement Documents, any loss arising from or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares should conduct their own due diligence on the accuracy of the information relating to the Equity Shares.

This Placement Document is not intended for publication or general circulation in the Hashemite Kingdom of Jordan. Any distribution, publication or circulation is not authorised and shall be at the liability of such recipient.

Korea

This Placement Document and the Eligible Securities have not been registered and will not be registered with the Financial Services Commission of Korea for a public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea ("**FSCMA**"). The Eligible Securities have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the Foreign Exchange Transactions Law of Korea ("**FETL**") and its Enforcement Decree) within one year of the issuance of the Eligible Securities, except (i) where relevant requirements are satisfied, the Eligible Securities may be offered, sold or delivered to or for the account or benefit of a Korean resident or (ii) as otherwise permitted under applicable Korean laws and regulations, including the FSCMA and the FETL and the decrees and regulations thereunder.

Kuwait

This Placement Document is not for general circulation to the public in Kuwait. The Eligible Securities have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Equity Shares in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Equity Shares is being made in Kuwait, and no agreement relating to the sale of the Eligible Securities will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in Kuwait.

Malaysia

This Placement Document or any other document or material in connection with the offer and sale of the Eligible Securities has not been or will not be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than:

(i) a closed end fund approved by the Commission;
(ii) a holder of a Capital Markets Services Licence (as defined under the Capital Markets and Services Act 2007);
(iii) a person who acquires the shares, as principal, if the offer is on terms that the shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction;
(iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual;
(v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding 12 months;
(vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding 12 months;
(vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts;
(viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies);
(ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; or
(x) an Islamic bank licensee or *takaful* licensee as defined in the Labuan Financial Services and Securities Act 2010.

Mauritius

The public of the Republic of Mauritius is not invited to subscribe for the Eligible Securities. This Placement Document relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the Eligible Securities. The Eligible Securities are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. No regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. This Placement Document is for the use only of the named addressee and should not be given or shown to any other person. Subscribers in Mauritius are not protected by any statutory compensation arrangement in Mauritius in the event of the Company's failure.

New Zealand

This Placement Document, and the information within and accompanying this Placement Document are not, and are under no circumstances to be construed as an offer of the Eligible Securities in New Zealand. No product disclosure statement, prospectus or similar offering or disclosure document in relation to the Eligible Securities has been prepared or has been lodged with or reviewed or approved by the Financial Markets Authority, the Registrar of Financial Service Providers or any other regulatory body in New Zealand. The Eligible Securities are only available for investment by a "wholesale investor" within the meaning of clause 3(2) of the Financial Markets Conduct Act 2013 ("**FMCA**"). Each recipient of this Placement Document represents and agrees that he, she or it:

(a) is a "wholesale investor" for the purposes of clause 3(1) of Schedule 1 of the FMCA) (as the term "wholesale investor" is defined by clause (3)(2) of Schedule 1 of the FMCA);

(b) has not offered or sold, and agrees he, she or it will not offer or sell, any Eligible Securities in New Zealand in a manner that would require disclosure under Part 3 of the FMCA; and

(c) has not distributed or published, and agrees he, she or it will not publish this Placement Document or any offering material or advertisement in relation to any offer of the Eligible Securities in New Zealand.

Oman

By receiving this Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this document has not been registered with or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, nor is the Issuer authorised or licensed by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, to market or sell the Equity Shares within the Sultanate of Oman. The Eligible Securities sold under this Placement Document have not and will not be listed on any stock exchange in the Sultanate of Oman. No marketing of any financial products or services has been or will be made from within the Sultanate of Oman and no subscription to any securities, products or financial services may or will be consummated within the Sultanate of Oman. This Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of the Oman Capital Market Law (Capital Market Authority Decision 1/2009 as amended). The Issuer is not a licensed broker, dealer, financial advisor or investment advisor licensed under the laws applicable in the Sultanate of Oman, and, as such, does not advise individuals resident in the Sultanate of Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the Sultanate of Oman. This document is confidential and for your information only and nothing in this document is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

Qatar and the Qatar Financial Centre

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Issuer has not been authorized or licensed by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the

Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Issuer and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the securities offered hereby (including, without limitation, the Equity Shares) should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

Singapore

This Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Eligible Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Eligible Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(c) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(d) where no consideration is or will be given for the transfer;

(e) where the transfer is by operation of law;

(f) as specified in Section 276(7) of the SFA; or

as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Africa

The Equity Shares may not be offered or sold and will not be offered or sold to the public (as such term is used in Chapter 4 of the Companies Act 71 of 2008 ("**SA Companies Act**")) in the Republic of South Africa save in the circumstances where it is lawful to do so without a registered prospectus being made available before the offer is made. This document does not constitute a registered prospectus for the purposes of and as defined in chapter 4 of the SA Companies Act, and has not been prepared in accordance with the provisions of the SA Companies Act applicable to the content of a prospectus.

This document is not to be distributed, delivered or passed on to any person resident in the Republic of South Africa, unless it is being made only to, or directed only at any person who does not fall within the definition of the public as contemplated in chapter 4 of the South African Companies Act or any other person to whom an offer of the Eligible Securities in South Africa may lawfully be made (all such persons together being referred to as "**permitted South African offerees**").

This document must not be acted on or relied on by persons who are not permitted South African offerees.

If the recipient of this document is in any doubt about the investment to which this document relates, the recipient should obtain independent professional advice.

Switzerland

The Eligible Securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**"FinSA**") and no application has or will be made to admit the Eligible Securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Eligible Securities constitutes a prospectus pursuant to the FinSA, and neither this Placement Document nor any other offering or marketing material relating to the Eligible Securities may be publicly distributed or otherwise made publicly available in Switzerland.

The Eligible Securities may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Eligible Securities with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this document, you should consult an authorised financial adviser.

By receiving this Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this Placement Document has not been approved by or filed with the UAE Central Bank, the UAE Securities and Commodities Authority (the "**SCA**") or any other authorities in the UAE (outside of the financial free zones established pursuant to UAE Federal Law No. 8 of 2004), nor have the GCBRLMs or the BRLM received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. It should not be assumed that any of the GCBRLMs or the BRLM is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products.

No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to the Equity Shares or other investments may or will be consummated within the UAE. The Equity Shares are not intended for circulation or distribution in or into the UAE, other than to persons who are "Qualified Investors" within the meaning of the SCA' s Board of Directors Decision No. 3 of 2017 Concerning the Organisation of Promotion and Introduction to whom the materials may lawfully be communicated. This does not constitute a public offer of securities in the UAE under the SCA Chairman of the Board Resolution No. 11/R.M of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock Companies, or otherwise.

Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

Dubai International Financial Centre

The Eligible Securities have not been offered and will not be offered, and this Placement Document will not be made available to any persons in the Dubai International Financial Centre, except on that basis that:

(a) any offer is an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and

(b) this Placement Document is made only to, and is only capable of being accepted by, persons who meet the criteria to be a "deemed" Professional Client set out in Rule 2.3.4 of the DFSA Conduct of Business Module of the DFSA rulebook and who is not a natural person.

The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Eligible Securities offered should conduct their own due diligence on the Eligible Securities. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS

Bidders are advised to consult with legal counsel prior to purchasing any Equity Shares or making any resale, pledge or transfer of such Equity Shares.

In terms of Chapter VI of the SEBI ICDR Regulations, resale of Eligible Securities, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Eligible Securities, and also see "*Issue Procedure*" on page 303.

The Eligible Securities offered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares and NCDs (together, the "**U.S. Offering Securities**") forming a part of the Eligible Securities are being offered and sold (a) in the United States only to persons reasonably believed to be U.S. QIBs in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States in reliance on Regulation S. The Warrants and Equity Shares issued in exchange thereof are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S. The Warrants in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to any persons in any jurisdiction outside India.

The Warrants and the Equity Shares issued on exchange therefor in this Issue are not and will not, in any circumstances, be offered and will not be Allotted, to any persons in any jurisdiction outside India.

Each purchaser of the U.S Offering Securities in the United States is deemed to have represented, agreed and acknowledged as follows:

1. You confirm that you are a U.S. QIB.

2. You understand that the U.S Offering Securities are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the U.S Offering Securities have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States.

3. You are an institution that, in the normal course of business, invests in or purchases securities similar to the U.S Offering Securities, you are not purchasing the U.S Offering Securities with a view to distribution, and you, and any accounts for which you are acting, (a) are a sophisticated investor that has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of its investment in the U.S Offering Securities and (b) are able to bear the economic risk, and sustain a complete loss, of such investment in the U.S Offering Securities.

4. If you are acquiring the U.S Offering Securities as a fiduciary or agent for one or more investor accounts, (a) each such account is a U.S. QIB; and you have sole investment discretion with respect to each account and you have full power and authority to make, and do make, the representations, warranties, agreements, undertakings and acknowledgements contained herein on behalf of each such account.

5. You will base your investment decision on a copy of the Preliminary Placement Document and this Placement Document, as amended or supplemented from time to time. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the BRLMs) or any of their respective affiliates have made or will make any representations, express or implied, to you with respect to the Company, the Issue, the U.S Offering Securities or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Issue or the U.S Offering Securities, other than the information contained in the Preliminary Placement Document and this Placement Document. You acknowledge that you have not relied on and will not rely on any investigation by, or on any information contained in any research reports prepared by the BRLMs or any of their respective affiliates.

6. Any U.S Offering Securities you acquire will be for your own account (or for the account of an investor who is a U.S. QIB as to which you exercise sole investment discretion and have authority to make, and do

make, the statements contained in this document) for investment purposes, and not with a view to the resale or distribution within the meaning of the U.S. federal securities laws, subject to the understanding that the disposition of its property shall at all times be and remain within its control.

7. You acknowledge and agree that you are not purchasing the U.S Offering Securities as a result of any "general solicitation" or "general advertising" (as defined in Regulation D) or "directed selling efforts" (as defined in Regulation S).

8. You understand that the U.S. Offering Securities will be “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, and you agree that for so long as they are restricted securities that may not be deposited into any unrestricted depositary facility established or maintained by any depositary bank.

9. You are aware of the restrictions on the offer and sale of the U.S Offering Securities and that neither the BSE nor the NSE is a "designated offshore securities market" within the meaning of Regulation S.

10. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the BRLMs) or any of their respective affiliates have made or will make any representations as to the availability of the exemption provided by Rule 144 under the Securities Act or Rule 144A for the resale of the U.S Offering Securities, nor the availability of any other exemptions from the registration requirements of the Securities Act for the resale of the U.S Offering Securities.

11. You understand and acknowledge that the Company shall have no obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notation on its records or give instructions to any transfer agent of the U.S Offering Securities.

12. You understand and agree that offers and sales of the U.S Offering Securities are being made in the United States only to persons reasonably believed to be US QIBs in transactions not involving a public offering which are exempt from the registration requirements of the Securities Act, and that if in the future it or any such other US QIB for which it is acting, or any other fiduciary or agent representing such investor, decides to offer, sell, deliver, hypothecate or otherwise transfer any US Offering Securities, it or any such other US QIB and any such fiduciary or agent will do so only (a) to a person that it, or any person acting on its behalf, reasonably believes is a US QIB purchasing for its own account or for the account of another US QIB in a transaction that is exempt from registration under the Securities Act; (b) outside the United States in an "offshore transaction" pursuant to Rule 903 or Rule 904 of Regulation S; or (c) pursuant to the exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) and, in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the United States. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 or Rule 144A under the Securities Act for the resale of the U.S Offering Securities.

13. You understand that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that the Company and its respective affiliates, and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements, undertakings or acknowledgements contained herein.

14. You agree that if any of the foregoing representations, warranties, agreements, undertakings and acknowledgements is no longer accurate, you shall promptly notify the Company and the BRLMs in writing. All representations, warranties, agreements, undertakings and acknowledgements you have made in this document shall survive the execution and delivery hereof.

Each other purchaser of the U.S. Offering Securities, and each purchaser of Eligible Securities other than the U.S. Offering Securities, is deemed to have represented, agreed and acknowledged as follows:

1. You are purchasing the Eligible Securities in an “offshore transaction” as defined in Regulation S.

2. You are not an affiliate of the Company or a person acting on behalf of an affiliate of the Company.

3. You will base your investment decision on a copy of the Preliminary Placement Document and this Placement Document. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the BRLMs) or any of their respective affiliates have made or will make any representations, express or implied, to you with respect to the Company, the Issue, the Eligible Securities or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Issue or the Eligible Securities, other than the information contained in the Preliminary Placement Document and this Placement Document. You acknowledge that you have not relied on and will not rely on any investigation by, or on any information contained in any research reports prepared by, the BRLMs or any of their respective affiliates.

4. You acknowledge (or if acting for the account of another person, such person has confirmed that they acknowledge) that the Eligible Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.

5. None of you, any of your affiliates nor any person acting on behalf of you or any of your affiliates, has made or shall make any "directed selling efforts" (as defined in Regulation S) with respect to the Eligible Securities.

6. You understand that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that the Company, the BRLMs and their respective affiliates and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements, undertakings or acknowledgements contained herein. You agree that if any of the representations, warranties, agreements, undertakings and acknowledgements made herein are no longer accurate, you shall promptly notify the Company and the BRLMs in writing. All representations, warranties, agreements, undertakings and acknowledgements you have made in this document shall survive the execution and delivery hereof.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the websites of SEBI and the Stock Exchanges, and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SEBI Listing Regulations, SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("**SCR** (**SECC**) **Rules**"), which regulates, amongst other things, the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, listing regulations, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act, the SEBI Listing Regulations and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to, amongst other things, suspend trading of, or withdraw admission to dealings in, a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to our company receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule decisions by the governing body of the stock exchanges and withdraw recognition of a recognised stock exchange.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. SEBI has announced certain relaxations under the SEBI Listing Regulations in order to protect the securities market of India, including relaxation regarding redressal of investor grievances, conducting AGM, submission of financial statements and other compliances, conducting board and committee meetings as well as exemptions from penal provisions for violating of the SEBI Listing Regulations on a temporary basis.

Minimum level of public shareholding

All listed companies are required to ensure a minimum public shareholding of 25%. Further, in the event that the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. In light of prevailing business and market considerations due to the Covid-19 pandemic, SEBI has advised stock exchanges not to take any penal action for failing to comply with minimum public shareholding requirements if due date for compliance falls between the period from March 1, 2020 to August 31, 2020. Our Company is in compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Disclosures under the Companies Act, 2013 and the SEBI Listing Regulations:

Public limited companies are required under the Companies Act and the SEBI Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI and other applicable laws. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Takeover Regulations

Disclosure and mandatory open offer obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisitions of shares and control. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of our company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The SEBI Insider Trading Regulations also provide disclosure obligations for promoters, employees, directors and their relatives, with respect to their shareholding in a company, and the changes therein. The definition of "insider" includes any person who is a connected person or in possession of, or having access to, unpublished price sensitive information. The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE SECURITIES

Set forth below is certain information relating to the Eligible Securities, including a brief summary of some of the provisions of the Memorandum and Articles of Association of our Company and the Companies Act relating to the rights attached to its NCDs, the Warrants and the Equity Shares. Bidders are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the NCDs, Warrants and the Equity Shares.

General

The authorized share capital of our Company is ₹ 4,576,100,000 comprising 2,288,050,000 Equity Shares. For further details please see the section "*Capital Structure*" on page 93.

Articles of Association

Our Company is governed by its Articles of Association.

Description of the NCDs

The NCDs constitute direct and secured obligations of our Company and shall rank *pari passu inter se* and without any preference or priority among themselves. Subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, the NCDs shall also, as regards the principal amount of the NCDs, interest, early redemption amount and all other monies secured in respect of the NCDs, rank *pari passu* with all other present direct and secured obligations of our Company. The claims of the NCD holders shall be superior to the claims of the unsecured creditors of our Company (subject to any obligations preferred by mandatory provisions of the law prevailing from time to time).

Register of NCD holders

Our Company shall maintain at its Registered Office (or such other place as permitted by law) a register of NCD holders (the "**Register of NCD holders**") containing such particulars as required by Section 88 of the Companies Act, 2013 read with Rule 4 of the Companies (Management and Administration) Rules, 2014. In terms of Section 88 of the Companies Act, 2013, read with Rule 4 of the Companies (Management and Administration) Rules, 2014 the Register of NCD holders maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a corresponding Register of NCD holders.

Transfers

Subject to the NCD Conditions and, (i) in case of NCDs held in the dematerialized form, transfers of NCDs may be effected only through the Depository(ies) through which such NCDs to be transferred are held, in accordance with the provisions of the Depositories Act and the rules as notified by the Depositories from time to time. No transfer of title of an NCD will be valid unless and until entered on the Register of NCD holders.

Buy back of NCDs

Our Company may from time to time, subject to applicable law and necessary approvals, offer and undertake to buyback the NCDs on terms and conditions as may be decided by our Company.

Description of the Warrants

Each Warrant is exchangeable for 1 Equity Share only at the Warrant Exercise Price.

Register of Warrant holders

Our Company shall maintain at its Registered Office (or such other place as permitted by law) a register of Warrant holders (the "**Register of Warrant holders**"). The Register of Warrant holders maintained by a Depository for Warrants in dematerialised form shall be deemed to be a Register of Warrant holders for the purposes of the Warrant Conditions.

Transfers

Subject to Warrant Conditions and, (i) in case of Warrants held in the dematerialized form, transfers of Warrants may be effected only through the Depository(ies) through which such Warrants to be transferred are held, in accordance with the provisions of the Depositories Act, 1996 and rules as notified by the Depositories from time to time. No transfer of title of a Warrant will be valid unless and until entered on the Register of Warrant holders.

Transfers of interests in the Warrants in the dematerialized form will be effected in accordance with the rules of the relevant Depositories.

Description of the Equity Shares and the Equity Shares to be allotted pursuant to exercise of Warrants

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any Fiscal except (i) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, or (ii) out of the profits of the company for any previous Fiscal(s) arrived at as laid down by the Companies Act and remaining undistributed, or (iii) out of both, or (iv) out of money provided by the central government or a state government for the payment of dividend by a company in pursuance of a guarantee given by that Government.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, company may declare dividend out of free reserves, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid up share capital and free reserves as per the latest audited balance sheet; (c) the amount so drawn shall be first utilized to set off the losses incurred in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves after such withdrawal shall not fall below 15% of its paid up share capital as per the latest audited balance sheet of the company.

According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by our Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, our Board of the Directors may pay interim dividend as may appear to be justified by the profits of our Company, subject to the requirements of the Companies Act.

Unclaimed dividend shall not be forfeited by our Company unless the claim thereof becomes barred by law.

In terms of Section 124 of the Companies Act 2013, our Company shall credit such unclaimed dividends to the unpaid dividend account of our Company, and any money transferred to the unclaimed dividend account of our Company which remains unpaid and unclaimed for a period of seven years from the date of such transfer, shall be transferred by our Company to the 'Investor Education and Protection Fund', established by the GoI, in accordance with Section 125 of the Companies Act 2013.

Capitalization of Profits

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act 2013 permits the board of directors of a company to issue fully paid up bonus shares to its members out of (a) the securities premium account, (b) the capital redemption reserve account, (c) or any other permissible reserve account. However, a company may capitalize its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorized by articles, (b) it has been, on the recommendation of the board of directors, approved by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus, (e) there are no partly paid shares. The issue of bonus shares once declared cannot be withdrawn. These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

Our Articles of Association permit our Company, pursuant to an ordinary resolution in a general meeting, to (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid – up shares into stock and reconvert that stock into fully paid up shares of any denomination; (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association so, however, that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and (d) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled and such cancellation shall not be deemed to be a reduction of capital.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within five months after the expiry of each Fiscal provided that not more than 15 months shall elapse between one AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. Unless a poll is demanded, or the voting is to be carried out by such electronic means as may be prescribed, voting is by a show of hands and unless a poll is ordered by the Chairman of the meeting, the Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. Our Company may, after giving seven days' previous notice as required under Section 91 of the Companies Act, or such lesser period as may be specified by SEBI, close the register for such period as may be determined by the Board, provided that the register may not be closed for a period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the listing agreements of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

The Articles of Association of our Company provide that if our Company shall be wound up, the liquidator may, divide amongst the members, in specie or kind, the whole or any part of the assets of our Company, whether they shall consist of property of the same kind or not, with the sanction of a special resolution of our Company and any other sanction required under the Companies Act, 2013, subject to the provisions of the Companies Act, the rules made thereunder, the Insolvency and Bankruptcy Code, 2016 and other applicable laws. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Further, in terms of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 and Ministry of Corporate Affairs Notification S.O. 4139(E) dated November 18, 2019, the RBI can now commence corporate insolvency resolution process against NBFCs, (which include housing finance companies (such as our Company)) with an asset size of at least INR 5 billion. Furthermore, any such NBFC may commence voluntary liquidation proceedings under the IBC with the prior permission of RBI. The Central Government *vide* its notification dated March 24, 2020 specified that a minimum default of ₹ 0.01 billion shall be required for the filing of application for corporate insolvency. The IBC further was amended by the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 which in light of the Covid-19 pandemic, has disallowed the filing of application to initiation of corporate insolvency process for any default arising from March 25, 2020 to six months from such date, extendable up to a year.

Buy Back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018, as amended and other provisions of applicable law.

TAXATION

July 26, 2020

To,

Board of Directors,
Housing Development Finance Corporation Limited
Ramon House, H. T. Parekh Marg,
169 Backbay Reclamation,
Churchgate,
Mumbai 400020

Dear Sirs,

Sub: Statement of possible tax benefits available to equity shareholders, debenture holders and warrant holders of Housing Development Finance Corporation Limited ("Corporation") in connection with proposed issue of equity shares, non-convertible debentures and warrants

We refer to the proposed issue of the issue of equity shares, non-convertible debentures and warrants (the "**Issue**") of the Corporation and enclose the statement showing the current position of tax benefits available to the Corporation and to the investors as per the provisions of the Income-tax Act, 1961 (the "**I.T. Act**") and Income tax Rules, 1962 including amendments made by Finance Act 2020 as applicable for the financial year 2020-21 for inclusion in the Preliminary Placement Document which is proposed by the Corporation and in the Placement Document for the Issue. Several of these benefits are dependent on the investors fulfilling the conditions prescribed under the relevant provisions of the I.T. Act. Hence, the ability of the investors to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed Annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investors to invest money based on this statement.

We accept no responsibility to the investors or any third party and this should be stated in the Offer Documents. The contents of the enclosed statement are based on the representations obtained from the Corporation and on the basis of our understanding of the business activities and operations of the Corporation.

We do not express any opinion or provide any assurance as to whether:

- the Corporation and the investors will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits have been/would be met with;
- the revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Corporation in discharging its responsibilities under the Securities and Exchange Board of India Regulations.

We hereby give our consent to include the enclosed statement regarding tax benefits available to the Corporation and to its investors in the letter for the proposed issue of equity shares, non-convertible debentures and warrants which the Corporation intends to submit to the National Stock Exchange of India Limited and BSE Limited ("the **Stock Exchanges**").

Limitations

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Issue relying on the statement.

*This statement is addressed to you solely for the use of the Corporation in relation to the Issue and, except with our prior written consent, is not to be transmitted or disclosed to or used or relied upon by any other person or used or relied upon by you for any other purpose, save that you may disclose this statement to Kotak Mahindra Capital Company Limited, Axis Capital Limited, BNP Paribas, Citigroup Global Markets India Private Limited, Credit Suisse, DSP Merrill Lynch Limited, Goldman Sachs, HDFC Bank Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, IIFL Securities Limited, Jefferies India Private Limited, JM Financial Limited, JP Morgan, Morgan Stanley, Motilal Oswal Investment Advisors Limited, Nomura Financial Advisory and Securities (India) Private Limited, SBI Capital Markets Limited and UBS Securities India Private Limited (together, the "**Lead Managers**") on the basis that (i) the Lead Managers cannot rely on this statement, (ii) we do not assume any duty or liability to the Lead Managers, (iii) the Lead Managers have no recourse on B S R & Co. LLP.*

We accept no responsibilities of any investor or third party for any action taken or not taken in reliance of this information.

Yours faithfully

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Jatin Kanabar
Partner
(Membership No. 107956)
Mumbai, July 26, 2020

Encl: Annexure

The information provided below sets out the possible tax benefits available to the Corporation and to prospective investors in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of securities, under the current tax laws presently in force in India. Several of these benefits are dependent on the prospective investors fulfilling the conditions prescribed under the relevant tax laws. Hence the ability to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("CORPORATION") AND TO RESIDENT AND NON-RESIDENT QUALIFIED INSTITUTIONAL BUYERS ("QIBs" / "INVESTORS")

A. SPECIAL TAX BENEFITS AVAILABLE TO THE CORPORATION

1. **Allowance of provision for bad and doubtful debts under section 36(1)(viia)**

In terms of Section 36(1) (viia)(d) of the I.T. Act, the Corporation, being a non-banking financial company is entitled to claim deduction in respect of any provision for bad and doubtful debts made by the Corporation of an amount not exceeding 5% of the total income (computed before making any deduction under this clause and Chapter VIA of the I.T. Act).

2. **Transfer to Special Reserve under section 36(1)(viii)**

In terms of section 36(1)(viii) of the I.T. Act, Corporation is eligible for deduction in respect of the profits derived from eligible business of providing long-term finance for the construction or purchase of houses in India for residential purposes, provided such amount is carried to special reserve created and maintained by our Corporation. The amount of deduction is lower of the following:-

i. Amount transferred during the previous year to the special reserve account created for the purpose of section 36(1)(viii); or

ii. 20% of the profits derived from eligible business computed under the head "Profits and gains of business or profession" but before making any deduction under section 36(1)(viii) of the I.T. Act; or

iii. 200% of the paid-up share capital and general reserve on the last day of the previous year minus the balance of the special reserve account on the first day of the previous year.

B. SPECIAL TAX BENEFITS AVAILABLE TO THE HDFC LIFE INSRANCE COMPANY LTD (A SUBSIDIARY TO THE CORPORATION)

The profits of the life insurance business of the Company is taxed at 12.5% as provided under section 115B of the I.T. Act and the balance income is taxable at normal applicable tax rates subject to certain conditions.

C. TAX BENEFITS AVAILABLE TO THE INVESTORS

I. General Tax benefits available to Resident Shareholders

Dividend Income

1. The Finance Act, 2020 abolished the Dividend Distribution Tax ("DDT") regime w.e.f. 01 April 2020 and adopted the classical system of dividend taxation under which the Company is required to deduct tax at source ("TDS"), in respect of dividend payments to all its resident shareholders. The dividend income received (other than the dividend on which tax under section 115-O and section 115BBDA has been paid) on or after 01 April 2020 is taxable in the hands of resident shareholders. Shareholders can claim deduction of interest paid on acquiring such shares to the extent of 20% of dividend income under section 57 of the I.T. Act.

2. Section 80M of the I. T. Act provides for deduction against such dividend income for domestic company investors. Such companies, on receipt of dividend income, can claim deduction for any amount of distribution of income to its existing shareholders.

3. In case of resident shareholders, section 194 of the I.T. Act provides for withholding tax at the rate of 10% on dividend income paid exceeding Rs 5,000 in a financial year.

4. The CBDT issued a Press Release dated 13 May 2020 stating that TDS rates on the amount paid or credited to residents during the period from 14 May 2020 to 31 March 2021 has been reduced by 25%. Thus, in case of resident shareholders, withholding tax at the rate of 7.5% (instead of 10%) on dividend income shall apply under section 194 of the I.T. Act. It is also clarified that there shall be no reduction in rates of TDS, where the tax is required to be deducted at higher rate due to non-furnishing of PAN / Aadhaar.

Capital Gains

5. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised Stock Exchange in India held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains ("LTCG"). Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains ("STCG").

6. Section 48 of the I.T. Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred (other than Securities Transaction Tax ("STT") paid) in connection with the transfer of capital asset, from the sale consideration to arrive at the amounts of capital gains.

   However, in respect of LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) and depreciable assets, is computed by deducting expenses incurred in relation to the transfer, the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

   The third proviso to section 48 of the I.T. Act provides that capital gains from the transfer of a long term capital assets referred in section 112A of the I.T. Act shall be taxed without giving benefit of first and second proviso to section 48 of the I.T. Act.

7. As per section 112A of the I.T. Act, capital gains exceeding Rs 1 lakh arising on or after 1 April 2018, from the transfer of a long-term capital asset being an equity share in a company listed on a recognized stock exchange in India or unit of equity oriented mutual fund or a unit of business trust, shall be taxed at 10% plus applicable surcharge and cess. Provided that STT has been paid on acquisition and transfer of such capital assets and in case of unit of equity oriented mutual fund or unit of a business trust, STT has been paid on transfer of such capital assets or if such transaction is undertaken on a recognised stock exchange located in an IFSC and consideration is paid in foreign currency.

   In order to provide the applicability of the tax regime under section 112A of the I.T. Act to genuine cases where the STT could not have been paid, the CBDT vide Notification No. 60/2018 dated 1 October 2018 under section 112A(4) of the I.T. Act specified the nature of acquisitions in respect of which requirement of payment of STT would not apply. The Notification shall come into force with effect from 1 April 2019 and shall apply with effect from assessment year 2019-20 and subsequent assessment years.

As per section 112A(5) of the I.T. Act, no deduction under Chapter VIA of the I.T. Act shall be allowed from such LTCG.

8. In accordance with section 112 of the I.T. Act, LTCG on sale of capital assets which are not chargeable to STT would be subject to tax at the rate of 20% (plus applicable surcharge and cess) with indexation benefits. However, as per the proviso to section 112 of the I.T. Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit), then LTCG will be chargeable to tax at the rate lower of the following: -

   a. 20% (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost; or
   b. 10% (plus applicable surcharge and cess) of the capital gains as computed without indexation

   As per section 112(2) of the I.T. Act, no deduction under Chapter VIA of the I.T. Act shall be allowed from such LTCG.

9. The base year for the purpose of indexation has been changed from 1 April 1981 to 1 April 2001.

10. As per section 54EE of the I.T. Act and subject to the conditions and to the extent specified therein, LTCG arising on the transfer of any long term capital asset would be exempt from tax, if the sale consideration is invested within six months of the transfer, in units of a specified fund, issued before 1 April 2019 of such funds as may be notified by the Central Government. The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs when invested during the financial year in which the asset is transferred or subsequent year. Further, such units need to be held for a period of three years to avail the exemption. However, no funds have yet been notified by the Central Government.

11. As per section 111A of the I.T. Act, STCG arising from the sale of equity shares of the company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and cess). Further, STCG that are not liable to STT would be subject to tax as calculated under the normal provisions of the I.T. Act.

    As per section 111A(2) of the I.T. Act, no deduction under Chapter VIA of the I.T. Act shall be allowed from such STCG.

12. No income tax is deductible at source from income by way of capital gains under the present provisions of the I.T. Act in case of residents.

<u>Business Income</u>

13. On facts of the case, where the investment in equity shares is considered as “stock-in-trade”, the income on transfer of such equity shares would be chargeable as under the head “Profits or gains from business or profession”.

14. Under section 36(1)(xv) of the I.T. Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of business or profession" shall be allowable as a deduction against such Business Income.

<u>Other Income</u>

15. Under section 56(2)(x) of the I.T. Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

    a. where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs.50,000, the whole FMV;

b. where the shares are received for a consideration less than aggregate FMV but exceeding Rs. 50,000, the aggregate FMV in excess of the consideration paid.

Rule 11UA(1)(c) of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of shares and securities.

Set-off and carry forward of losses

16. As per section 70 of the I.T. Act, loss in respect of short term capital asset computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the I.T. Act.

As per section 70 of the I.T. Act, loss in respect of long term capital asset computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the I.T. Act.

As per section 72 of the I.T. Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

II. General tax benefits available to Non-Resident Shareholders

Dividend income

1. The Finance Act, 2020 abolished the DDT regime w.e.f. 01 April 2020 and adopted the classical system of dividend taxation under which the Company is required to deduct TDS, in respect of dividend payments to all its non-resident shareholders. The dividend income received (other than the dividend on which tax under section 115-O and section 115BBDA has been paid) on or after 01 April 2020 is taxable in the hands of non-resident shareholders.

2. In case of non-resident shareholders, section 195 of the I.T. Act provides for withholding tax at the rate of 20% plus applicable surcharge and cess.

3. In respect of non-resident shareholders (including foreign companies and firms), the TDS rate is further subject to any benefits available under the Double Taxation Avoidance Agreement ("DTAA") read with Multilateral Instrument ("MLI") provisions, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI.

MLI provisions are effective in respect of DTAA between India and the other country (who has ratified MLI) from 1 April 2020 with respect to taxes to be withheld at source on amounts to be paid or credited to non-residents.

As per the provisions of section 90(2) of the I.T. Act, the provisions of the I.T. Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

Capital gains

4. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised Stock Exchange in India held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

5. As per first proviso to section 48 of the I.T. Act, in case of a non-resident shareholder, the capital gain/loss arising from transfer of shares of the company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such

transfer, into the same foreign currency which was initially utilized in the purchase of shares, and the capital gains so computed shall be reconverted into Indian currency. Cost Indexation benefit will not be available in such a case.

6. As per section 112A of the I.T. Act, capital gains exceeding Rs 1 lakh arising on or after 1 April 2018, from the transfer of a long-term capital asset being an equity share in a company listed on a recognized stock exchange in India or unit of equity oriented mutual fund or a unit of business trust, shall be taxed at 10% (plus applicable surcharge and cess). Provided that STT has been paid on acquisition and transfer of such capital assets and in case of unit of equity oriented mutual fund or unit of a business trust, STT has been paid on transfer of such capital assets or if such transaction is undertaken on a recognised stock exchange located in an IFSC and consideration is paid in foreign currency.

   In order to provide the applicability of the tax regime under section 112A of the I.T. Act to genuine cases where the STT could not have been paid, the CBDT vide Notification No. 60/2018 dated 1 October 2018 under section 112A(4) of the I.T. Act specified the nature of acquisitions in respect of which requirement of payment of STT would not apply. The Notification shall come into force with effect from 1 April 2019 and shall apply with effect from assessment year 2019-20 and subsequent assessment years.

   As per section 112A(5) of the I.T. Act, no deduction under Chapter VIA of the I.T. Act shall be allowed from such LTCG.

7. As per section 112 of the I.T. Act, LTCG on sale of capital assets which are not chargeable to STT would be subject to tax at the rate of 20% (plus applicable surcharge and cess) after giving effect to the first proviso to section 48 of the I.T. Act. If the tax payable on transfer of listed securities exceeds 10% (plus applicable surcharge and cess) of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee.

   As per section 112(2) of the I.T. Act, no deduction under Chapter VIA of the I.T. Act shall be allowed from such LTCG.

8. As per section 54EE of the I.T. Act and subject to the conditions and to the extent specified therein, LTCG arising on the transfer of any long term capital asset would be exempt from tax, if the sale consideration is invested within six months of the transfer, in units of a specified fund, issued before 1 April 2019, of such funds as may be notified by the Central Government. The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs when invested during the financial year in which the asset is transferred or subsequent year. Further, such units need to be held for a period of three years to avail the exemption. However, no funds has yet been notified by the Central Government.

9. As per section 111A of the I.T. Act, STCG arising from the sale of equity shares of the Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the I.T. Act.

   As per section 111A(2) of the I.T. Act, no deduction under Chapter VIA of the I.T. Act shall be allowed from such STCG.

   <u>Business Income</u>

10. On facts of the case, where the investment in equity shares is considered as “stock-in-trade”, the income on transfer of such equity shares would be chargeable under the head “Profits or gains from business or profession”.

11. Under section 36(1)(xv) of the I.T. Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of business or profession" shall be allowable as a deduction against such Business Income.

12. As per Explanation 4 to section 115JB of the I.T. Act, the provisions of MAT do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the I.T. Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which

India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

Other Income

13. Under section 56(2)(x) of the I.T. Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

    a. where the shares are received without consideration, aggregate FMV exceeds Rs.50,000, the whole FMV;

    b. where the shares are received for a consideration less than aggregate FMV but exceeding Rs. 50,000, the aggregate FMV in excess of the consideration paid.

    Rule 11UA(1)(c) of the Rules provides for the method for determination of the FMV of shares and securities.

Set-off and carry forward of losses

14. As per section 70 of the I.T. Act, loss in respect of short term capital asset computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the I.T. Act.

    As per section 70 of the I.T. Act, loss in respect of long term capital asset computed for a given year is allowed to be set off only against the LTCG for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the I.T. Act.

15. As per section 72 of the I.T. Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

Benefit under the Double Taxation Avoidance Agreement

16. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI provisions, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI.

    MLI provisions are effective in respect of DTAA between India and the other country (who has ratified MLI) from 1 April 2020 with respect to taxes to be withheld at source on amounts to be paid or credited to non-residents.

    As per the provisions of section 90(2) of the I.T. Act, the provisions of the I.T. Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

    As per section 90(4) of the I.T. Act, the non-residents shall not be entitled to claim relief under section 90(2) of the I.T. Act, unless a certificate of their being a resident in any country outside India or specified territory outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the I.T. Act, the non-resident shall also be required to provide such other information as mentioned in Form 10F.

III. Special benefits available to Foreign Portfolio Investors ("FPI") Shareholders

1. In case of non-resident shareholders being FPI, section 196D of the I.T. Act provides for withholding tax at the rate of 20% plus applicable surcharge and cess. For the purpose of withholding tax, DTAA benefits are not considered as section 196D of the I.T. Act does not make reference to "rates in force" but provide the withholding tax rate of 20% plus applicable surcharge and cess.

2. As per section 2(14) of the I.T. Act, any securities held by a FPI who has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FPI would be treated in the nature of capital gains.

3. Under section 115AD(1)(ii) of the I.T. Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and cess), where such transactions are not subjected to STT, and at the rate of 15% plus applicable surcharge and cess if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and cess.

   Under section 115AD(1)(iii) of the I.T. Act, income by way of LTCG arising to the FPI on transfer of shares held in the company will be taxable at the rate of 10% plus applicable surcharge and cess. The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

4. As per section 196D(2) of the I.T. Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the I.T. Act.

5. Benefit under the Double Taxation Avoidance Agreement

   In respect of FPI, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with Multilateral Instrument (MLI) provisions, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI.

   MLI provisions are effective in respect of DTAA between India and the other country (who has ratified MLI) from 1 April 2020 with respect to taxes to be withheld at source on amounts to be paid or credited to non-residents.

   As per the provisions of section 90(2) of the I.T. Act, the provisions of the I.T. Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

   As per section 90(4) of the I.T. Act, the non-residents shall not be entitled to claim relief under section 90(2) of the I.T. Act, unless a certificate of their being a resident in any country outside India or specified territory outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the I.T. Act, the non-resident shall also be required to provide such other information as mentioned in Form 10F.

IV. Tax benefits available to Resident Debenture Holders

Interest income

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

Capital Gains

2. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

   As per section 112 of the I.T. Act, capital gains arising in the hands of resident debenture holders on the transfer of long term capital assets being listed debentures are subject to tax at the rate of 10% plus applicable surcharge and cess of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debentures from the sale consideration.

3. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

4. As per provisions of Section 54EE of the I.T. Act, LTCG arising to debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified units within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified units are transferred within three years from their date of acquisition, the amount of capital gain exempted earlier would become chargeable to tax as LTCG in the year in which units are transferred. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which such loan or advance is taken. However, the amount of exemption with respect to the investment made in the aforesaid notified units during the financial year in which such debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lacs. However, no funds has yet been notified by the Central Government.

Business Income

5. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

Set-off and carry forward of losses

6. As per section 70 of the I.T. Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the I.T. Act.

   As per section 70 of the I.T. Act, Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the I.T. Act.

   As per section 72 of the I.T. Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

Other Income

7. Under section 56(2)(x) of the I.T. Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

   a. where the shares are received without consideration, aggregate FMV exceeds Rs.50,000, the whole FMV;

   b. where the shares are received for a consideration less than FMV but exceeding Rs. 50,000, the aggregate FMV in excess of the consideration paid.

   Rule 11UA(1)(c) of the Rules provides for the method for determination of the FMV of listed debentures.

8. Securities Transaction Tax is a tax levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the debentures.

Withholding Tax

9. Income tax is deductible at source on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:

   a. On any security issued by a Corporation in a dematerialised form and is listed on recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

   b. When the Assessing Officer issues a certificate on an application by a debenture holder on satisfaction that the total income of the debenture holder justifies no / lower deduction of tax at source as per the provisions of section 197(1) of the I.T. Act and that certificate is filed with the Corporation before the prescribed date of closure of books for payment of debenture interest.

   Hence, interest on listed debentures of the Corporation received by resident debenture holders would not be subject to withholding tax as per the clause (ix) to the proviso to section 193 of the I.T. Act.

V. Tax benefits available to foreign portfolio investors (FPIs) debenture holders

<u>Capital gains</u>

1. As per section 2(14) of the I.T. Act, any securities held by FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act., 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FPIs as capital gains.

2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, LTCG on transfer of debentures by FPIs are taxable at 10 per cent plus applicable surcharge and cess and STCG are taxable at 30 per cent plus applicable surcharge and cess.

3. The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

4. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FPIs.

<u>Interest Income</u>

5. Interest on debentures may be eligible for concessional tax rate of 5 per cent plus applicable surcharge and cess under section 194LD of the I.T. Act. Section 194LD of the I.T. Act provides for lower rate of withholding tax at 5 per cent plus applicable surcharge and cess on payment by way of interest paid by an Indian company to FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company till 01 July 2023 provided such rate of interest does not exceed 500 basis point over the Base Rate of State Bank of India applicable on the date of issuance of such debentures (Refer CBDT Notification no. 56/2013/F. no 149/81/2013-TPL dated 29 July 2013).

6. In case, the debentures do not qualify under provisions of section 194LD of the I.T. Act, then tax deduction on interest income should be made at 20 per cent plus applicable surcharge and cess as per sections 196D read with section 115AD of the I.T. Act.

7. <u>Benefit under the Double Taxation Avoidance Agreement</u>

   In respect of FPI, the tax rates and consequent taxation mentioned above will be further subject to benefits available under the DTAA, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with Multilateral Instrument (MLI) provisions, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI.

   MLI provisions are effective in respect of DTAA between India and the other country (who has ratified MLI) from 1

April 2020 with respect to taxes to be withheld at source on amounts to be paid or credited to non-residents.

As per the provisions of section 90(2) of the I.T. Act, the provisions of the I.T. Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

As per section 90(4) of the I.T. Act, the non-residents shall not be entitled to claim relief under section 90(2) of the I.T. Act, unless a certificate of their being a resident in any country outside India or specified territory outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the I.T. Act, the non-resident shall also be required to provide such other information as mentioned in Form 10F.

8. For the purpose of withholding tax, DTAA benefits are not considered as section 194LD or section 196D of the I.T. Act, based on a recent Supreme Court verdict, does not make reference to "rates in force" but provide the withholding tax rate as discussed above.

VI. Tax benefits available to resident warrant holders

Capital Gains

1. Under section 2(29A) read with section 2(42A) of the I.T. Act, a listed warrant is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2. Under section 112 of the I.T. Act, capital gains arising in the hands of resident warrant holders on the transfer of long term capital assets being listed warrant, are subject to tax at the rate of 10% plus applicable surcharge and cess of capital gains calculated without indexation of the cost of acquisition or at 20% plus applicable surcharge and cess of capital gains calculated with indexation of the cost of acquisition whichever is more beneficial to the investor. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the warrant from the sale consideration.

   No deduction under Chapter VIA of the I.T. Act shall be allowed from such LTCG. The base year for the purpose of indexation has been changed from 1 April 1981 to 1 April 2001.

3. As per section 2(42A) of the I.T. Act, a listed warrant is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

   Short-term capital gains on the transfer of listed warrants, where warrants are held for a period of not more than 12 months, in the hands of warrant holders would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

4. As per provisions of Section 54EE of the I.T. Act, LTCG arising to warrant holders on transfer of their warrants in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified units within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified units are transferred within three years from their date of acquisition, the amount of capital gain exempted earlier would become chargeable to tax as LTCG in the year in which units are transferred. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which such loan or advance is taken. However, the amount of exemption with respect to the investment made in the aforesaid notified units during the financial year in which such warrants are transferred and the subsequent financial year, should not exceed Rs. 50 lacs. However, no funds has yet been notified by the Central Government.

Business Income

5. In case warrants are held as stock in trade, the income on transfer of warrant would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

Set-off and carry forward of losses

6. As per section 70 of the I.T. Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the I.T. Act.

   As per section 70 of the I.T. Act, Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the I.T. Act.

   As per section 72 of the I.T. Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

   <u>Other Income</u>

7. Under section 56(2)(x) of the I.T. Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

   a. where the shares are received without consideration, aggregate FMV exceeds Rs.50,000, the whole FMV;

   b. where the shares are received for a consideration less than FMV but exceeding Rs. 50,000, the aggregate FMV in excess of the consideration paid.

   Rule 11UA(1)(c) of the Rules provides for the method for determination of the FMV of listed warrants.

   <u>Withholding Tax</u>

8. Income-tax is not deductible at source on capital gains and business income on transfer of warrant, payable to resident warrant holders as per the provisions of the I.T. Act.

VII. Benefits available to Mutual Funds

1. As per section 10(23D) of the I.T. Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

2. As per section 196 of the I.T. Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the I.T. Act.

VIII. Benefits available to Alternative Investment Fund

1. Under section 10(23FBA) of the I.T. Act, any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" is exempt from income tax. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the SEBI (Alternative Investment Fund) Regulations, 2012.

2. As per section 115UB(1) of the I.T. Act, any income accruing/arising/received by a person from his investment in investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments by the investment fund been made directly by him.

3. Under section 115UB(4) of the I.T. Act, the total income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

4. As per section 115UB(6) of the I.T. Act, the income accruing or arising to or received by the investment fund if not paid or credited to a person (who has investments in the investment fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

5. There is no specific exemption provided under the I.T. Act for the income earned by the Category III Alternative Investment Fund. The taxability depends on the status of the Fund. In case the Fund is set-up as a 'Trust', the principles of trust taxation should apply based on the nature of the trust.

IX. Requirement to furnish PAN under the I.T. Act

Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.

Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

(i) at the rate specified in the relevant provision of the I.T. Act; or
(ii) at the rate or rates in force; or
(iii) at the rate of twenty per cent.

Where incorrect PAN is provided, it will be regarded as non-furnishing of PAN to the deductor and provisions of section 206AA of the I.T. Act shall apply.

NOTES:

1. The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2020.

2. Surcharge is levied on association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds Rs. 5 million but does not exceed Rs. 10 million, at the rate of 15% on tax where the total income exceeds Rs. 10 million but does not exceed Rs. 20 million, at the rate of 25% on tax where the total income exceeds Rs. 50 million and at the rate of 37% where the total income exceeds Rs. 50 million.

3. In respect of dividend income, surcharge is levied on association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds Rs. 5 million but does not exceed Rs. 10 million and at the rate of 15% on tax where the total income exceeds Rs. 10 million. Surcharge on dividend income of FPI shall be levied as per clause 2 above.

4. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds Rs. 10 million.

5. Surcharge is levied on foreign firm at the rate of 12% on tax where the total income exceeds Rs. 10 million.

6. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds Rs 10 million but does not exceed Rs. 100 million and at the rate of 12% on tax where the income exceeds Rs. 100 million.

7. Surcharge is levied on foreign companies at the rate of 2% on tax where the income exceeds Rs 10 million but does not exceed Rs. 100 million and at the rate of 5% on tax where the income exceeds Rs. 100 million.

8. Health and Education Cess (“cess”) is to be applied at 4% on aggregate of base tax and surcharge.

9. Several of the above tax benefits are dependent on the investors fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the I.T. Act.

CERTAIN U.S. FEDERAL TAX CONSIDERATIONS

The following summary is a general discussion of certain U.S. federal income tax consequences to U.S. Holders (as defined below) of acquiring, holding and disposing of the Shares or the NCDs. The following summary applies only to U.S. Holders that purchase Shares or NCDs in the Offering and hold the Shares or NCDs as capital assets for U.S. federal income tax purposes (generally, assets held for investment). The summary does not address any U.S. tax consequences to holders of the Shares or NCDs that are not U.S. Holders, and does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Shares or NCDs by a particular investor, and does not address U.S. state, local, or non-U.S. tax laws or non-income tax laws (such as estate or gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to investors subject to special treatment under U.S. federal income tax laws, such as: financial institutions; insurance companies; real estate investment trusts and regulated investment companies; individual retirement accounts and other tax-deferred accounts; tax-exempt organizations; dealers in securities or currencies; traders that elect to mark-to-market; investors that will hold the Shares or NCDs as part of a straddle, hedging transaction or conversion transaction; persons that have ceased to be U.S. citizens or lawful permanent residents of the United States; investors holding the Shares or NCDs in connection with a trade or business conducted outside of the United States; U.S. citizens or lawful permanent residents living abroad; U.S. Holders subject to the alternative minimum tax; U.S. Holders that will own (directly or by attribution) 10% or more (by voting power or value) of the Company's stock; and investors whose functional currency is not the U.S. Dollar.

Prospective purchasers of the Shares or NCDs should consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences to them in their particular circumstances of acquiring, holding and disposing of the Shares or NCDs.

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the ''Code''), the Treasury Regulations issued thereunder, published rulings of the U.S. Internal Revenue Service (the ''IRS'') and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this document. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly with retroactive effect. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, and no assurances can be given that the IRS will not challenge any such statement or conclusion nor that, if challenged, a court will uphold such statement or conclusion.

For purposes of the following summary, a ''U.S. Holder'' is a beneficial owner of Shares or NCDs that is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if either (x) a court within the United States is able to exercise primary supervision over administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all of the substantial decisions of such trust, or (y) the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Shares or NCDs will depend on the status of the partner and the activities of the partnership. A partnership considering an investment in the Shares or NCDs should consult its own tax advisors about the consequences of the investment to the partnership and its partners.

U.S. Federal Income Tax Consequences relating to the Shares

Passive Foreign Investment Company (''PFIC'')

In general, a non-U.S. corporation will be considered a ''passive foreign investment company'' (''PFIC'') for any taxable year in which either (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the assets of such other corporation and received directly its proportionate share of the income of such other corporation. For this purpose, passive income generally includes, amongst other items, dividends, interest, gains from certain commodities transactions, certain rents and royalties and gains from the disposition of passive assets, and passive assets include cash and other liquid assets.

Based on the nature of the Company's business and the composition of its income and assets and the expected value of its assets (which is based on the expected price of the Shares in this Offering), it is not expected that the Company was a PFIC for the preceding taxable year, nor that it will be a PFIC for the current taxable year or in the foreseeable future. However, PFIC status depends on facts that generally are not determinable until after the close of the taxable year and depends upon the composition of the Company's income and assets (which in turn depends in part on how, and how quickly, the Company uses its liquid assets including the proceeds of the Offering), and the market value of its assets, which may be determined in large part by the market price of the Shares, from time to time. Therefore, there can be no assurance that the Company will not be a PFIC for any particular taxable year. In particular, although the Company considers itself to be actively engaged in business, it is not entirely clear how certain of the Company's income will be treated for purposes of the PFIC rules. Certain of the Company's income may be treated as passive income, unless such income is eligible for an exception for income derived in the active conduct of a financing business under Section 954(h) of the Code (the "Active Financing Exception"), and related assets may be considered passive assets unless the Active Financing Exception applies. The Company believes that the Active Financing Exception, as interpreted by proposed Treasury Regulations, should apply to treat such income and related assets as non-passive, but such treatment is not certain. Moreover, while the proposed Treasury Regulations permit taxpayers to rely on them, it is possible that the Treasury Department will not follow the approach of the proposed regulations when issuing final Treasury Regulations, in which case the Active Financing Exception might not apply to the Company's income, with the possible result that the Company could be treated as a PFIC.

If the Company were a PFIC for any taxable year in which a U.S. Holder held Shares, such U.S. Holder would be subject to additional taxes on any "excess distributions" and any gain realized from the sale or other taxable disposition of the Shares (including certain pledges) regardless of whether the Company continued to be a PFIC. A U.S. Holder would have an excess distribution to the extent that distributions on Shares during a taxable year exceeded 125% of the average amount received during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period). To compute the tax on excess distributions or any gain, (i) the excess distribution or gain would be allocated ratably over the U.S. Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC would be taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years would be taxed at the highest applicable marginal rate in effect for each year and an interest charge would be imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year. In addition, if subsidiaries or other companies in which the Company owns equity interests were also PFICs (any such entity, a ''Lower-tier PFIC''), U.S. Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described above on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holders held such shares directly, regardless of whether the U.S. Holders had received the proceeds of those distributions or dispositions.

If the Company is a PFIC, a U.S. Holder may be able to choose to be subject to rules different from those discussed above if it makes a valid election to mark the Shares to market annually (a "mark-to-market election"). The election is available only if the Shares are considered "regularly traded" on a "qualified exchange." In general, the Shares will be treated as "regularly traded" for a given calendar year if more than a de minimis quantity of the Shares is traded on a qualified exchange on at least 15 days during each calendar quarter of such calendar year (or, in the case of the calendar quarter in which the Offering occurs, on at least 1/6 of the days remaining in such calendar quarter). A non-U.S. securities exchange on which the Shares are traded will be a "qualified exchange" if it (i) is regulated or supervised by a governmental authority of the country in which the market is located; (ii) has trading volume, listing, financial disclosure, surveillance, and other requirements designed to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open, fair and orderly, market, and to protect investors; and the laws of the country in which the exchange is located and the rules of the exchange ensure that such requirements are actually enforced; and (iii) the rules of the exchange effectively promote active trading of listed stocks. No assurance can be given that the Shares will be regularly traded on a qualified exchange for purposes of the mark-to-market election. If a U.S. Holder makes the mark-to-market election, any gain from marking the Shares to market or from disposing of them would be ordinary income. Any loss from marking the Shares to market would be recognized only to the extent of unreversed gains previously included in income. Loss from marking the Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. The holder's adjusted tax basis in the Shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. No assurance can be given that the Shares will be traded in sufficient frequency and quantity to be considered ''marketable stock'' for these purposes. Also, there is no authority specifically providing that the Stock Exchange is a qualifying exchange for these purposes. Finally, if a U.S. Holder has an interest in a Lower-tier PFIC, this election generally will not apply to that interest and the U.S. Holder will be governed by the rules described in the preceding two paragraphs with respect to that interest.

Investors in certain PFICs can elect to be taxed on their share of the PFIC's ordinary income and net capital gain by making a qualified electing fund election (a "QEF election"), which, if made, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above under the excess distribution regime. We do not expect that a U.S. Holder will be eligible to make a QEF election with respect to the Shares.

If the Company is a PFIC, U.S. Holders generally will have additional U.S. tax filing requirements. Prospective U.S. Holders are encouraged to consult their own tax advisors as to the Company's potential status as a PFIC, and whether a mark-to-market election would be available or desirable in their particular circumstances. The rest of this summary assumes that the Company was not for the preceding taxable year, is not and will not be a PFIC.

Distributions by the Company

Generally, based on the assumption that the Company will not be a PFIC, the gross amount of any distribution by the Company with respect to the Shares will be includible in a U.S. Holder's ordinary income from non-U.S. sources as a dividend to the extent of the Company's current and accumulated earnings and profits (as determined under U.S. federal income tax principles) at the time the U.S. Holder receives (or constructively receives) such amount in accordance with the U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Any distribution in excess of the Company's current and accumulated earnings and profits will be treated first as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis and thereafter as capital gain. The Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles. U.S. Holders should therefore expect that a distribution by the Company with respect to the Shares will constitute ordinary dividend income.

Dividends paid by the Company will not be eligible for the dividends received deduction applicable to certain dividends received by U.S. corporations. Dividends that non-corporate U.S. Holders receive from the Company will not be subject to reduced rates of taxation unless the Company qualifies for the benefits of the income tax treaty between the United States and India (the ‘‘Treaty’’), subject to generally applicable limitations, and certain other requirements are met. U.S. Holders should consult their own tax advisors to determine whether reduced rates of taxation will apply to any dividends received from the Company.

The amount of any dividend paid in currency other than the U.S. dollar that will be included in the gross income of a U.S. Holder will be the U.S. dollar value of the dividend payment based on the exchange rate in effect on the date such dividend distribution is included in such U.S. Holder's income, whether or not the payment is in fact converted into U.S. dollars at that time. U.S. Holders should consult their own tax advisors about how to account for dividends received in a currency other than the U.S. dollar.

Dividends will be treated as foreign-source income for foreign tax credit purposes. For U.S. federal income tax purposes, the amount of the dividend income generally will include amounts withheld in respect of any India withholding tax. Any India tax withheld from dividends on the Shares may be creditable against a U.S. Holder's U.S. federal income tax liability, subject to applicable restrictions and limitations that may vary depending upon the U.S. Holder's particular circumstances. Instead of claiming a credit, a U.S. Holder may elect to deduct such taxes in computing taxable income, subject to applicable limitations. The limitation of foreign taxes eligible for credit is calculated separately with respect to specific classes of income; dividends paid by the Company generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex, and U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Proceeds from the Sale or Other Taxable Disposition of the Shares

Based on the assumption that the Company will not be a PFIC, upon the sale, exchange or retirement of a Share, a U.S. Holder will generally recognize U.S.-source capital gain or loss equal to the difference, if any, between the U.S. dollar amount realized on the sale, exchange or retirement (determined on the date of sale or, in the case of cash basis and electing accrual basis taxpayers, the settlement date) and the U.S. Holder's tax basis in the Share. The U.S. Holder's tax basis will generally be the U.S. dollar value of the amount paid for the Share. Any gain or loss generally will be long-term capital gain or loss if the Shares have been held for more than a year. The deductibility of capital losses is subject to limitations.

In the event a U.S. Holder is subject to non-U.S. income tax upon the sale or other taxable disposition of the Shares, such U.S. Holder may not be able to credit such non-U.S. income tax against its U.S. federal income tax liability with respect to the gain realized on such sale or other taxable disposition. U.S. Holders should consult their tax advisors regarding the proper treatment of gain or loss on the sale or other disposition of the Shares, including the effects of the Treaty, and about how to account for proceeds received in a currency other than the U.S. dollar.

U.S. Federal Income Tax Consequences relating to the NCDs

Payments of Interest

Interest on an NCD will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder will also be required to include any withholding taxes paid, or deemed paid, on its behalf as ordinary income. Interest and any additional amount paid by the Issuer on the Notes generally will constitute income from sources outside the United States. U.S. Holders should consult their tax advisers concerning the applicability of the U.S. foreign tax credit and source of income rules to income attributable to the Notes.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of an NCD) denominated in Rupee, an accrual basis U.S. Holder will recognize foreign exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the exchange rate on the date of receipt) and the U.S. dollar value of the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. Exchange gain or loss generally will be treated as U.S.-source.

If the NCDs were issued with more than a de minimis amount of original issue discount ("OID") (generally, discount at or in excess of 0.25 per cent. of the stated redemption price at maturity multiplied by the number of complete years in the term of the NCDs), then a U.S. Holder would be required to include the OID in income as such OID accrued under a constant yield to maturity method, which in this case would be before the receipt of corresponding cash payments. It is expected, and this discussion assumes, that the NCDs will not be treated as being issued with more than de minimis OID.

Sale or Other Taxable Disposition of an NCD

A U.S. Holder will generally recognize gain or loss on the sale or retirement of an NCD equal to the difference between the amount realized on the sale or retirement and the U.S. Holder's tax basis in the NCD. A U.S. Holder's tax basis in an NCD will generally be its U.S. dollar cost. The U.S. dollar cost of an NCD purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of NCDs traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. The amount realized upon the sale or other taxable disposition of an NCD does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Gain or loss recognized upon a sale, exchange, redemption or other taxable disposition of an NCD (except as discussed below with respect to exchange gain or loss) generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, redemption or other taxable disposition the NCD has been held by such U.S. Holder for more than one year, and will generally be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. Consequently, if non-U.S. tax is imposed on such gain, the U.S. Holder generally will not be able to use the corresponding foreign tax credit, unless the holder has other foreign-source income of the appropriate type in respect of which the credit may be used. The U.S. foreign tax credit rules are very complex and U.S. Holders should consult their tax advisers with respect to the application of these rules to their particular circumstances. The deductibility of capital losses is subject to significant limitations.

The amount realized on a sale or other disposition of an NCD for an amount in non-U.S. currency will be the U.S. dollar value of the foreign currency on the date of sale or other disposition or, in the case of NCDs traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale or other disposition.

Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of an NCD that is attributable to changes in exchange rates will be treated as U.S.-source ordinary income or loss and generally will not be treated as interest income or expense. Gain or loss attributable to changes in exchange rates generally will equal the difference, if any, between (i) the U.S. dollar value of the U.S. Holder's non-U.S. currency purchase price for the NCD, determined at the exchange rate in effect on the date the U.S. Holder purchased the NCD, and (ii) the U.S. dollar value of the U.S. Holder's non-U.S. currency purchase price for the NCD, determined at the exchange rate in effect on the date the U.S. Holder sold such NCD (or, in each case, on the settlement date, if the NCDs are traded on an established securities market, as defined in the applicable U.S. Treasury regulations, and the holder is either a cash basis U.S. Holder or an electing accrual basis U.S. Holder).

Net Investment Income Tax

Section 1411 of the Code imposes a 3.8% federal tax (in addition to other federal income taxes) on the net investment income (as defined for U.S. federal income tax purposes) ("NII") of U.S. Holders who are individuals, estates or trusts to the extent such holder's modified adjusted gross income (as defined in Section 1411(d) of the Code) exceeds certain income thresholds. NII would generally include all income from the Shares or NCDs and any taxable gain on the sale or other disposition of the Shares or NCDs. U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of Section 1411 of the Code on their investment in the Shares or NCDs.

Backup Withholding and Information Reporting Requirements

U.S. federal backup withholding and information reporting requirements may apply to certain payments of dividends or interest on, and proceeds from the sale, taxable exchange or redemption of, the Shares or NCDs held by U.S. Holders. A portion of any such payment may be withheld as a backup withholding against such U.S. Holder's potential U.S. federal income tax liability if such U.S. Holder fails to establish it is exempt from these rules, furnish its correct taxpayer identification number or otherwise comply with such information reporting requirements. Corporate U.S. Holders are generally exempt from the backup withholding and information requirements, but may be required to comply with certification and identification requirements in order to prove their exemption. Any amounts withheld under the backup withholdings rules from a payment to a U.S. Holder will be credited against such U.S. Holder's federal income tax liability, if any, or refunded if the amount withheld exceeds such tax liability provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors about any information reporting and backup withholding rules that apply to their particular circumstances.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. A U.S. Holder may be required to treat a foreign currency exchange loss from the NCDs, or upon the disposition of Rupees received with respect to the NCDs or Shares, as a reportable transaction if the loss exceeds certain specified thresholds in a single taxable year. Accordingly, if a U.S. Holder realizes a loss on NCDs or Rupees (or, possibly, aggregate losses from the NCDs and Rupees) satisfying such thresholds, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to penalties. Prospective purchasers are urged to consult their tax advisors regarding the application of these rules to the acquisition, holding or disposition of NCDs or Rupees.

Foreign Financial Asset Reporting

Certain U.S. Holders are required to report their holdings of certain "specified foreign financial assets", including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. The Shares are expected to constitute "specified foreign financial assets" subject to these requirements unless the Shares are held in an account at certain financial institutions. U.S. Holders should consult their tax advisors regarding the application of these reporting requirements, and the substantial penalties for non-compliance.

The above summary is not intended to constitute a complete analysis of all U.S. federal income tax consequences to a U.S. Holder of acquiring, holding and disposing of the Shares or NCDs. Each U.S. Holder should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Shares or NCDs.

LEGAL PROCEEDINGS

Our Company, its material Subsidiaries and material Associate are, from time to time, involved in various legal proceedings in the ordinary course of business, which involve matters pertaining to, amongst others, tax, regulatory and other disputes. As on the date of this Placement Document, except for the litigation as disclosed hereunder (including any show cause notice), our Company, its material Subsidiaries and material Associate are not involved in any material governmental, legal or arbitration proceedings, and our Company is not aware of any pending or threatened material governmental, legal or arbitration proceedings relating to them which, in either case, to the extent quantifiable, exceeds ₹ 2.2826 billion or may have a significant effect on the financial condition, the results of operations of our Company, or our cash flows, on a consolidated basis. Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

I. Litigation involving our Company

Our Company is involved in a number of legal proceedings in the ordinary course of its business. Accordingly, our Company believes that there are currently no legal proceedings which, if adversely determined, might materially affect its financial condition or results of operations.

Criminal proceedings against our Company

1. Mr. Sanjay Shringarpure V S Pravin Churi (the "**Complainant**") filed a criminal case against our Company before the Judicial Magistrate of First Class II, Kalyan alleging that they had not been paid for the service of electricity maintenance in the Vashi Office of our Company and further requested for an enquiry against our Company. The Complainant was directed to appear in Lower Court on March 15, 2013. Thereafter, our Company has filed a writ petition in the Bombay High Court to quash the criminal proceedings. The matter has been stayed by the Bombay High Court. The amount involved in this matter is approximately ₹ 63,000 (without interest). The matter is currently pending.

2. Mr. Pravir Choudhury (the "**Complainant**") filed an FIR at the Bhangagarh Police Station in relation to the property purchased by the Complainant. The Complainant thereafter filed a case against some officers of our Company before the Additional Session Judge, Guwahati in relation to the loan sanctioned to Mr. Amit Jain and Ms. Megha Jain, the borrowers of our Company. The Complainant alleged that our Company had disbursed loan to them by mortgaging the share/ flats specifically allotted to him without his knowledge or information. Mr. Amit Jain and Ms. Megha Jain have repaid the entire loan amount and the copy of the no - objection certificate has been issued by our Company which has been sent to the respective Investigation Officer of Bhangagarh Police Station and land owner. The matter is currently pending.

3. Ms. Aarti Mahadik, one of the borrowers of our Company, has defaulted in the repayment of the loan amount. Thereafter, our Company has initiated action under SARFAESI Act and had taken possession of the property under the provisions of the SARFAESI Act. Subsequently, Ms. Aarti Mahadik filed a complaint of house breaking, trespassing, cheating, common intention etc. against our Company and others before the Judicial Magistrate First Class, Pune (the "**Court**"). The Bombay High Court directed Judicial Magistrate First Class, Pune to issue an order and accordingly the FIR was registered and possession officer and authorised officer obtained anticipatory bail from the Court. The borrower further filed a writ petition before the High Court of Bombay challenging the order of Additional Sessions Judge, Pune. The said petition has been partly allowed and the magistrate is directed to order investigation. The matter is currently pending.

4. The Deputy Director, Enforcement Directorate, Jaipur lodged proceedings against our Company and others (the "**Accused**") before the Adjudicating Authority, Prevention of Money Laundering Act, New Delhi under the provisions of the Prevention of Money Laundering Act, 2002 (the "**PMLA Act**"). Through an order dated September 19, 2017 ("**Order**"), the Adjudicating Authority, New Delhi has confirmed the attachment of the movable and immovable properties acquired using illicit money, forged power of attorneys, prepared fake and forged allotment letters) amounting to ₹ 11,839,838 representing proceeds of crime or the value thereof for a period of 180 days under Section 5(1) of the PMLA Act, and has ordered that the attachment shall continue until the pendency of the proceedings under the PMLA Act and that the

Order will become final after an order of confiscation is passed by a Special Court under Section 8(5)(7) of the PMLA Act. Our Company has filed an appeal against the Deputy Director, Enforcement Directorate, Jaipur and others before the Appellate Tribunal, Prevention of Money Laundering Act, 2002 at New Delhi wherein our Company has sought the appellate authority to (i) set aside the impugned order dated September 19, 2017 passed by the Adjudicating Authority in original complaint and set aside the impugned provisional attachment order qua mortgaged property. Our Company has also filed an application under Section 14 of the Limitation Act, 1963 for condonation of delay in filing the appeal under the PMLA Act wherein our Company has sought for stay of operation of the impugned order dated September 19, 2017 passed by the Adjudicating Authority and pass such other orders as the Appellate Authority may deem fit. The matter is currently pending.

5. Mr. S. V. Parekh, one of the shareholders of our Company, has filed a criminal proceeding against our Company and certain officials, including Mr. Keki M. Mistry and Ms. Renu Sud Karnad, before the 8th Court of the Additional Chief Metropolitan Magistrate, Esplanade, Mumbai in relation to the transfer of seven equity shares of ₹ 100 each in the year 1992 and alleging that our Company has forged the transfer forms, share certificates and arbitration letter and further alleging that our Company has filed a false and fabricated time barred case at the 47th Court of the Additional Chief Metropolitan Magistrate, Esplanade, Mumbai. Our Company has filed for quashing the complaint under the provisions of the Code of Criminal Procedure, 1973. The matter is currently pending.

6. Ms. Anita Meena (the "**Complainant**") filed an FIR at Ashok Nagar Police Station, Jaipur on February 4, 2020 against Mr. Rakesh Kedia ("**Accused**"), director of Rani Dadi Builders and Developers Private Limited and the branch manager of our Company. The Complainant along with her husband had availed a home loan of ₹ 1,550,000 from our Company for purchasing a flat from the Accused. The Complainant alleged that the Accused along with the concerned branch manager of our Company, transferred the entire amount to the Accused along with the property papers without the knowledge of the Complainant and consequently did not give the possession of the flat to the Complainant. The matter is currently pending.

7. Mr. Pavan Gaur ("**Complainant**") filed an FIR at Vaishali Nagar, Police Station, Jaipur on February 20, 2020 against our Company. The Complainant had availed a home loan of ₹2,000,000 from our Company and alleged that our Company had forged his signatures and unlawfully disbursed the money from the Complainant's account towards the payment to the builder. The matter is currently pending.

Criminal Proceedings by our Company

8. Our Company has filed a criminal complaint against Mr. Haridasan and others before the Chief Judicial Magistrate Court, Palakkad, Kerala ("**CJM**") for misusing and abusing his position as a manager in charge of Palakkad office of our Company and siphoning of more than ₹ 90,000,000 from our Company. Mr. Haridasan allegedly used the user name and password of his subordinates (credit, legal and technical) in Palakkad office and disbursed loan amount to third parties by using them as co-applicant in the same account for his personal needs and also accepted bogus documents as genuine and granted loan to bogus persons with dishonest and malafide intention and swindled huge amount of our Company to his name and caused wrongful loss to our Company. Mr. Haridasan was arrested and subsequently released on bail. The case is pending for Crime-Branch Crime Investigation Department investigation.

Subsequently, to counter the criminal case and arrest, Mr. Haridasan filed a case before Subordinate Judge at Palakkad on January 16, 2012 against our Company and others on account of his misconduct on the part of our Company. In order to counter the criminal case, Mr. Haridasan's wife, Ms. Geeta has filed a criminal case before CJM at Palakkad against Mr. Keki M. Mistry, Vice-Chairman and Chief Executive Officer and two others before CJM, Palakkad, under the provisions of the Indian Penal Code, 1860 alleging that the accused jointly and with common mind and intention conspired and in order to make good of the alleged losses sustained to our Company has misappropriated the funds of the complainant and family on the guise that the husband of the complainant is the only person who caused loss to our Company. Thereafter, our Company filed a writ petition on January 28, 2015 before the High Court of Judicature, Kerala, Ernakulam against State of Kerala and Ms. Geetha T.K to quash the order issuing search warrant dated January 13, 2015 passed by the Chief Judicial Magistrate Court, Palakkad. The entire case proceeding has been stayed by High Court of Kerala, Ernakulam, since April, 2017. The stay order has been extended from time to time on monthly basis. The matter is currently pending.

Tax Proceedings

Our Company's dispute with the Indian tax authorities relates to the computation of the profit derived from the business of long-term housing finance eligible for special deduction. The dispute revolves around the correct classification of eligible incomes and related expenses that constitute the long-term housing finance business. Our Company has recognised a contingent liability in respect of all the disputed income tax demands up to March 31, 2020 (inclusive) in the amount of ₹ 20.64 billion. Our Company has already paid this amount to the Indian tax authorities and will receive this amount as a refund if the disputes are resolved in its favour.

Regulatory Proceedings

Advisory, warning, caution and show cause notices issued by NHB/RBI

1. Pursuant to the NHB inspection report dated January 1, 2020 for the financial year ended March 31, 2019, our Company received a show-cause notice dated June 10, 2020 from NHB, observing that our Company had not complied with certain provisions of the NHB Directions *inter alia*, in the methodology used for certain types of asset classification as well as classification and rollovers of certain inter-corporate deposits. In its response dated June 25, 2020, our Company cited a different interpretation that had been followed by our Company in this regard. Subsequent to receipt of specific observations from, and discussions with, the NHB, our Company has been following the directions and the interpretation of the NHB in this regard. The matter is currently pending.

2. On May 22, 2020, RBI imposed a late submission fee of ₹ 250,000 on our Company for delayed filing of the downstream investment form ("**Form DI**") for the downstream investment made by our Company in HDFC Credila Financial Services Private Limited. Our Company had initially filed the Form DI on April 29, 2020 with the RBI, which was rejected due to want of certain clarifications and was then resubmitted on May 6, 2020. The penalty has been paid by our Company on June 5, 2020.

3. On March 16, 2020, the NHB imposed a cumulative penalty of ₹ 100,300 (inclusive of taxes) in relation to non-compliances with certain provisions of the NHB Directions with respect to asset classification, and for not obtaining periodical reports on the business undertaken by our Dubai and London representative offices, as observed in its inspection report dated July 15, 2019 for the financial year ended March 31, 2018. The penalty has been paid by our Company on April 9, 2020.

II. Litigation involving our material Subsidiaries

HDFC Life

Criminal Proceedings against HDFC Life

1. Two criminal proceedings and a criminal revision application have been filed by certain customers against HDFC Life and its ex – director before the Chief Judicial Magistrate at Jamshedpur, Chief Judicial Magistrate at Ahmedabad and before the Principal District and Sessions Judge, Bokaro, respectively. The proceedings are in relation to grievances with respect to mis – selling of the products sold by HDFC Life, its employees and ex – employees. The customers have alleged violations in relation to criminal conspiracy, criminal breach of trust, forgery, cheating in these proceedings. The matters are currently pending.

2. A criminal complaint has been filed against HDFC Life before the Chief Metropolitan Magistrate, Kolkata ("**CMM**") for alleged violation of certain provisions of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules thereunder. HDFC Life has filed a writ petition before the High Court of Calcutta seeking quashing of these proceedings pending before the CMM. The proceedings before the CMM have been stayed during the pendency of the proceedings at the High Court of Calcutta.

Criminal Proceedings by HDFC Life

HDFC Life has filed seven criminal proceedings, against Kripa Securities Private Limited, ex-employees, a persistency officer, Mr. Manoj Sattvani and Mr. Molla Mahbobar Rahman, before various judicial fora including the Sessions Judge at Ghazipur, the Additional Chief Judicial Magistrate at Sikar, the Chief Metropolitan Magistrate at Banglore, the Additional Chief Judicial Magistrate at Una and the Chief Metropolitan Magistrate at Calcutta alleging violations of certain provisions of the Indian Penal Code, including forgery, criminal conspiracy, criminal breach of trust and/or cheating and dishonestly inducing delivery of property. These matters are currently pending before various fora.

Tax Proceedings

HDFC Life is involved in certain tax proceedings such as income tax and service tax proceedings which are pending before various authorities / courts. The aggregate amount involved in such proceedings is to ₹ 0.91 billion and is considered in the contingent liability of HDFC Life.

HDFC ERGO

Regulatory Proceedings

1. IRDAI had issued a final order dated December 5, 2018, in the matter of settlement of motor claims by HDFC ERGO at less than the insured declared value in respect of the total loss / theft claims and has levied a penalty of ₹ 0.0005 billion in relation to the same. The said penalty has been paid by HDFC ERGO and the requisite changes are carried out in the claims system.

2. The IRDAI issued a show-cause notice dated October 1, 2019 ("**SCN**") to HDFC ERGO pursuant to an on – site inspection carried out by it. The SCN included observations with respect to the violation of (i) Section 48A of the Insurance Act, 1938 *i.e.* common director between HDFC ERGO and the intermediary and no approval taken from IRDAI; and (ii) Regulation 27(i) of IRDAI (Health Insurance) Regulations, 2016 read with Regulation 9(6) of Protection of Policyholder's Interest Regulations, 2002 *i.e.* delay in processing of claims (beyond 30 days) and non-payment of interest for delayed payment. Basis the response submitted by HDFC ERGO and the personal hearing on the matter, IRDAI *vide* its letter dated January 8, 2020 issued the final order giving advisory / directions to HDFC ERGO.

III. Litigation against our material Associate

HDFC Bank

Civil litigations filed by HDFC Bank

1. HDFC Bank has initiated arbitration proceedings pursuant to an arbitration clause under the Memorandum of Understanding dated December 11, 2000 ("**MoU**") executed with Mangla Capital Services Limited ("**Broker**") and its managing director, Mr. Vinod Gupta ("**Client**"), claiming ₹ 3.23 billion at a rate of 26.07% per annum on ₹ 0.84 billion under the MoU which entitled HDFC Bank to be indemnified by the Broker for any losses, damages, expenses that are incurred by HDFC Bank on any breach or non-performance by the Broker of any of the obligations under the MoU. The Broker has filed a statement of counter claim against HDFC Bank, claiming ₹ 2.17 billion for loss incurred on business income, loss of goodwill and reputation in response to the claim filed by HDFC Bank before the arbitrator. In view of this arbitration proceeding, HDFC Bank has dropped proceedings initiated against the Broker before the debt recovery tribunal and has separately initiated proceedings against the Client.

2. HDFC Bank has filed an Original Application ("**OA**") before the Debt Recovery Tribunal at New Delhi against Multiwal Pulp and Board Mills Private Limited ("**Multiwal**") for recovery of a sum of ₹ 0.437 billion. In response thereto, Multiwal has filed a counter claim involving an amount of ₹ 3.5416 billion on account of (i) alleged financial losses caused due to alleged illegal classification of the account as non performing asset; (ii) loss of goodwill and reputation and (iii) undue harassment or mental agony. The

matter is currently pending before the Debt Recovery Tribunal, Delhi. Presently, moratorium is imposed on Multiwal, due to the corporate insolvency resolution process initiated by Corporation Bank against it *vide* National Company Law Tribunal, Delhi order dated May 21, 2019. The claim of HDFC Bank of ₹ 0.8145 billion has been accepted by the insolvency resolution process.

3. HDFC Bank has filed an original application before the Debt Recovery Tribunal, Delhi for recovery of credit facilities granted to Unitech Limited ("**Unitech**") involving an amount of ₹ 3.2122 billion. HDFC Bank had obtained decree on admission *vide* order dated November 29, 2018 for ₹ 3.0870 billion. Further, HDFC Bank has exercised general lien on the account maintained by Kolkata International Convention Centre Limited, wholly owned subsidiary of Unitech and freezed an amount of approximately ₹ 1.27 billion. In light of this, Kolkata International Convention Centre Limited has filed an appeal against the order dated January 4, 2019 passed by Debt Recovery Tribunal, Delhi and has also filed suit before the High Court of Bombay. The matter is currently pending.

4. HDFC Bank has filed an original application before the Debt Recovery Tribunal, Hyderabad against Karvy Stock Broking Limited and others for recovery of loan of an amount of ₹ 3.2957 billion against various facilities sanctioned to them. The matter is currently pending.

5. HDFC Bank has filed an insolvency petition against Dewan Housing Finance Corporation Limited and has filed a claim before Resolution Professional as per the provisions of Insolvency and Bankruptcy Code. The matter is currently pending.

Civil litigations against HDFC Bank

1. Bottle Samrat Private Limited ("**Customer**") filed a complaint ("**Complainant**") before the National Consumer Redressal Commission ("**NCRC**") against HDFC Bank claiming an amount of ₹ 2.7625 billion towards value of dishonoured cheques, damages of ₹ 1 billion for loss of business and compensation of ₹ 1.5 billion on account of mental agony and harassment. The Complainant alleged that the officials of the HDFC Bank had erroneously dispatched certain dishonoured cheques to the drawer of such cheques instead of the beneficiary. The NCRC dismissed the complaint. The Customer has filed an appeal before the Supreme Court. The matter is currently pending.

2. BRH Wealth Kreators Limited ("**Borrower**") has filed a civil suit against HDFC Bank in relation to sale of pledged shares and acting in contravention of the SEBI circular dated June 20, 2019 ("**SEBI Circular**"). The Borrower has alleged that prior to the SEBI Circular, brokers would pledge shares purchased by it for its customers, for the purpose of raising finance. In terms of the SEBI Circular, as on September 30, 2019, the Borrower had shares worth ₹1.6346 billion in their demat account. The Borrower alleged that HDFC Bank recalled the credit facilities on October 4, 2019 and thereafter intimated *vide* letter dated October 30, 2019 about the invocation of pledge and subsequently sold these pledged shares on October 30, 2019. The Borrower further alleged that (i) no notice was issued under Section 176 of the Indian Contract Act, 1972; and (ii) the actions of HDFC Bank are in violation of SEBI orders dated October 7, 2019 and January 2, 2020 wherein any debit from the demat account of the Borrower has been restrained. The Borrower has prayed for (i) mandatory injunction to credit the shares worth ₹ 1.5390 billion with an alternative relief of ₹ 1.64 billion with 18% interest from September 30, 2019; and (ii) payment of ₹ 2 billion by way of damages due to loss of business. The matter is currently pending.

Regulatory Proceedings

1. On February 23, 2018, SEBI has passed an order against HDFC Bank ("**SEBI Order**") in relation to leakage of unpublished price sensitive information ("**UPSI**") pertaining to the financial results of HDFC Bank for the quarters ended December 31, 2015 and June 30, 2017 in various private WhatsApp groups ahead of HDFC Bank's official intimation to the relevant stock exchanges. Pursuant to the SEBI Order, SEBI has directed HDFC Bank to observe the following: (i) to strengthen its processes / systems / controls forthwith to ensure that such instances of leakage of unpublished price sensitive information do not recur in future, (ii) to submit a report on: (a) the present systems and controls and how the present systems and controls have been strengthened, (b) details of persons who are responsible for monitoring such systems,

and (c) the periodicity of monitoring. Further, SEBI has directed HDFC Bank to conduct an internal inquiry into the leakage of unpublished price sensitive information relating to its financial figures including non-performing asset results and take appropriate action against those responsible for the same, in accordance with the applicable law. The scope of such inquiry will need to include determination of the possible role of following persons in relation to the aforesaid leakage of UPSI: (i) persons / members of committees involved in generation of the original data for the purpose of determination of key figures pertaining to financial figures including gross non-performing assets, (ii) persons involved in the consolidation of the figures for the financial results, (iii) persons involved in the preparation of board notes and presentations, (iv) persons involved in dissemination of information relating to financial results in the public domain, and (v) any other persons who had access to the information. SEBI has directed HDFC Bank to complete the inquiry within a period of three months from the date of the SEBI Order and thereafter, file a report with SEBI in this regard within a further period of seven days. Further, HDFC Bank submitted the requisite information and reports to SEBI in compliance with the directions and timelines issued by SEBI. SEBI has requested for certain information / clarifications from HDFC Bank from time to time, which have been furnished by HDFC Bank.

2. During the financial year 2018 – 2019, RBI *vide* its order dated February 4, 2019, imposed a monetary penalty of ₹ 0.002 billion on HDFC Bank for non – compliance with various directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) standards, more specifically those contained in its circulars dated November 29, 2004 and May 22, 2008. Thereafter, HDFC Bank has implemented corrective action to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

3. During the financial year 2019 – 2020, RBI *vide* its order dated June 13, 2019, imposed a monetary penalty of ₹ 0.01 billion on HDFC Bank for non – compliance with the directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) norms ("**KYC / AML Norms**") and on reporting of frauds. The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. In this matter, HDFC Bank had made a reference to the custom authorities for verification of the bill of entry submitted by certain importers. Examination of these customers revealed violations of RBI directions on KYC/AML Norms and on reporting of frauds. HDFC Bank has taken necessary measures to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

   Additionally, RBI has *vide* its order dated January 29, 2020, imposed a monetary penalty of ₹ 0.01 billion on HDFC Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in an initial public offer. The penalty has been imposed by RBI in exercise of the powers conferred under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. Thereafter, HDFC Bank has strengthened its internal control mechanisms so as to ensure that such incidents do not recur.

4. During the financial year 2016-17, further to the media reports in October, 2015 about irregularities in advance import remittances in various banks, the RBI had conducted a scrutiny of the transactions carried out by the HDFC Bank under Section 35(1A) of the Banking Regulation Act, 1949. The RBI issued a Show Cause Notice to which the HDFC Bank had submitted its detailed response. After considering the HDFC Bank's submission, the RBI imposed a penalty of ₹ 0.02 billion on HDFC Bank vide its letter dated July 19, 2016 on account of pendency in receipt of bill of entry relating to advance import remittances made and lapses in adhering to KYC / AML guidelines in this respect. The penalty has since been paid. HDFC Bank has implemented a comprehensive corrective action plan, to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

5. The Financial Intelligence Unit of the Ministry of Finance ("**FIU**"), in January, 2015, levied a fine on us of ₹ 0.0026 billion during the fourth quarter of fiscal 2015 relating to our failure in detecting and reporting attempted suspicious transactions. We filed an appeal against the order of the FIU and in June, 2017, the appellate tribunal dismissed the penalty levied by the FIU and observed that the prescribed matter fell within the provisions of section 13(2)(a) of the Prevention of Money Laundering Act ("**PMLA**"), 2002 (pursuant to which a warning was required to be given to us), and that the matter did not fall within section

13(2)(d) of the PMLA (pursuant to which monetary penalties can be imposed on failure to comply with certain obligations under the PMLA) as mentioned by the FIU. However, FIU challenged the order of the appellate tribunal order in the High Court at Delhi and the High Court of Delhi, *vide* its order dated September 4, 2019 held that the violation of the reporting obligations on part of the respondent banks, warranted issuance of a warning in writing under Section 13(2)(a) of PMLA, instead of a monetary penalty as imposed under Section 13(2)(d) of PMLA and disposed off the case filed by FIU.

IV. Litigation against our Directors

Except as disclosed in the section "- *Litigation against our Company – Criminal Proceedings*", there are no litigations involving the Directors of our Company:

Further, for the proceedings involving Mr. Deepak S. Parekh (in his capacity as the chairman of HDFC AMC), Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. Srinavasa V. Rangan (in their capacity as directors of HDFC AMC) see section "*-Prosecutions filed against, fines imposed on, or compounding of offences by our Company and / or its Subsidiaries under the Companies Act in the last three years*".

V. Inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company and / or its Subsidiaries in the last three years

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company and / or its Subsidiaries in the last three years.

VI. Prosecutions filed against, fines imposed on, or compounding of offences by our Company and / or its Subsidiaries under the Companies Act in the last three years

Except as disclosed below, there have been no prosecutions filed against, fines imposed on, or compounding of offences by our Company and / or its Subsidiaries under the Companies Act in the last three years:

1. Pursuant to inspection of HDFC Mutual Fund (the "**Fund**") conducted by SEBI for the period April 1, 2014 to March 31, 2016, SEBI issued letters dated May 31, 2018 to HDFC Asset Management Company Limited ("**HDFC AMC**") and HDFC Trustee Company Limited (the "**Trustee**") informing about initiation of quasi judicial proceedings against them in respect of certain alleged violations under SEBI (Mutual Funds) Regulations, 1996, circulars and / or guidelines issued thereunder. HDFC AMC and Trustee preferred settlement of the matter, without admission or denial of guilt, under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014. SEBI issued settlement order nos. PM/RR/13/2018-19 and PM/RR/14/2018-19 both dated December 4, 2018 in this regard stating that the quasi judicial proceedings had been disposed off.

2. SEBI issued show cause notices in May 2019 and June 2019 to HDFC AMC and HDFC Trustee Company Limited ("**HDFC Trustee**"), a wholly owned subsidiary of HDFC AMC and certain officials of HDFC AMC (collectively the "**Noticees**") for alleged violations of SEBI (Mutual Funds) Regulations, 1996 in the matter of four schemes of HDFC Mutual Fund i.e. fixed maturity plans holding debt instruments of Essel Group Companies. Separate settlement applications were filed with SEBI under SEBI (Settlement Proceedings) Regulations, 2018 by HDFC AMC, officials of HDFC AMC and HDFC Trustee against the enforcement actions/ proceedings initiated through the show cause notices issued by SEBI, without admission or denial of guilt. SEBI issued settlement order no. SO/EFD-2/SD/337/April/2020 dated April 16, 2020 in this regard whereby the enforcement action and enforcement proceedings had been disposed off against HDFC AMC, officials of HDFC AMC and HDFC Trustee.

VII. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

There have been no acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company.

VIII. Defaults by our Company in respect of dues payable including therein the amount involved, duration of default and present status of repayment of statutory dues, debentures (including interest thereon), deposits (including interest thereon) and loans from any bank or financial institution (including interest thereon)

There have been no defaults by our Company in respect of dues payable including therein the amount involved, duration of default and present status of repayment of statutory dues, debentures (including interest thereon), deposits (including interest thereon) and loans from any bank or financial institution (including interest thereon).

IX. Details of defaults in annual filing of our Company under the Companies Act

There have been no defaults in annual filing of our Company under the Companies Act.

X. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

There are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

XI. Disclosures pertaining to willful default

No bank has declared our Company as a Wilful Defaulter.

STATUTORY AUDITORS

The standalone and consolidated financial statements of our Company and its Subsidiaries and Associates (collectively referred to as the "**Group**") as of and for the year ended March 31, 2020, as of and for the year ended March 31, 2019, as of and for the year ended March 31, 2018, included in this Placement Document, and the effectiveness of internal control over financial reporting as of March 31, 2020, March 31, 2019 and March 31, 2018, have been audited by B S R & Co. LLP, Chartered Accountants, independent auditors, as stated in their reports appearing herein, which includes other matters paragraphs in the audit report of Fiscal 2019-2020 that describe the application of the moratorium (in accordance with Reserve Bank of India COVID-19 Regulatory Package) by our Company in the consolidated audit report and standalone audit report; the audit reports with respect to standalone financial statements of our Company as at and for the year ended March 31, 2019 and March 31, 2018, includes another matter that describes merger of certain entities into our Company, which have not been audited by B S R & Co. LLP, Chartered Accountants, independent auditors, and that have been audited by their respective independent auditors; and the audit reports with respect to the consolidated financial statements describe that:

(i) certain entities considered in the consolidated financial statements which have not been audited by B S R & Co. LLP, Chartered Accountants, independent auditors, and that have been audited by their respective independent auditors;
(ii) certain entities considered in the Consolidated Financial Statements which were unaudited and financial statements were furnished to B S R & Co. LLP, Chartered Accountants, independent auditors by management;
(iii) certain entities located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors and our Company's management has converted the financial statements into Ind AS / IGAAP, and we audited these conversion adjustments; and
(iv) other matters reported by auditors of the two subsidiaries entities of the Issuer viz. HDFC Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited on the (i) actuarial valuation of liabilities for life policies in force, and (ii) estimate of claims Incurred But Not Reported and claims Incurred But Not Enough Reported.

With respect to the unaudited standalone and consolidated financial results for the quarter ended June 30, 2020, included herein, the independent auditor has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports included herein, states that they did not audit and they do not express an opinion on the unaudited standalone and consolidated financial results for the quarter ended June 30, 2020. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied.

There are no reservations, qualifications, or adverse remarks, highlighted by the auditors in their reports to our financial statements for the last five fiscal years preceding the date of this Placement Document, and accordingly, no corrective steps are required or proposed to be taken by our Company.

There are no qualifications or matters of emphasis highlighted by the auditors in their reports to our financial statements for the last five fiscal years preceding the date of this Placement Document, except as disclosed below:

1. Emphasis of matter paragraph in audit report of FY 2019-2020 on account of COVID-19 in Groups' consolidated audit report

   As described in Note 8.3 to the consolidated financial statements, in accordance with Reserve Bank of India COVID-19 Regulatory Package, ageing of accounts opting for moratorium offered by the Company and moving into Stage3 (based on days past due status as of 31 March 2020) has been determined with reference to position as of 29 February 2020.

   As described in Note 3.35 to the consolidated financial statements and as highlighted wherever by respective auditors in their reports relating to the subsidiaries and associates of the Company, the extent to which the COVID-19 pandemic will impact the financial performance of the Group and its associates is dependent on future developments, which are highly uncertain.

2. Emphasis of matter paragraph in audit report of FY 2019-2020 on account of COVID-19 in Company's standalone audit report

   As described in Note 4 and 9(f) to the standalone financial statements, in accordance with Reserve Bank of India COVID-19 Regulatory Package, ageing of accounts opting for moratorium offered by the Company and moving into Stage3 (based on days past due status as of 31 March 2020) has been determined with reference to position as of 29 February 2020. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

3. Emphasis of matter paragraph in audit report of FY 2016-2017 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's consolidated audit report

   Note 5.2 to the consolidated financial statements describes the accounting treatment used by the Holding Company and one of its subsidiary company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

   The auditor's opinion was not modified in respect of this matter.

4. Emphasis of matter paragraph in audit report of FY 2016-2017 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's Standalone audit report

   Note 3.2 to the financial statements describes the accounting treatment used by the Company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

5. Emphasis of matter paragraph in audit report of FY 2015-2016 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's consolidated audit report

   Note 5.2 to the consolidated financial statements describes the accounting treatment used by the Holding Company and one of its subsidiary company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

   The auditor's opinion was not modified in respect of this matter.

6. Emphasis of matter paragraph in audit report of FY 2015-2016 on account of Deferred tax liability on Reserves under section 36(1)(viii) in Company's Standalone audit report

   Note 3.2 to the financial statements describes the accounting treatment used by the Company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

   The auditor's opinion was not modified in respect of this matter.

It is hereby clarified for Fiscals 2016 and 2017, Deloitte Haskins & Sells LLP were the auditors and for Fiscals 2018, 2019 and 2020, B S R & Co. LLP, Chartered Accountants, are the Statutory Auditors of our Company.

See also "*Financial Statements*" in this Placement Document.

GENERAL INFORMATION

- Our Company was incorporated as an Indian public limited company on October 17, 1977 under the Companies Act, 1956.

- Our Registered Office is located at Ramon House, H.T. Parekh Marg 169, Backbay Reclamation, Churchgate Mumbai 400 020. Our Corporate Office is located at HDFC House, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020. Our CIN is L70100MH1977PLC019916.

- Our Equity Shares are listed on BSE since July 3, 1978 and NSE since August 5, 1996.

- The Committee of Directors pursuant to its resolutions dated June 19, 2020 approved the draft postal ballot notice to be sent to the shareholders of our Company for seeking their approval for fund raising. The Shareholders have authorised and approved the Issue by way of a resolution passed by way of postal ballot on July 21, 2020. The Board of Directors of our Company pursuant to its resolution dated July 30, 2020 have authorised the Issue. The Board of Directors of our Company pursuant to its resolution dated July 30, 2020 have authorised the Issue. Further, the borrowing limits of ₹ 5,000,000 million have been duly authorised by a resolution passed by the equity shareholders of our Company at the 41st annual general meeting held on July 30, 2018.

- Our Company has received in-principle approvals from both NSE and BSE on August 5, 2020 to list the Eligible Securities to be issued pursuant to this Issue under Regulation 28(1) of the SEBI Listing Regulations. We shall apply to the Stock Exchanges for the final listing and trading approvals.

- Copies of our Memorandum and Articles of Association are available on our website at https://www.hdfc.com/sites/default/files/memorandum-and-article-of-association.pdf.

- Except as disclosed in this Placement Document, there has been no material change in our financial position since March 31, 2020, the date of the latest audited financial statements included in this Placement Document.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and as per Rule 19A of the SCRR.

- We had on July 13, 2020 made an application to BSE and NSE under Rule 19(7) of the SCRR for relaxation of strict enforcement of Rule 19(2)(b) of the SCRR in relation to the proposed listing of the Warrants being offered. NSE has pursuant to its letter dated July 30, 2020, granted an exemption from the strict applicability of Rule 19(2)(b) of the SCRR in respect of the listing of the Warrants on the Stock Exchanges.

- We had on July 21, 2020 made an application to SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations for issuance of NCDs. Further, pursuant to a letter dated July 24, 2020, SEBI has granted an exemption from the strict applicability of Regulations 175(3), 179(2) and 180 of the SEBI ICDR Regulations in relation to the issuance of the NCDs pursuant to the Issue, subject to our Company complying with its undertakings furnished to the SEBI and applicable rules and regulations promulgated by the SEBI.

- The Equity Floor Price, as calculated in accordance with Chapter VI of the SEBI ICDR Regulations, (i) in case of Allotment of Equity Shares issued under this Issue, is ₹ 1,838.94; and (ii) The Warrant Floor Price in case of allotment of Equity Shares pursuant to exchange of Warrants, is ₹ 1,838.94.

- B S R & Co. LLP, Chartered Accountants, have been appointed as the Statutory Auditors of our Company by the Shareholders in the 41st AGM of our Company held on July 26, 2017. There have been no changes in the statutory auditors of our Company in the last three years.

- Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue, to the extent applicable.

- IDBI Trusteeship Services Limited is acting as the Debenture Trustee to the issue of NCDs and has consented, in writing, to his appointment under Regulation 4(4) of the SEBI Debt Regulations (the consent letter is annexed to this Placement Document) and to include its name in this Placement Document in its capacity as Debenture Trustee and has agreed to participate in all the subsequent periodical communications sent to the holders of debt securities.

- The NCDs proposed to be issued have been rated by CRISIL and ICRA and the rating details are as below:

Rating	Meaning of Rating	Validity	Rationale
CRISIL AAA with stable outlook	Highest degree of safety regarding timely servicing of financial obligations	January 27, 2021	The ratings on our Company's debt instruments continue to factor in our leading market position and sound track record in the housing finance business, strong asset quality, diversified and stable resource profile, and healthy capitalisation and profitability. These rating strengths are partially offset by our Company's exposure to intense competition in the housing finance segment.
[ICRA]AAA with stable outlook	Highest degree of safety regarding timely servicing of financial obligations	January 27, 2021	The ratings factor in our Company's strong franchise with demonstrated ability to grow in a competitive mortgage finance market, consistent profitable operations on the back of strong interest margins supported by low provisions on account of sound asset quality and robust solvency indicators. The ratings also take into account the strong capital adequacy, access to diverse sources of funds and comfortable liquidity position.

- Details of our Compliance Officer under SEBI Listing Regulations and SEBI Insider Trading Regulations:

Mr. Ajay Agarwal
Company Secretary and Compliance Officer
HDFC House, H.T. Parekh Marg, 165 – 166, Backbay Reclamation, Churchgate, Mumbai 400 020
Telephone: +91 22 6631 6000
Email: ajaya@hdfc.com

FINANCIAL STATEMENTS

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Limited review report on unaudited quarterly standalone financial results of Housing Development Finance Corporation Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Housing Development Finance Corporation Limited

1. We have reviewed the accompanying statement of unaudited quarterly standalone financial results of Housing Development Finance Corporation Limited (the 'Corporation') for the quarter ended 30 June 2020 (the 'Statement').

2. This Statement, which is the responsibility of the Corporation's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'). Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of corporation personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2020 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

Limited review report on unaudited quarterly standalone financial results of Housing Development Finance Corporation Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (*Continued*)

6. As described in Note 3 to the Statement, in respect of overdue but standard accounts where moratorium benefit has been granted, the staging of those accounts at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted in accordance with the Covid-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020.

   Further, the extent to which the COVID-19 pandemic will impact the Corporation's financial performance is dependent on future developments, which are uncertain.

   Our review report is not modified in respect of these matters.

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

Sagar Lakhani
Partner
Membership No: 111855
UDIN: 20111855AAAAFY1638

Mumbai
30 July 2020

WITH YOU, RIGHT THROUGH

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

PART I – STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

₹ in Crore

	PARTICULARS	Quarter ended 30-Jun-20 Reviewed	Quarter ended 31-Mar-20 Audited	Quarter ended 30-Jun-19 Reviewed	Year ended 31-Mar-20 Audited
	Revenue from Operations				
(i)	Interest Income	**10,790.66**	10,963.21	10,478.20	42,647.12
(ii)	Surplus from deployment in Cash Management Schemes of Mutual Funds	**361.73**	241.39	302.87	1,102.21
(iii)	Dividend Income	**298.23**	2.08	1.05	1,080.68
(iv)	Rental Income	**16.17**	21.41	13.33	70.36
(v)	Fees and Commission Income	**32.24**	65.72	36.05	192.78
(vi)	Net gain / (loss) on Fair Value changes	**94.03**	427.58	(45.04)	99.23
(vii)	Fair Value gain consequent to merger of GRUH, an associate, with Bandhan Bank	**-**	-	-	9,019.81
(viii)	Profit on Sale of Investments	**1,241.20**	2.45	1,894.21	3,523.75
(ix)	Profit on Sale of Investment-Properties	**-**	14.31	13.45	35.11
(x)	Income on derecognised/assigned loans	**183.42**	237.57	296.17	967.87
I	**Total Revenue from Operations**	**13,017.68**	11,975.72	12,990.29	58,738.92
II	**Other Income**	**1.61**	5.94	5.82	24.42
III	**Total Income (I+II)**	**13,019.29**	11,981.66	12,996.11	58,763.34
	Expenses				
(i)	Finance Cost	**7,817.05**	7,661.84	7,739.27	31,001.36
(ii)	Impairment on financial instruments (Expected Credit Loss)	**1,199.00**	1,274.00	890.00	5,913.10
(iii)	Employee Benefit Expenses	**160.43**	139.60	155.40	592.92
(iv)	Depreciation, amortisation and impairment	**34.63**	43.15	29.23	147.74
(v)	Establishment Expenses	**13.29**	5.17	18.34	40.37
(vi)	Other Expenses	**188.06**	165.46	178.76	716.93
IV	**Total Expenses**	**9,412.46**	9,289.22	9,011.00	38,412.42
V	**Profit Before Tax (III-IV)**	**3,606.83**	2,692.44	3,985.11	20,350.92
	Tax Expense				
-	Current Tax	**839.37**	541.66	903.61	2,571.68
-	Deferred Tax	**(284.06)**	(81.75)	(121.60)	9.59
VI	**Total Tax Expense**	**555.31**	459.91	782.01	2,581.27
VII	**Net Profit after Tax (V-VI)**	**3,051.52**	2,232.53	3,203.10	17,769.65
VIII	**Other Comprehensive Income**	**2,018.86**	(6,012.18)	261.98	(6,652.31)
IX	**Total Comprehensive Income (VII+VIII)**	**5,070.38**	(3,779.65)	3,465.08	11,117.34
Earnings per Share (Face value ₹ 2)*					
-	Basic (₹)	**17.62**	12.86	18.60	102.91
-	Diluted (₹)	**17.55**	12.76	18.48	102.12
Paid-up Equity Share Capital (Face value ₹ 2)		**346.92**	346.41	345.06	346.41
Reserves excluding Revaluation Reserves as at March 31					85,811.65

* Not annualised for the quarters

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Notes :

1 The financial results have been prepared in accordance with Ind AS, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.

2 During the quarter the Corporation sold 2,60,00,000 equity shares of HDFC Life Insurance Company Limited (HDFC Life) resulting in a pre tax gain of ₹ 1,241.20 crore. As at June 30, 2020, the Corporation's equity shareholding in HDFC Life stood at 50.1%. The Reserve Bank of India ("The RBI") has mandated that the Corporation reduce its shareholding in HDFC Life to 50% or below by December 16, 2020. The RBI has also directed the Corporation to reduce its shareholding in HDFC ERGO General Insurance Company Limited to 50% or below within 6 months of the effective date of merger with HDFC ERGO Health Insurance Limited.

3 On March 11, 2020, the World Health Organisation declared the novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world. In India, from March 25, 2020 to May 31, 2020, the central government declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19. On May 30, 2020 the Government announced a phased reopening of certain activities outside specified containment zones, while the lockdown was extended to June 30, 2020 in such containment zones. Some of the states further extended the lockdown to July 31, 2020.

There remains uncertainty about the duration of the lockdown and the time required for life and business operations to completely normalise.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Corporation has offered moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 ('moratorium period') to eligible borrowers. The days past due (DPD) calculation has been kept in suspension (staging standstill) for the accounts opting for moratorium at the same level that existed on date of commencement of moratorium.

4 In view of the uncertain environment on liquidity created due to COVID-19, the Corporation, as matter of prudence, has been carrying higher levels of investments in liquid mutual funds since the announcement of lockdown. The amount invested in liquid mutual funds as at 30 June 2020 was ₹ 30,820 Crore. This is significantly higher than the corresponding period in the previous year.

5 During the quarter ended June 30, 2020, the Corporation has allotted 25,57,618 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors.

6 The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. Accordingly, there are no separate reportable segments, as per the Ind AS 108 dealing with 'Operating Segment'.

7 Figures of the quarter ended March 31, 2020 are derived by deducting the reported year-to-date figures for the period ended December 31, 2019 from the audited figures for the year ended March 31, 2020.

8 Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

The above results for the quarter ended June 30, 2020 were reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on July 30, 2020, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The above results for the quarter ended June 30, 2020 have been subjected to a Limited Review by the Auditors of

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 30, 2020

Keki M. Mistry
Vice Chairman & CEO

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
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Limited Review Report

Unaudited Consolidated Financial Results pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Housing Development Finance Corporation Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Housing Development Finance Corporation Limited (hereinafter referred to as the 'Parent' or the 'Corporation') and its subsidiaries (the Parent and its subsidiaries together referred to as the 'Group'), and its share of the net profit after tax and total comprehensive income of its associates for the quarter ended 30 June 2020 (the 'Statement'), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations').

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
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Housing Development Finance Corporation Limited

Limited review report *(Continued)*

Unaudited Consolidated Financial Results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 *(Continued)*

4. The Statement includes the results of the following entities:

Name of the Company	Relationship
Housing Development Finance Corporation Limited	Parent
HDFC Life Insurance Company Limited	Subsidiary
HDFC ERGO General Insurance Company Limited	Subsidiary
HDFC ERGO Health Insurance Company Limited (formerly known as Apollo Munich Health Insurance Company Limited)	Subsidiary
HDFC Asset Management Company Limited	Subsidiary
HDFC Credila Financial Services Private Limited	Subsidiary
HDFC Holdings Limited	Subsidiary
HDFC Investments Limited	Subsidiary
HDFC Trustee Company Limited	Subsidiary
HDFC Sales Private Limited	Subsidiary
HDFC Venture Capital Limited	Subsidiary
HDFC Property Ventures Limited	Subsidiary
HDFC Ventures Trustee Company Limited	Subsidiary
HDFC Pension Management Company Limited	Subsidiary of HDFC Life Insurance Company Limited
HDFC Education and Development Services Private Limited	Subsidiary
Griha Investments	Subsidiary of HDFC Holdings Limited
Griha Pte Limited	Subsidiary of HDFC Investments Limited
HDFC Capital Advisors Limited	Subsidiary
HDFC International Life and Re Company Limited	Subsidiary of HDFC Life Insurance Company Limited
HDFC Investment Trust	Subsidiary
HDFC Investment Trust-II	Subsidiary
HDFC Bank Limited	Associate
Good Host Spaces Private Limited	Associate
True North Ventures Pvt. Ltd.	Associate
Magnum Foundations Pvt. Ltd.	Associate of HDFC Property Ventures Limited
HDFC Life Employees Stock Option Trust	Entity controlled by HDFC Life Insurance Company Limited

Unaudited Consolidated Financial Results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 *(Continued)*

5. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2020 as reported in the Statement are the balancing figures between audited figures in respect of the full previous financial year and the year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year has only been reviewed and not subjected to audit.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. As described in Note 4 to the Statement which covers the impact of COVID 19 on the Corporation, in respect of overdue but standard accounts where moratorium benefit has been granted, the staging of those accounts at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. Further, the extent to which the COVID-19 pandemic will impact the Corporation's financial performance is dependent on future developments, which are uncertain.

   As described by respective auditors in their reports relating to the subsidiaries and an associate of the Corporation, the extent to which the Covid-19 pandemic will impact the financial performance of the Group and its associates is dependent on further developments, which are highly uncertain.

   Our review report is not modified in respect of the above matters.

8. We did not review the financial results of 12 subsidiaries and a component of subsidiary included in the Statement, whose financial results reflect total revenues of Rs. 17,785 crores, total net profit after tax of Rs. 649 crores and total comprehensive income of Rs. 1,012 crores, for the quarter ended 30 June 2020, as considered in the Statement.

   In respect of one of subsidiary included above, whose financial results (prior to recognition of adjustments, in accordance with Ind AS 103 "Business Combinations", which have been reviewed by us), reflect total revenues of Rs. 445 crores, net loss after tax of Rs.100 crores and total comprehensive loss of Rs. 51 crores, for the quarter ended 30 June 2020.

   The Statement also includes the Group's share of net profit after tax of Rs. 1,600 crores and total comprehensive income of Rs. 1,646 crores for the quarter ended 30 June 2020, as considered in the Statement, in respect of an associate whose consolidated financial information have not been reviewed by us.

Housing Development Finance Corporation Limited

Limited review report *(Continued)*

Unaudited Consolidated Financial Results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 *(Continued)*

These financial results have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Of the 12 subsidiaries referred to above:

(a) in respect of 2 subsidiaries, financial results have been prepared in accordance with accounting principles generally accepted in their respective country of incorporation and the Corporation's management has converted these financial results from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Corporation's management

(b) in respect of a component of one subsidiary, the financial results for the quarter ended 30 June 2020, as reflected in their financial results were not reviewed by other auditors. The financial results of this component reflect total revenues of Rs. 0.02 crores, net profit after tax of Rs. 0.01 crores and total comprehensive income of Rs. 0.01 crores for the quarter ended 30 June 2020. The financial results of this component are based solely on such financial information / explanation given to us and are management certified.

Our review report is not modified in respect of the above matters.

9. The Statement includes financial results of 2 subsidiaries, whose financial results reflect total revenues of Rs. 21 crores, total net loss after tax of Rs. 1 crore and total comprehensive loss of Rs.1 crore, for the quarter ended 30 June 2020, as considered in the consolidated unaudited financial results, which have not been reviewed.

The Statement includes the Group's share of net profit after tax of Rs. 1 crore and total comprehensive income of Rs. 1 crore for the quarter ended 30 June 2020, as considered in the consolidated unaudited financial results, in respect of 3 associates, based on their financial results which have not been reviewed.

According to the information and explanation given to us by the management, these financial results are not material to the Group.

Our review report is not modified in respect of the above matters.

10. Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported (‘IBNR’), claims Incurred But Not Enough Reported (‘IBNER’) in respect of 2 subsidiaries and Premium Deficiency Reserve (‘PDR’) in respect of one of the General Insurance subsidiary also referred in this paragraph. This charge has been determined based on the liabilities duly certified by the actuaries appointed by the respective subsidiaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (‘IRDAI’) and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuaries’ certificate in this regard in forming their conclusion on the financial results of the said subsidiaries.

    Our review report is not modified in respect of the above matter.

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

Sagar Lakhani
Partner
Membership No: 111855
UDIN No: 20111855AAAAFZ9779

Mumbai
30 July 2020

HDFC

WITH YOU, RIGHT THROUGH

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

PART I – STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

₹ in Crore

PARTICULARS	Quarter ended 30-Jun-20 Reviewed	Quarter ended 31-Mar-20 Audited	Quarter ended 30-Jun-19 Reviewed	Year ended 31-Mar-20 Audited
1 Revenue from Operations				
- Interest Income	**11,168.10**	11,390.63	11,386.68	45,253.26
- Surplus from deployment in Cash Management Schemes of Mutual Funds	**361.73**	241.39	311.26	1,118.90
- Dividend Income	**8.49**	25.41	3.39	89.21
- Rental Income	**10.38**	15.24	7.59	47.13
- Fees and commission Income	**438.22**	511.69	541.58	2,138.82
- Profit on loss of control over a subsidiary		-	-	9,799.10
- Net gain/(loss) on fair value changes	**350.94**	(9.32)	(36.89)	(179.67)
- Profit/(loss) on Sale of Investment properties	**-**	14.31	13.45	35.11
- Income on derecognised / assigned loans	**183.42**	237.57	296.17	967.87
- Premium and other operating income from Life Insurance Business - Policyholder's funds	**7,290.60**	11,530.03	8,029.53	38,328.46
- Net Gain / (Loss) on Investments in Life Insurance busines - Policyholder's	**6,979.62**	(11,510.22)	238.82	(10,286.99)
- Income from General Insurance Business - Policyholder's funds	**3,162.07**	4,153.35	2,390.87	14,414.51
Total Revenue from Operations	**29,953.57**	16,600.08	23,182.45	1,01,725.71
2 Other Income	**5.77**	31.92	57.37	70.19
3 Total Income (1+2)	**29,959.34**	16,632.00	23,239.82	1,01,795.90
4 Expenses:				
- Finance costs	**7,942.45**	7,800.44	8,203.31	32,109.45
- Impairment on financial instruments (Expected Credit Loss)	**1,204.03**	1,309.42	890.39	5,951.12
- Employee benefit expenses	**323.82**	317.34	436.67	1,356.66
- Depreciation, amortisation and impairment	**86.31**	84.27	49.85	256.11
- Establishment Expenses	**13.20**	8.42	21.76	56.78
- Claims and other operating expenses of Life Insurance Business - Policyholder's funds	**3,696.48**	6,830.57	4,679.25	24,449.40
- Changes in Life Insurance contract liabilities and surplus pending transfer	**10,167.21**	(7,469.87)	3,194.44	2,168.61
- Expense of General Insurance Business - Policyholder's funds	**3,055.61**	4,062.83	2,201.26	13,934.50
- Other Expenses	**255.11**	355.36	259.18	1,066.12
Total Expenses	**26,744.22**	13,298.78	19,936.11	81,348.75
5 Share of profit of Associates (Equity Method)	**1,600.81**	1,617.71	1,275.65	5,746.10
6 Profit before tax (3-4+5)	**4,815.93**	4,950.93	4,579.36	26,193.25
7 Tax Expense				
- Current tax	**1,022.76**	809.41	1,156.58	3,415.75
- Deferred tax	**(265.36)**	(200.06)	(116.94)	(48.97)
Total Tax expense	**757.40**	609.35	1,039.64	3,366.78
8 Net Profit (before adjustment for minority interest) (6-7)	**4,058.53**	4,341.58	3,539.72	22,826.47
9 Other Comprehensive Income	**2,450.65**	(5,956.06)	543.28	(6,213.42)
10 Total Comprehensive Income (8+9)	**6,509.18**	(1,614.48)	4,083.00	16,613.05
11 Profit Attributable to:				
Owners of the Corporation	**3,613.60**	4,116.20	3,094.38	21,434.57
Non-Controlling Interest	**444.93**	225.38	445.34	1,391.90
12 Other Comprehensive Income attributable to:				
Owners of the Corporation	**2,270.82**	(6,030.66)	488.21	(6,374.24)
Non-Controlling Interest	**179.83**	74.60	55.07	160.82
13 Total Comprehensive Income attributable to:				
Owners of the Corporation	**5,884.42**	(1,914.46)	3,582.59	15,060.33
Non-Controlling Interest	**624.76**	299.98	500.41	1,552.72
Earnings per Share (Face value ₹ 2)#				
- Basic (`)	**20.86**	22.01	17.97	124.14
- Diluted (`)	**20.78**	21.93	17.86	123.19
Paid-up Equity Share Capital (Face value ₹ 2)	**346.92**	346.41	345.06	346.41
Reserves excluding Revaluation Reserves as at March 31				1,26,132.75

Not annualised for the quarters

Contd….2

Notes :

1 The disclosure in terms of Ind AS 108 dealing with "Operating Segment" as specified under Section 133 of the Companies Act, 2013

₹ in Crore

PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Year ended
	30-Jun-20	31-Mar-20	30-Jun-19	31-Mar-20
	Reviewed	Audited	Reviewed	Audited
Segment Revenues				
- Loans	13,199.42	12,171.92	13,696.54	60,396.80
- Life Insurance	14,549.69	(205.74)	8,357.16	28,165.41
- General Insurance	3,208.99	4,398.18	2,432.76	14,793.45
- Asset Management	454.83	443.33	592.25	2,153.95
- Others	62.82	140.64	122.38	838.92
Total Segment Revenues	31,475.75	16,948.33	25,201.09	1,06,348.53
Add : Unallocated Revenues	78.45	18.77	2.16	130.31
Less: Inter-segment Adjustments	(1,594.86)	(335.10)	(1,963.43)	(4,682.94)
Total Revenues	29,959.34	16,632.00	23,239.82	1,01,795.90
Segment Results				
- Loans	3,656.65	2,723.37	4,179.38	20,752.37
- Life Insurance	624.04	226.10	443.05	1,283.42
- General Insurance	120.69	275.40	116.85	691.95
- Asset Management	316.62	315.99	443.74	1,683.47
- Others	(39.84)	(14.41)	(7.59)	176.53
Total Segment Results	4,678.16	3,526.45	5,175.43	24,587.74
Add / (Less) : Unallocated	78.45	18.78	2.16	130.32
Add: Share of Profit from Associates	1,600.81	1,617.71	1,275.65	5,746.10
Less: Inter-segment Adjustments	(1,541.49)	(212.01)	(1,873.88)	(4,270.91)
Profit before Tax	4,815.93	4,950.93	4,579.36	26,193.25
Segment Assets				
- Loans	5,26,726.73	5,07,046.08	4,74,485.60	5,07,046.08
- Life Insurance	1,53,357.61	1,39,676.67	1,37,267.38	1,39,676.67
- General Insurance	22,592.88	23,271.49	14,999.24	23,271.49
- Asset Management	5,435.59	4,830.77	4,478.48	4,830.77
- Others	635.34	880.95	622.78	880.95
Total Segment Assets	7,08,748.15	6,75,705.96	6,31,853.48	6,75,705.96
Unallocated				
- Banking	50,358.61	48,712.74	45,442.10	48,712.74
- Others	5,495.14	5,396.23	4,503.08	5,396.23
Total Assets	7,64,601.90	7,29,814.93	6,81,798.66	7,29,814.93
Segment Liabilities				
- Loans	4,58,034.99	4,43,634.85	4,11,899.64	4,43,634.85
- Life Insurance	1,46,039.80	1,33,068.82	1,31,350.40	1,33,068.82
- General Insurance	17,290.27	18,555.20	12,671.54	18,555.20
- Asset Management	246.58	277.49	241.64	277.49
- Others	155.44	149.78	132.52	149.78
Total Segment Liabilities	6,21,767.08	5,95,686.14	5,56,295.74	5,95,686.14
Unallocated				
- Others	824.86	292.31	844.04	292.31
Total Liabilities	6,22,591.94	5,95,978.45	5,57,139.78	5,95,978.45
Capital Employed				
- Loans	68,691.74	63,411.23	62,585.96	63,411.23
- Life Insurance	7,317.81	6,607.85	5,916.98	6,607.85
- General Insurance	5,302.61	4,716.29	2,327.70	4,716.29
- Asset Management	5,189.01	4,553.28	4,236.84	4,553.28
- Others	479.90	731.17	490.26	731.17
Total Segment Capital Employed	86,981.07	80,019.82	75,557.74	80,019.82
Unallocated				
- Banking	50,358.61	48,712.74	45,442.10	48,712.74
- Others	4,670.28	5,103.92	3,659.04	5,103.92
Total Capital Employed	1,42,009.96	1,33,836.48	1,24,658.88	1,33,836.48

a) The Group identifies primary segments based on the dominant source, nature of risks and returns, the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

b) Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation including education loans through its subsidiary HDFC Credila Financial Services Private Limited.

c) Asset Management segment includes portfolio management, mutual fund and property investment management.

d) Others include project management and investment consultancy.

e) The Group does not have any material operations outside India and hence disclosure of geographic segments is not given.

Contd....3

2 The financial results have been prepared in accordance with Ind AS, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.

3 During the quarter the Corporation sold 2,60,00,000 equity shares of HDFC Life Insurance Company Limited (HDFC Life) resulting in a pre tax adjusted gain of **₹ 1,172 crore**. This gain is recognised in Other Equity in accordance with Ind AS - 110 - Consolidated Financial Statements. The Reserve Bank of India ("The RBI") has mandated that the Corporation reduce its shareholding in HDFC Life to 50% or below by December 16, 2020. The RBI has also directed the Corporation to reduce its shareholding in HDFC ERGO General Insurance Company Limited to 50% or below within 6 months of the effective date of merger with HDFC ERGO Health Insurance Limited.

4 On March 11, 2020, the World Health Organisation declared the novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world. In India, from March 25, 2020 to May 31, 2020, the central government declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19. On May 30, 2020 the Government announced a phased reopening of certain activities outside specified containment zones, while the lockdown was extended to June 30, 2020 in such containment zones. Some of the states further extended the lockdown to July 31, 2020.

There remains uncertainty about the duration of the lockdown and the time required for life and business operations to completely normalise.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Corporation has offered a moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 ('moratorium period') to eligible borrowers. The days past due (DPD) calculation has been kept in suspension (staging standstill) for the accounts opting for moratorium at the same level that existed on date of commencement of moratorium.

5 During the quarter ended June 30, 2020, the Corporation has allotted 25,57,618 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors.

6 Figures of the quarter ended March 31, 2020 are derived by deducting the reported year-to-date figures for the period ended December 31, 2019 from the audited figures for the year ended March 31, 2020.

7 Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

The above results for the quarter ended June 30, 2020 were reviewed by the Audit and Governance Committee of Directors and subsequently approved by the Board of Directors at its meeting held on July 30, 2020, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The above results for the quarter ended June 30, 2020 have been subjected to a limited review by the Auditors of the Corporation.

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 30, 2020

Keki M. Mistry
Vice Chairman & CEO

Independent Auditors' Report

TO THE MEMBERS OF
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation'), which comprise the Standalone Balance Sheet as at 31 March 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the audit of the standalone financial statements* section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 standalone financial statements.

Emphasis of matter

As described in Note 4 and 9(f) to the standalone financial statements, in accordance with Reserve Bank of India COVID-19 Regulatory Package, ageing of accounts opting for moratorium offered by the Corporation and moving into Stage 3 (based on days past due status as of 31 March 2020) has been determined with reference to position as of 29 February 2020. Further, the extent to which the COVID-19 pandemic will impact the Corporation's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers Refer to the accounting policies in Note 3.2.3 to the standalone financial statements: Impairment; Note 2.4.1 to the standalone financial statements: use of estimates and judgements – determination of Expected Credit Loss and Note 9 to the standalone financial statements: Loans	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Corporation's impairment allowance is	**We performed audit procedures set out below:** **Design / controls** • Evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice;

Key audit matter	How the matter was addressed in our audit
derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors 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.	• Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge; • Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package; • Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19; and • Tested review controls over measurement of impairment allowances and disclosures in financial statements.
Impact of COVID-19 On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of: - Short and long term macroeconomic effect on businesses in the country and globally and its consequential and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Corporation's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of impact on the credit risk of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.	**Substantive tests** • Focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model; • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data; • Model calculations testing through re-performance where possible; • The appropriateness of management's judgement was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral; • Test checked the basis of collateral valuation in the determination of ECL provision; • Used specialists to test the model methodology and reasonableness of assumptions used including management overlays; • Assessed the appropriateness of changes made in management overlays to calibrate the risks that are not yet fully captured by the existing model;

Key audit matter	How the matter was addressed in our audit
	• Assessed the appropriateness of management rationale for determination of criteria for significant increase in credit risk considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package; • Corroborated through independent check and enquiries the reasonableness of management's assessment of grading the severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed; and • Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Corporation regarding impact of COVID-19.
Valuation of Derivatives Instruments and Hedge Accounting Refer to the accounting policies in Note 3.2.8 to the standalone financial statements: Derivative financial instruments; Note 7 to the standalone financial statements: Derivative financial instruments and Note 44.6.1 to the standalone financial statements– Foreign currency risk	
The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged. The application of hedge accounting and evaluating hedge effectiveness is complex and operationally cumbersome and requires close monitoring from Corporation's management.	**We performed audit procedures set out below** **Design / controls** • Obtained an understanding of the risk management policies and tested key controls (i) at the time of designation of hedging relationship including authorisation by designated authority; documentation prepared by management at the inception of the hedge transaction; (ii) with regard to ongoing monitoring and review of the hedge relationship by management including test of hedge effectiveness.
	Substantives tests • Checked the recognition and measurement of derivative instruments, for selected samples, is as per Ind AS 109; • Examined hedge documentation on a sample basis to assess the compliance of documentation with Ind AS 109 requirements; • Test checked on a sample basis reconciliation of derivative instruments to independent confirmations obtained from third party; • Involved specialists to perform independent valuation and compared with valuation provided by the Corporation; • Compared input data used in the Corporation's valuation models to independent sources on a sample basis; • Test checked on a sample basis the applicability and accuracy of hedge accounting; • Considered the appropriateness of disclosures in relation to financial risk management, derivative instruments and hedge accounting in the standalone financial statements.

Key audit matter	How the matter was addressed in our audit
Valuation of Investments (other than investments in subsidiaries and associates) Refer to the accounting policies in Note 3.2 to the standalone financial statements: Financial instruments; Note 2.4.2 to the standalone financial statements: Use of estimates and judgements - fair valuation of investment (other than investment in Subsidiaries and Associates); and Note 10 to the standalone financial statements: Investments	
Subjective estimate Investments carried at fair value comprise: - Fair value through profit and loss (FVTPL) investments - ₹ 25,725 crore - Fair value through other comprehensive income (FVOCI) investments - ₹ 5,054 crore The effect of fair value adjustments may impact either the profit or loss or other comprehensive income. The valuation of investments measured at fair value entails significant management estimates and is based on a combination of observable market data and / or valuation techniques which are often based on unobservable inputs. We identified determination of fair value of investments as a key audit matter because of the degree of subjectivity and judgement exercised by Corporation's management in determining the inputs used in the valuation techniques and methodologies.	**We performed audit procedures set out below** **Design / controls** • Test checked the design, implementation and operating effectiveness of management's key internal controls over the valuation process and inputs. **Substantives tests** • Read the investment agreements on a sample basis, to understand the relevant investment terms and identify any conditions relevant to the classification and valuation of investments; • Assessed the appropriateness of the valuation methodology and test key inputs used such as pricing inputs and discount factors; • Checked valuation methodology was consistently followed and evaluated any change in valuation technique; • Involved specialists to test the model methodology, reasonableness of assumptions and test key inputs used such as pricing inputs and discount factors; • Assessed the disclosures as required under prevailing accounting standards reflect the Corporation's exposure to investment valuation risk; • Evaluated the reliability of inputs i.e. market observable / unobservable data to determine fair value of investments and checked the appropriateness of disclosures in accordance with Ind AS 107 on 'Financial Instruments: Disclosures'.
Information technology ('IT') **IT systems and controls** The Corporation's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for it's overall financial reporting.	**We performed audit procedures set out below** • Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems); • Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems;

Key audit matter	How the matter was addressed in our audit
We identified 'IT systems and controls' as key audit matter because of the high level of automation, significant number of systems being used by management and the scale and complexity of the IT architecture.	• Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems; • Understood IT application controls covering – user access and roles, segregation of duties, and – key interfaces and reports. • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that IT application controls that underwent changes, followed the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

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

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016

(the 'Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) in our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books;

c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;

e) on the basis of the written representations received from the Directors as on 31 March 2020 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2020 from being appointed as a Director in terms of Section 164 (2) of the Act; and

f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Corporation and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B';

B. With respect to the other matters to be included in the 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:

i. the Corporation has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements – Refer note 40 to the standalone financial statements;

ii. the Corporation has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 7.1 to the standalone financial statements;

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation during the year ended 31 March 2020. Whilst the Corporation transferred the unclaimed dividend, 2,120 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant informed that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and

iv. the disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Corporation to its Directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

AKEEL MASTER
Mumbai Partner
25 May 2020 Membership No: 046768
ICAI UDIN: 20046768AAAAIE2889

Annexure "A" to the Independent Auditors' Report – 31 March 2020

(Referred to in our report of even date)

i. (a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Corporation has a regular programme of physical verification of property, plant and equipment by which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Corporation and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on test check examination of the records and registered sale deeds / transfer deeds / conveyance deeds provided to us, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Corporation as at the balance sheet date, except the following shown as properties under the head of Investment properties:

Particulars		₹ in crore	Remarks
Freehold land and buildings (Four properties)	Gross block	270	The Corporation is in the process of transferring these assets in its name. The process will be concluded after the necessary regulatory clearances have been obtained.
	Net block	262	

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.

ii. The Corporation is engaged in providing financial services primarily into housing finance. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Corporation has not granted loans during the current year, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. In respect of the existing loan at the beginning of the year:

(a) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations;

(b) There is no overdue amount remaining outstanding as at the year end.

iv. According to the information and explanations given to us and on the basis of our examination of the records of the Corporation, the Corporation has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantee and security, as applicable.

v. As per the Ministry of Corporate Affairs notification dated 31 March 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation. Accordingly, reporting under Clause 3(v) of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any services rendered by the Corporation. Accordingly paragraph 3(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 books of account, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues applicable to it have generally been regularly deposited by the Corporation with the appropriate authorities. As explained to us, the Corporation did not have any dues on account of Customs Duty and Excise Duty.

According to the information and explanations given to us and on the basis of our examination of the records, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, there are no dues of value added tax and goods and services tax that have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of wealth tax, interest on lease tax, Employees' State Insurance, income tax and service tax have not been deposited by the Corporation on account of disputes:

Name of the statute	**Nature of dues**	**Amount (₹ in crore)**	**Period to which the amount relates**	**Forum where dispute is pending**
The Wealth Tax Act, 1957	Wealth Tax	0.12	1998-1999	Assistant Commissioner of Wealth Tax
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease tax	0.02	1999-2000	Commissioner of Sales Tax (Appeals)
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	0.01	2010-2011	Assistant/ Deputy Director– ESIC
The Income Tax Act, 1961	Penalty Levied	0.02	2012-2013	Commissioner of Income Tax (Appeal) (Mumbai)
The Finance Act, 1994	Service Tax	0.80	2007-2012	CESTAT West Zone, Mumbai

viii. According to the information and explanations given to us and on the basis of our examination of the records, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks or debenture holders. The Corporation has not taken loans or borrowings from government.

ix. According to the information and explanations given to us and based on our examination of the records, the Corporation has applied the money raised from term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised money by way of public offer during the year.

x. According to the information and explanations given to us, no material fraud by the Corporation or on the Corporation by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of the records, the Corporation has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Corporation is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Corporation, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Corporation has not made any preferential allotment and private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records, the Corporation has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

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

AKEEL MASTER
Partner
Membership No: 046768
ICAI UDIN: 20046768AAAAIE2889

Mumbai
25 May 2020

Annexure "B" to the Independent Auditors' Report – 31 March 2020

(Referred to in our report of even date)

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

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

In our opinion, the Corporation has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's and Board of Directors responsibility for internal financial controls

The Corporation's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Corporation 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 Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

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

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

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

Meaning of internal financial controls with reference to financial statements

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

Inherent limitations of internal financial controls with reference to financial statements

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

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

AKEEL MASTER
Mumbai Partner
25 May 2020 Membership No: 046768
ICAI UDIN: 20046768AAAAIE2889

Balance Sheet as at March 31, 2020

₹ in Crore

		Notes	As at March 31, 2020	As at March 31, 2019
ASSETS				
(1)	**Financial Assets**			
(a)	Cash and Cash Equivalents	5	3,141.88	360.80
(b)	Bank Balances other than (a) above	6	283.81	1,235.46
(c)	Derivative Financial Instruments	7	5,709.28	1,403.35
(d)	Receivables			
	(i) Trade Receivables	8	230.06	186.86
	(ii) Other Receivables		-	-
(e)	Loans	9	4,39,943.28	4,00,759.63
(f)	Investments	10	64,944.37	46,240.35
(g)	Other Financial Assets	11	2,742.01	3,894.34
	Total Financial Assets		5,16,994.69	4,54,080.79
(2)	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	12.1	3,101.78	2,750.18
(b)	Deferred Tax Assets (Net)	12.2	1,567.94	830.91
(c)	Investment Property	13	890.43	321.32
(d)	Property, Plant and Equipment	14	986.10	644.23
(e)	Other Intangible Assets	15	362.85	7.10
(f)	Other Non-Financial Assets	16	189.77	143.02
	Total Non-Financial Assets		7,098.87	4,696.76
	Total Assets		5,24,093.56	4,58,777.55

Balance Sheet as at March 31, 2020 (Continued)

₹ in Crore

		Notes	As at March 31, 2020	As at March 31, 2019
LIABILITIES AND EQUITY				
LIABILITIES				
(1)	**Financial Liabilities**			
(a)	Derivative Financial Instruments	**7**	**320.67**	164.75
(b)	Payables	**17**		
	(A) Trade Payables			
	(i) Total outstanding dues of micro enterprises and small enterprises	**17.1**	**3.90**	1.47
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**192.90**	188.70
	(B) Other Payables			
	(i) Total outstanding dues of micro enterprises and small enterprises		**-**	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**-**	-
(c)	Debt Securities	**18**	**1,76,868.71**	1,77,566.91
(d)	Borrowings (Other than Debt Securities)	**19**	**1,04,908.64**	77,548.54
(e)	Deposits	**20**	**1,32,324.29**	1,05,598.94
(f)	Subordinated Liabilities	**21**	**5,000.00**	5,500.00
(g)	Other Financial Liabilities	**22**	**15,896.48**	13,720.49
	Total Financial Liabilities		**4,35,515.59**	3,80,289.80
(2)	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	**23**	**192.90**	146.43
(b)	Provisions	**24**	**260.54**	209.55
(c)	Other Non-Financial Liabilities	**25**	**1,966.47**	776.30
	Total Non-Financial Liabilities		**2,419.91**	1,132.28
	Total Liabilities		**4,37,935.50**	3,81,422.08
(3)	**Equity**			
(a)	Equity Share Capital	**26**	**346.41**	344.29
(b)	Other Equity	**27**	**85,811.65**	77,011.18
	Total Equity		**86,158.06**	77,355.47
	Total Liabilities and Equity		**5,24,093.56**	4,58,777.55

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 25, 2020

Statement of Profit and Loss for the year ended March 31, 2020

₹ in Crore

			Notes	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE FROM OPERATIONS					
	(i)	Interest Income	28	42,647.12	38,335.18
	(ii)	Surplus from deployment in Cash Management Schemes of Mutual Funds		1,102.21	943.79
	(iii)	Dividend Income	29.1	1,080.68	1,130.64
	(iv)	Rental Income	29.2	70.36	65.07
	(v)	Fees and Commission Income	29.3	192.78	182.41
	(vi)	Net Gain on Fair Value Changes	29.4	9,119.04	552.11
	(vii)	Profit on Sale of Investments	29.5	3,523.75	1,212.35
	(viii)	Profit on Sale of Investments Properties		35.11	66.50
	(ix)	Income on Derecognised (assigned) Loans	29.6	967.87	859.99
(I)	Total Revenue from Operations			58,738.92	43,348.04
(II)	Other Income			24.42	29.97
(III)	Total Income (I + II)			58,763.34	43,378.01
EXPENSES					
	(i)	Finance Cost	30	31,001.36	27,837.67
	(ii)	Impairment on Financial Instruments (Expected Credit Loss)	31	5,913.10	935.00
	(iii)	Employee Benefit Expenses	32	592.92	716.53
	(iv)	Depreciation, Amortisation and Impairment	13,14 & 15	147.74	66.53
	(v)	Establishment Expenses	33	40.37	107.57
	(vi)	Other Expenses	34	716.93	595.94
(IV)	Total Expenses (IV)			38,412.42	30,259.24
(V)	Profit Before Tax (III - IV)			20,350.92	13,118.77
		Tax expense			
		- Current tax		2,571.68	3,307.11
		- Deferred tax		9.59	179.20
(VI)	Total Tax Expense		12.3	2,581.27	3,486.31
(VII)	Net Profit After Tax (V - VI)			17,769.65	9,632.46

Statement of Profit and Loss for the year ended March 31, 2020 (Continued)

₹ in Crore

		Notes	Year ended March 31, 2020	Year ended March 31, 2019
(VIII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or (loss)		**(7,398.62)**	(186.41)
	(ii) Income tax relating to items that will not be reclassified to profit or (loss)		**683.03**	47.41
	Sub Total (A)	**35**	**(6,715.59)**	(139.00)
	(B) (i) Items that will be reclassified to profit or (loss)		**84.56**	11.48
	(ii) Income tax relating to items that will be reclassified to profit or (loss)		**(21.28)**	(4.01)
	Sub Total (B)	**35**	**63.28**	7.47
	Other Comprehensive Income (A + B)		**(6,652.31)**	(131.53)
(IX)	**Total Comprehensive Income (VII + VIII)**		**11,117.34**	9,500.93
(X)	**Earnings per Equity Share**	**36**		
	Basic (₹)		**102.91**	56.53
	Diluted (₹)		**102.12**	56.08

See accompanying notes forming part of the financial statement

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

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(DIN: 00311104)

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Executive Director &
Chief Financial Officer
(DIN: 00030248)

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(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

₹ in Crore

	Notes	Amount
As at April 1, 2018		**335.18**
Equity share capital issued during the year		**9.11**
As at April 1, 2019	**26**	**344.29**
Equity share capital issued during the year		**2.12**
As at March 31, 2020	**26**	**346.41**

B. Other Equity (Refer Note 27)

₹ in Crore

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2018 (Opening Balance)	0.04	24,269.45	7,929.24	15,905.51	51.23	11,166.95	4,927.42	18.15	(43.17)	(232.36)	-	937.61	(50.72)	50.38	64,929.73
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**0.04**	**24,269.45**	**7,929.24**	**15,905.51**	**51.23**	**11,166.95**	**4,927.42**	**18.15**	**(43.17)**	**(232.36)**	**-**	**937.61**	**(50.72)**	**50.38**	**64,929.73**
Profit for the year	-	-	9,632.46	-	-	-	-	-	-	-	-	-	-	-	**9,632.46**
Other Comprehensive Income for the year	-	-	(11.94)	-	-	-	-	-	(127.06)	9.91	(2.44)	-	-	-	**(131.53)**
Total Comprehensive Income for the year	**-**	**-**	**9,620.52**	**-**	**-**	**-**	**-**	**-**	**(127.06)**	**9.91**	**(2.44)**	**-**	**-**	**-**	**9,500.93**
Movement for the year	-	-	-	-	-	-	-	-	-	-	-	211.09	58.15	-	**269.24**
Transfer of Securities premium on conversion of warrants and exercise of ESOP	-	101.02	-	-	-	-	-	-	-	-	-	(50.64)	-	(50.38)	-
Dividends including tax on dividend	-	-	(3,964.52)	-	-	-	-	-	-	-	-	-	-	-	**(3,964.52)**
Transfer from retained earnings	-	-	(1,950.00)	-		1,850.00	100.00	-	-	-	-	-	-	-	-
Received during the year	-	6,290.74	-	-	-	-	-	-	-	-	-	-	-	-	**6,290.74**
Utilised during the year	-	-	-	-	-	-	-	(14.94)	-	-	-	-	-	-	**(14.94)**
Balance as at March 31, 2019	**0.04**	**30,661.21**	**11,635.24**	**15,905.51**	**51.23**	**13,016.95**	**5,027.42**	**3.21**	**(170.23)**	**(222.45)**	**(2.44)**	**1,098.06**	**7.43**	**-**	**77,011.18**

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2019 (Opening Balance)	**0.04**	**30,661.21**	**11,635.24**	**15,905.51**	**51.23**	**13,016.95**	**5,027.42**	**3.21**	**(170.23)**	**(222.45)**	**(2.44)**	**1,098.06**	**7.43**	**-**	**77,011.18**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**0.04**	**30,661.21**	**11,635.24**	**15,905.51**	**51.23**	**13,016.95**	**5,027.42**	**3.21**	**(170.23)**	**(222.45)**	**(2.44)**	**1,098.06**	**7.43**	**-**	**77,011.18**
Profit for the year	-	-	17,769.65	-	-	-	-	-	-	-	-	-	-	-	**17,769.65**
Other Comprehensive Income for the year	-	-	(31.99)	-	-	-	-	-	(6,683.60)	41.86	21.42	-	-	-	**(6,652.31)**
Total Comprehensive Income for the year	**-**	**-**	**17,737.66**	**-**	**-**	**-**	**-**	**-**	**(6,683.60)**	**41.86**	**21.42**	**-**	**-**	**-**	**11,117.34**
Movement for the year	-	-	-	-	-	-	-	-	-	-	-	13.64	(7.43)	-	**6.21**
Transfer of Securities premium on exercise of ESOP	-	102.28	-	-	-	-	-	-	-	-	-	(102.28)	-	-	-
Dividends including tax on dividend	-	-	(3,600.63)	-	-	-	-	-	-	-	-	-	-	-	**(3,600.63)**
Transfer from retained earnings	-	-	(11,634.60)	8,034.60	-	3,400.00	200.00	-	-	-	-	-	-	-	-
Received during the year	-	1,280.66	-	-	-	-	-	-	-	-	-	-	-	-	**1,280.66**
Utilised during the year	-	-	-	-	-	-	-	(3.11)	-	-	-	-	-	-	**(3.11)**
Balance as at March 31, 2020	**0.04**	**32,044.15**	**14,137.67**	**23,940.11**	**51.23**	**16,416.95**	**5,227.42**	**0.10**	**(6,853.83)**	**(180.59)**	**18.98**	**1,009.42**	**-**	**-**	**85,811.65**

See accompanying notes forming part of the financial statement

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Cash Flow Statement for the year ended March 31, 2020

₹ in Crore

			Year ended March 31, 2020	Year ended March 31, 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**20,350.92**	13,118.77
	Adjustments for:			
	Depreciation, Amortisation and Impairment		**147.74**	66.53
	Impairment on Financial Instruments (Expected Credit Loss)		**5,913.10**	935.00
	Expense on Employee Stock Option Scheme		**13.64**	211.09
	Net gain on fair value changes		**(9,119.04)**	(552.11)
	Interest Expense		**30,797.57**	27,672.04
	Interest Income		**(43,942.11)**	(39,240.24)
	Profit on Sale of Investments		**(3,523.75)**	(1,212.35)
	(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)		**(35.11)**	(66.97)
	Utilisation of Shelter Assistance Reserve		**(3.11)**	(14.94)
	Operating Profit before Working Capital changes and adjustment for interest received and paid		**599.85**	916.82
	(Increase) / Decrease in Financial Assets and Non Financial Assets		**(3,217.84)**	(2,569.73)
	Increase / (Decrease) in Financial and Non Financial Liabilities		**1,669.33**	160.31
	Cash used in Operations before adjustments for interest received and paid		**(948.66)**	(1,492.60)
	Interest Received		**43,505.61**	38,880.79
	Interest Paid		**(30,564.30)**	(26,731.53)
	Taxes Paid		**(2,961.68)**	(2,313.05)
	Net cash from Operations		**9,030.97**	8,343.61
	Loans disbursed (net)		**(45,344.63)**	(43,919.93)
	Corporate Deposits (net)		**1,010.50**	(412.08)
	Investment in Cash Management Schemes of Mutual Funds (Net)		**(8,524.44)**	(5,177.10)
	Net cash used in operating activities	A	**(43,827.60)**	(41,165.50)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(78.06)**	(47.54)
	Sale of Fixed Assets		**0.89**	0.89
	Net Cash used for Fixed Assets		**(77.17)**	(46.65)
	Purchase of Investment Properties		**(278.73)**	(7.97)
	Sale of Investment Properties		**65.43**	122.04
	Net Cash flow from / used for Investment Properties		**(213.30)**	114.07
	Investments			
	- in Subsidiary Companies		**(2,156.72)**	(121.24)
	- in Associates Companies		**(86.71)**	(8,569.75)
	Other Investments :			
	- Purchase of Investments		**(5,571.92)**	(2,066.98)
	- Sale of Investments		**612.45**	738.75
	Sale of Investments in subsidiaries		**1,639.14**	0.00
	Net cash used for investing activities	B	**(5,854.23)**	(9,951.80)

Cash Flow Statement for the year ended March 31, 2020 (Continued)

₹ in Crore

			Year ended March 31, 2020	Year ended March 31, 2019
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity		**2.12**	9.11
	Securities Premium received		**1,280.66**	6,290.74
	Sale proceeds of Investments in Subsidiary Companies		**1,903.27**	1,248.87
	Borrowings and Deposits (Net)		**54,078.02**	45,181.50
	Proceeds from Debt Securities and Subordinated Liabilities		**1,02,820.65**	1,52,226.75
	Repayment of Debt Securities and Subordinated Liabilities		**(1,04,018.86)**	(1,50,730.34)
	Dividend paid - Equity Shares		**(3,021.60)**	(3,407.56)
	Tax paid on Dividend		**(581.35)**	(573.10)
	Net cash from financing activities	C	**52,462.91**	50,245.97
	Net Decrease in cash and cash equivalents	[A+B+C]	**2,781.08**	(871.33)
	Add : Cash and cash equivalents as at the beginning of the year		**360.80**	1,232.13
	Cash and cash equivalents as at the end of the year		**3,141.88**	360.80
	Components of cash and cash equivalents			
	Cash on hand		**0.14**	0.44
	In Current Accounts		**3,110.38**	277.71
	In Deposit accounts with original maturity of 3 months or less		**-**	-
	Cheques on hand		**31.36**	82.65
	Total		**3,141.88**	360.80

Note 1

During the year, the Corporation has received Dividend of ₹ 1,080.68 Crore (Previous year ₹ 1,130.64 Crore).

Note 2

Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ 52,887.25 Crore (Previous year ₹ 45,550.00 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes to the standalone financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
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Renu Sud Karnad
Managing Director
(DIN: 00008064)

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(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the standalone financial statements

1 Corporation Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation' or 'the Company') was incorporated in 1977 as the first specialised Mortgage Company domiciled in India as a limited company having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange.

2 Basis of Preparation and Presentation

2.1 **Statement of Compliance and basis of preparation and presentation**

The standalone financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS").

The financial statements have been prepared and presented on going concern basis and at historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data is presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 39.

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

2.2 **Functional and Presentation Currency**

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Corporation and all values are rounded to the nearest Crore with two decimals, except when otherwise indicated.

2.3 **Basis of Measurement**

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Corporation.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 Share based Payment, leasing transactions that are within the scope of Ind AS 116 Leases.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 **Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 **Determination of Expected Credit Loss ("ECL")**

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement.

In particular, the estimation of the amount and timing of future cash flows based on Corporation's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Corporation's criteria for assessing if there has been a significant increase in credit risk. (Refer Note 3.2.3.2)
- Development of ECL models, including choice of inputs / assumptions used.

The various inputs used and process followed by the Corporation in measurement of ECL has been detailed in Note 3.2.3.1.

2.4.2 **Fair Valuation of Investments (other than Investment in Subsidiaries and Associates)**

Some of the Corporation's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly.

However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 44.3.2.

2.4.3 **Income Taxes**

The Corporation's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.4 **Evaluation of Business Model**

Classification and measurement of financial instruments depends on the results of the Solely Payments of Principal and Interest on the principal amount outstanding ("SPPI") (refer note 3.2.2.1.5) and the business model test (refer note 3.2.2.1.4). The Corporation determines the business model at a level that reflects how the Corporation's financial instruments are managed together to achieve a particular business objective.

The Corporation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

2.4.5 **Share-Based Payments**

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 3.9.1.

2.4.6 **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3 Significant Accounting Policies

3.1 Revenue Recognition

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

3.1.1 **Interest**

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at fair value through profit and loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

3.1.2 **Dividend Income**

Dividend income is recognised when the Corporation's right to receive dividend is established by the reporting date.

3.1.3 **Fee and Commission Income**

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

3.1.4 **Rental Income**

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

3.1.5 **Other Income**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

3.2 **Financial Instruments**

3.2.1 **Recognition and Initial Measurement**

Financial assets and liabilities, (including financial instruments received in settlement of erstwhile loan assets) with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Corporation recognises debt securities, deposits and borrowings when funds are received by the Corporation.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Corporation recognise for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to defer the difference between the fair value at initial recognition and the transaction price.

After initial recognition, the deferred gain or loss will be recognised in the statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.2 **Classification and Subsequent Measurement of Financial Assets and Liabilities**

3.2.2.1 ***Financial Assets***

The Corporation classifies and measures all its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair Value through other comprehensive income
- Fair Value through Profit and Loss

3.2.2.1.1 **Amortised Cost**

The Corporation classifies and measures cash and bank balances, Loans, Trade receivable, certain debt investments and other financial assets at amortised cost if the following condition is met:

- Financial Assets that are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows, and that have contractual cash flows that are SPPI;

3.2.2.1.2 **Fair Value through Other Comprehensive Income ("FVOCI")**

The Corporation classifies and measures certain debt instruments at FVOCI when the investments are held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the SPPI test.

The Corporation measures all equity investments at fair value through profit or loss, unless the investments is not for trading and the Corporation's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.2.1.3 **Fair Value through Profit and Loss ("FVTPL")**

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; and/or
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the statement of profit and loss.

3.2.2.1.4 **Business Model Test**

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Corporation determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Corporation's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Corporation considers all relevant information and evidence available when making the business model assessment such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Corporation's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Corporation determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Corporation reassesses it's business model at each reporting period to determine whether the business model has changed since the preceding period. For the current and prior reporting period the Corporation has not identified a change in its business model.

The Corporation recognises certain loans which are sourced by a third party and measured at amortised cost. The third party has the contractual right to acquire a fixed percentage of value of the loans at predetermined price. The loans assigned are substituted by newly sourced loans which approximate the contractual cash flows to be collected by the Corporation.

3.2.2.1.5 **Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding**

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that meet SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

3.2.2.1.6 **Subsequent Measurement and Gain and Losses**

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Equity Instrument at FVOCI

Gains and losses on equity instruments at FVOCI are never recycled to the statement of profit and loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Corporation benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.2.2.1.7 **Reclassifications**

If the business model under which the Corporation holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Corporation's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Corporation holds financial assets and therefore no reclassifications were made.

3.2.2.2 **Financial Liabilities and Equity Instruments**

3.2.2.2.1 ***Classification as Debt or Equity***

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Corporation or a contract that will or may be settled in the Corporation's own equity instruments and is a non-derivative contract for which the Corporation is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Corporation's own equity instruments.

3.2.2.2.2 ***Equity Instruments***

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

3.2.2.2.3 ***Subsequent Measurement and Gain and Losses***

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

3.2.3 Impairment and Write-off

The Corporation recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Other financial assets;
- Debt instruments measured at amortised cost and at FVOCI;
- Loan commitments; and
- Financial guarantees.

Equity instruments are measured at fair value and not subject to impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Corporation has established a policy to perform an assessment at the end of each reporting period 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 instruments.

Based on the above process, the Corporation categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Corporation recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Corporation records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans are considered credit-impaired, the Corporation records an allowance for the life time expected credit losses.

For financial assets for which the Corporation has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3.2.3.1 *Measurement of Expected Credit Losses*

The Corporation calculates ECL based on probability-weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is the difference between the cash flows that are due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive.

When estimating ECL for undrawn loan commitments, the Corporation 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. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Corporation's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

The Corporation measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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 after considering the credit conversion factor (for Stage 1 and Stage 2 assets), and accrued interest from missed payments.

Probability of Default (PD) is the probability of whether borrowers will default on their obligations which is calculated based on historical default rate summary of past years using origination vintage analysis.

Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using the Corporation's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.2.3.2 ***Significant Increase in Credit Risk***

The Corporation monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to 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 Corporation measures the loss allowance based on lifetime rather than 12-month ECL. The Corporation's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Corporation monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation 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 Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in different recovery scenario. For individual loans the Corporation considers the expectation of forbearance, payment holidays and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is 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 a financial asset becomes 30 days past due, the Corporation considers that a significant increase in credit risk has occurred and the asset is classified in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

3.2.3.3 ***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 Corporation 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 Corporation 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.

3.2.3.4 ***Definition of Default***

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

The Corporation considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Corporation; or
- the borrower is unlikely to pay its credit obligations to the Corporation in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Corporation takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

3.2.3.5 ***Write-off***

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains.

3.2.4 **Modification and Derecognition of Financial Assets**

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. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Corporation renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

Qualitative factors, such as contractual cash flows after modification, are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants, if these do not clearly indicate a substantial modification, then; a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If there is a significant difference in present value, the Corporation deems the arrangement substantially different, leading to 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 revised 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. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance is continued to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Corporation calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit and loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the statement of profit and loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

3.2.5 **Derecognition of Financial Liabilities**

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.2.6 **Collateral Valuation and Repossession**

To mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI"). The Corporation provides fully secured, partially secured and unsecured loans to individuals and Corporates.

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail 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.

3.2.7 **Transfer and Servicing of Assets**

The Corporation transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Corporation transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

The Corporation recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Corporation adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in Statement of Profit and Loss.

3.2.8 **Derivative Financial Instruments**

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Corporation designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

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

3.2.8.1 ***Hedge Accounting***

The Corporation makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Corporation applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Corporation's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Corporation would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

3.2.8.2 ***Fair Value Hedges***

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Corporation classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

3.2.8.3 ***Cash Flow Hedges***

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.2.9 **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Corporation's revenue recognition policies.

The Corporation has not designated any financial guarantee contracts as FVTPL.

3.3 **Property, Plant and Equipment ("PPE")**

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Corporation and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

3.4 **Investment Property**

Investment properties are properties held to earn rentals and/or capital appreciation and are measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 **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 Corporation and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in the statement of profit and loss when the asset is derecognised.

3.6 **Capital work-in-progress**

Capital work in progress includes assets not ready for the intended use and is carried at cost, comprising direct cost and related incidental expenses.

3.7 **Depreciation and Amortisation**

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is recognised on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease. The useful life of the property, plant and equipment held by the Corporation is as follows:

Class of assets	Useful life
Buildings	60 years
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Vehicles*	5 years
Computer Software*	4 years

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

Intangible assets are amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

3.8 Impairment of Assets other than Financial Instruments

As at the end of each accounting year, the Corporation reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 Employee Benefits

3.9.1 Share-based Payment Arrangements

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

3.9.2 Defined Contribution Plans

3.9.2.1 *Superannuation Fund*

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

Notes forming part of the standalone financial statements (Continued)

3.9.3 **Defined Benefit Plans**

3.9.3.1 ***Provident Fund***

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by the trust. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability, if any is recognised.

3.9.3.2 ***Gratuity and Other Post Retirement Benefits***

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

3.9.3.3 ***Short-term Employee Benefits***

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.9.3.4 ***Long-term Employee Benefits***

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

3.10 **Leases**

The Corporation as lessee

The Corporation's lease asset classes primarily consist of leases for office premises. The Corporation 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 Corporation assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Corporation has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Corporation has the right to direct the use of the asset.

At the date of commencement of the lease, the Corporation recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

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 recognized 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 underlying asset.

The lease liability is initially measured at amortized 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 these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Corporation changes its assessment if whether it will exercise 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.

The Corporation as Lessor

Leases for which the Corporation 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.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019 the Corporation has adopted Ind AS 116 - Leases, which requires any lease arrangement to be recognised in the balance sheet of the lessee as a 'right-of-use' asset with a corresponding lease liability. Accordingly depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognised on lease liabilities under finance costs. As permitted by the standard, the Corporation has applied this standard w.e.f. April 1, 2019 and comparatives for the previous period/year have not been restated.

3.11 Dividends on Ordinary Shares

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

3.12 Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.13 **Securities Premium Account**

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 and issue expenses of securities which qualify as equity instruments.

3.14 **Borrowing Costs**

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

3.15 **Foreign Currencies**

(i) Functional currency of the Corporation and foreign operations has been determined based on the primary economic environment in which the Corporation and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Corporation'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 except for Long Term Monetary Items outstanding as at March 31, 2018, for which differences are recognized in FCMITDA and amortised in Profit & Loss statement.

3.16 **Segments**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate or certain other purposes, in India. All other activities of the Corporation revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

3.17 **Investments in Subsidiaries, Joint Ventures and Associates**

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

3.18 **Earnings per share**

Basic earnings per share is computed by dividing profit or loss attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.19 **Taxes on Income**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except when they relate to items that are recognized outside statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside statement of profit and loss.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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 based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Corporation's tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the Corporation's view on settling with the tax authorities.

The Corporation provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable.

3.20 **Goods and Services Input Tax Credit**

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.21 **Provisions, Contingent Liabilities and Contingent Assets**

<u>Provisions are recognised only when:</u>

(i) The Corporation has a present obligation (legal or constructive) as a result of a past event; and

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

<u>Contingent liability is disclosed in case of:</u>

(i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or

(ii) 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:

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.

3.22 **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.

3.23 **Non-Current Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.24 **Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

4 **COVID-19 Regulatory Package**

On March 11, 2020, the World Health Organisation declared the novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world. In India, from March 25, 2020 to May 31, 2020, the central government declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020, the Corporation has offered a moratorium on the payment of instalments falling due between March 1, 2020 and May 31, 2020 (‘moratorium period’) to eligible borrowers.

There remains a high level of uncertainty about the duration of the lockdown and the time required for life and business operations to normalise. The extent to which the COVID-19 pandemic will impact the Corporation’s business and financial statement is at this juncture, dependent on future developments, which are highly uncertain.

5. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Cash on hand	**0.14**	0.44
(ii) Balances with banks:		
- In Current Accounts	**3,110.38**	277.71
(iii) Cheques, drafts on hand	**31.36**	82.65
Total	**3,141.88**	**360.80**

5.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Corporation, and earn interest at the respective short-term deposit rates.

6. Bank Balances Other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) In other Deposit accounts		
- Original maturity more than 3 months	**167.14**	1,094.20
(ii) Earmarked balances with banks		
- Unclaimed Dividend Account	**24.60**	26.91
- Towards Guarantees Issued by Banks	**0.69**	0.59
- Other - Against Foreign Currency Loans [Refer Note 19.2]	**91.38**	113.76
Total	**283.81**	**1,235.46**

6.1 Fixed deposit placed with banks earns interest at fixed rate or floating rates.

7. **Derivative Financial Instruments**

The Corporation enters into derivatives for risk management purposes. Derivatives held for risk management purposes as of these reporting dates, meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency derivatives:						
- Forwards	12,391.25	485.00	-	3,176.82	7.42	100.71
- Currency swaps	18,269.88	2,079.45	60.10	12,826.93	311.73	63.93
- Options purchased (net)	11,007.12	856.31	-	6,757.73	122.20	0.11
Subtotal (i)	**41,668.25**	**3,420.76**	**60.10**	**22,761.48**	**441.35**	**164.75**
(ii) Interest rate derivatives						
- INR Interest Rate Swaps	65,100.00	2,288.52	-	55,650.00	962.00	-
- USD Interest Swaps	12,750.40	-	260.57	-	-	-
- Others				-	-	-
Subtotal (ii)	**77,850.40**	**2,288.52**	**260.57**	**55,650.00**	**962.00**	**-**
Total Derivative Financial Instruments (i)+(ii)	**1,19,518.65**	**5,709.28**	**320.67**	**78,411.48**	**1,403.35**	**164.75**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
- Currency derivatives	-	-	-	-	-	-
- Interest rate derivatives	65,100.00	2,288.52	-	55,650.00	962.00	-
Subtotal (i)	**65,100.00**	**2,288.52**	**-**	**55,650.00**	**962.00**	**-**
(ii) Cash flow hedging:						
- Currency derivatives	41,668.25	3,420.76	60.10	22,761.48	441.35	164.75
- Interest rate derivatives	12,750.40	-	260.57	-	-	-
Subtotal (ii)	**54,418.65**	**3,420.76**	**320.67**	**22,761.48**	**441.35**	**164.75**
(iii) Undesignated Derivatives						
- Currency Swaps	-	-	-	-	-	-
- Forwards	-	-	-	-	-	-
Subtotal (iii)	**-**	**-**	**-**	**-**	**-**	**-**
Total Derivative Financial Instruments (i)+(ii)+(iii)	**1,19,518.65**	**5,709.28**	**320.67**	**78,411.48**	**1,403.35**	**164.75**

* Notional amounts of the respective currencies have been converted as at March 31, 2020 and March 31, 2019 exchange rate.

7.1 The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7.2 Refer Note 44.6.1 for Foreign currency risk.

Notes forming part of the standalone financial statements (Continued)

8. Trade Receivables

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Receivables considered good - Unsecured	**230.23**	186.87
Receivables which have significant increase in Credit Risk	**-**	-
	230.23	186.87
Less: Provision for Expected Credit Loss	**0.17**	0.01
Total	**230.06**	186.86

8.1 Trade Receivables includes amounts due from the related parties ₹ **118.22 Crore** (Previous Year ₹ 122.04 Crore) [Refer Note 43].

No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

9. Loans

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Loans (Amortised Cost)		
Individual Loans	**3,25,889.21**	2,88,788.92
Corporate Bodies	**1,18,165.46**	1,10,915.00
Others	**6,814.71**	6,873.17
Staff Loans	**33.38**	29.97
Total – Gross (A)	**4,50,902.76**	4,06,607.06
Less: Impairment loss allowance (Expected Credit Loss)	**10,959.48**	5,847.43
Total – Net (A)	**4,39,943.28**	4,00,759.63
(a) Secured by tangible assets	**4,28,031.07**	3,90,099.06
(b) Secured by intangible assets	**9,068.14**	9,079.19
(c) Covered by bank and government guarantee	**930.75**	1,169.59
(d) Unsecured	**12,872.80**	6,259.22
Total – Gross (B)	**4,50,902.76**	4,06,607.06
Less: Impairment loss allowance (Expected Credit Loss)	**10,959.48**	5,847.43
Total – Net (B)	**4,39,943.28**	4,00,759.63
(I) Loans in India		
(i) Public Sector	**1,142.63**	1,385.99
(ii) Other than Public Sector	**4,49,760.13**	4,05,221.07
Total – Gross (C)(I)	**4,50,902.76**	4,06,607.06
Less: Impairment loss allowance (Expected Credit Loss)	**10,959.48**	5,847.43
Total – Net (C)(I)	**4,39,943.28**	4,00,759.63
(II) Loans outside India	**-**	-
Less: Impairment loss allowance (Expected Credit Loss)	**-**	-
Total – Net (C)(II)	**-**	-
Total (C) (I) and (II)	**4,39,943.28**	4,00,759.63

9 (a) **Loans details**

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at 31 March 2020				
Individual Loans	3,22,593.17	1,847.74	1,448.29	**3,25,889.21**
Corporate Bodies	1,16,260.68	2,549.59	(644.80)	**1,18,165.47**
Others	6,597.82	216.89	-	**6,814.71**
Staff Loans	33.38	-	-	**33.38**
Total	**4,45,485.05**	**4,614.22**	**803.49**	**4,50,902.76**
As at 31 March 2019				
Individual Loans	2,86,073.48	1,477.04	1,238.40	**2,88,788.92**
Corporate Bodies	1,09,768.46	1,743.51	(596.97)	**1,10,915.00**
Others	6,746.49	126.68	-	**6,873.17**
Staff Loans	29.97	-	-	**29.97**
Total	**4,02,618.40**	**3,347.23**	**641.43**	**4,06,607.06**

9 (b) Loans granted by the Corporation are secured or partly secured by one or a combination of the following securities;

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

9 (c) Loans including Installment and Interest outstanding due from the directors amounts to ₹ **0.02 Crore** (Previous Year ₹ 0.04 Crore) and other related parties ₹ **4.63 Crore** (Previous Year ₹ 112.79 Crore) [Refer Note 43].

9 (d) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is **Nil** (Previous Year Nil).

9 (e) Loans including Installment and Interest outstanding amounts to ₹ **467.16 Crore** (Previous Year ₹ 447.20 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

9 (f) **Expected Credit Loss**

Expected Credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are:

- Probability of Default (PD): represents the likelihood of default over a defined time horizon.
- Exposure at Default (EAD): represents the gross exposure at the time of default.
- Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others. Delinquency buckets have been considered as the basis for the staging of all loans with:

- 0-30 days past due loans
- 31-90 days past due loans classified as stage 2 and
- > 90 days past due loans classified as stage 3

EAD is the total amount outstanding including accrued interest as on the reporting date. The ECL is computed as a product of PD, LGD and EAD.

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, Inflation, Housing price index, Lending rate (repo rate) and the equity indices were analysed for their correlations. The correlation was minimal and consequently the same was not considered in the ECL framework.

COVID-19 - Further, the Corporation has also evaluated its individual and non-individual portfolio to determine any specific category of customers which may reflect higher credit losses (e.g. based on specific sectors) or where the recoveries may be affected due to potential reduction in valuation of the collaterals (e.g. type of collateral, customers where recoveries were expected through realisation of collaterals only etc.). Basis such determination, the Corporation has recognised provisions as management overlay for specific categories of customers identified or recognised additional provisions for specific customers where provisions were originally recognised based on recoverable value of underlying collaterals, as applicable.

Ageing of accounts opting for moratorium and moving into Stage 3 (based on days past due status as of March 31, 2020) has been determined with reference to position as of February 29, 2020.

9.1 **Individual Loans**

9.1.1 **Credit quality of assets**

For the purpose of computing Probability of Default (PD), the Corporation classifies all individual loans at amortized cost and has assessed it at the collective pool level.

The individual loan book has been divided into the following segments –

- housing and non-housing

- salaried and self employed

- geographical location (north, east, west and south)

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans).

The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The Individual Loans portfolio has been considered together for the LGD computation.

9.2 **Corporate Lending**

9.2.1 **Credit quality of assets**

Measurement of ECL for stage 1 and certain stage 2 non individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into: i) Corporate Finance ii) Construction Finance iii) Lease Rental Discounting iv) Inter-Corporate Deposits. Certain loans classified as stage 2 and all the loans classified as stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The 12-month PD has been applied on stage 1 loans. The PD term structure i.e. Lifetime PD has been applied on the stage 2 loans according to the repayment schedule for stage 2 loans and PD is considered to be 100% for stage 3 loans. PD has been separately calculated for each segment as described above.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Corporation has identified certain non individual accounts as Watch List under Stage 2 based on the following criteria.

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments.
- Security cover is insufficient for repayment of loans.

- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

9.3 **ECL Provision**

In addition to the management overlays described above in relation to the impact of COVID-19, during the year, the management has recognised additional provisions towards overlay in relation to specific categories of individual customers e.g. customers associated with incomplete projects, impact of reduction in collateral value associated with specific Stage 3 customers, customers associated with projects covered by subvention schemes etc.

Further, during the year, the Corporation has also applied point in time method for determining probability of default in relation to computation of provision under expected credit loss model for non-individual customers.

9.4 **An analysis of changes in the gross carrying amount of loans and the corresponding ECL allowances in relation to loans are, as follows:**

₹ in Crore

Particulars	**2019-20**				2018-19			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,83,260.55	17,638.23	5,708.28	**4,06,607.06**	3,41,842.52	16,273.85	4,695.04	**3,62,811.41**
Increase in EAD - new assets originated or purchased / further increase in existing assets [Net]	1,38,929.94	1,342.74	564.02	**1,40,836.70**	1,36,924.98	675.82	444.92	**1,38,045.72**
Assets repaid in part or full (excluding write offs) [Net]	(66,288.21)	(2,607.16)	(2,523.76)	**(71,419.13)**	(63,966.62)	(2,919.41)	(1,556.59)	**(68,442.62)**
Assets Derecognised (Loans Assigned)	(24,127.25)	-	-	**(24,127.25)**	(25,150.00)	-	-	**(25,150.00)**
Assets written off	-	-	(994.62)	**(994.62)**	-	-	(657.45)	**(657.45)**
Transfers to Stage 1	2,028.23	(1,736.57)	(291.66)	-	3,854.84	(3,632.75)	(222.09)	-
Transfers to Stage 2	(16,131.88)	16,310.36	(178.48)	-	(9,136.67)	9,673.65	(536.98)	-
Transfers to Stage 3	(1,806.95)	(6,153.14)	7,960.09	-	(1,108.50)	(2,432.93)	3,541.43	-
Gross carrying amount closing balance	**4,15,864.43**	**24,794.46**	**10,243.87**	**4,50,902.76**	**3,83,260.55**	**17,638.23**	**5,708.28**	**4,06,607.06**

9.5 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2019-20				2018-19			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	240.89	3,134.84	2,471.70	**5,847.43**	181.10	3,293.73	1,955.72	**5,430.55**
ECL Remeasurements due to changes in EAD / assumptions [Net]	844.70	3,345.10	1,916.87	**6,106.67**	(147.25)	866.86	354.72	**1,074.33**
Assets written off	-	-	(994.62)	**(994.62)**	-	-	(657.45)	**(657.45)**
Transfers to Stage 1	131.06	(104.28)	(26.78)	-	832.30	(808.96)	(23.34)	-
Transfers to Stage 2	(821.90)	840.44	(18.54)	-	(621.73)	705.72	(83.99)	-
Transfers to Stage 3	(48.63)	(1,465.81)	1,514.44	-	(3.53)	(922.51)	926.04	-
ECL closing balance	**346.12**	**5,750.29**	**4,863.07**	**10,959.48**	**240.89**	**3,134.84**	**2,471.70**	**5,847.43**

The Expected Credit Loss (ECL) shown above is computed on the Exposure At Default (EAD) which comprises of the Gross Carrying Amount adjusted for the following amounts:

₹ in Crore

Particulars	**As on March 31, 2020**	As on March 31, 2019
EMI / Interest Amounts Received in Advance	**(195.51)**	(180.58)
Undisbursed Loan Component (after applying Credit Conversion Factor)	**20,211.37**	19,695.60
Financial Guarantees	**384.86**	534.98

9.6 Summary of Impairment loss allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2020	346.12	5,750.29	4,863.07	10,959.48
March 31, 2019	240.89	3,134.84	2,471.70	5,847.43

Stage 1 - Loss allowance measured at 12 month expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

9.7 Concentration of Exposure

₹ in Crore

Particulars	**As on March 31, 2020**	As on March 31, 2019
Total Loans to twenty largest borrowers *	**52,099.32**	41,041.96
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**11.05%**	9.59%

* Loans (principal outstanding, accrued interest, undrawn loan commitment, financial guarantees and inter corporate deposits) outstanding as on date has been considered for the computation of concentration of exposure.

10. INVESTMENTS

₹ in Crore

Investments	As at March 31, 2020						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at FVTPL			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Fund	-	-	24,038.19	-	24,038.19	-	24,038.19
Government securities $	14,268.27	-	-	-	-	-	14,268.27
Equity Shares	-	4,952.21	603.76	-	5,555.97	-	5,555.97
Preference Shares	3.18	-	0.78	-	0.78	-	3.96
Debentures	423.62	101.30	34.58	-	135.88	-	559.50
Subsidiaries - Equity Shares	-	-	-	-	-	4,910.17	4,910.17
Subsidiaries - Debentures	-	-	96.33	-	96.33	-	96.33
Subsidiaries - Venture Fund	-	-	-	-	-	332.48	332.48
Associates - Equity Shares	-	-	-	-	-	14,206.21	14,206.21
Pass-through Certificates	22.57	-	-	-	-	-	22.57
Security Receipts	-	-	176.13	-	176.13	-	176.13
Investment in Units of Venture Capital Fund	-	-	775.21	-	775.21	-	775.21
Total – Gross (A)	14,717.64	5,053.51	25,724.98	-	30,778.49	19,448.86	64,944.99
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	14,717.64	5,053.51	25,724.98	-	30,778.49	19,448.86	64,944.99
Total (B)	14,717.64	5,053.51	25,724.98	-	30,778.49	19,448.86	64,944.99
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.62	-	-	-	-	-	0.62
Total – Net (D) = (A)-(C)	14,717.02	5,053.51	25,724.98	-	30,778.49	19,448.86	64,944.37

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

* Others includes Investment in subsidiaries and associates which have been carried at cost.

₹ in Crore

Investments	As at March 31, 2019						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at FVTPL			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	15,425.81	-	15,425.81	-	15,425.81
Government Securities$	10,457.45	-	-	-	-	-	10,457.45
Equity Shares	-	221.93	1,145.99	-	1,367.92	-	1,367.92
Preference Shares	-	-	0.45	-	0.45	-	0.45
Debentures	396.31	356.98	19.96	-	376.94	-	773.25
Subsidiaries - Equity Shares	-	-	-	-	-	2,745.12	2,745.12
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Venture Fund	-	-	-	-	-	323.95	323.95

₹ in Crore

Investments	As at March 31, 2019						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at FVTPL			
Associates - Equity Shares	-	-	-	-	-	14,119.50	14,119.50
Pass-through Certificates	27.32	-	-	-	-	-	27.32
Security Receipts	-	-	221.69	-	221.69	-	221.69
Investment in Units of Venture Capital Fund	-	-	711.42	-	711.42	-	711.42
Total – Gross (A)	**10,881.08**	**578.91**	**17,525.32**	**-**	**18,104.23**	**17,255.57**	**46,240.88**
(i) Investments outside India	-	-	-		-		-
(ii) Investments in India	10,881.08	578.91	17,525.32	-	18,104.23	17,255.57	46,240.88
Total (B)	**10,881.08**	**578.91**	**17,525.32**	**-**	**18,104.23**	**17,255.57**	**46,240.88**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.53	-	-	-	-	-	0.53
Total – Net (D) = (A)-(C)	**10,880.55**	**578.91**	**17,525.32**	**-**	**18,104.23**	**17,255.57**	**46,240.35**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

* Others includes Investment in subsidiaries and associates which have been carried at cost.

Note 10.1 GRUH Finance Limited

In view of the scheme of amalgamation filed by GRUH Finance Limited ("GRUH"), a Subsidiary of the Corporation, and Bandhan Bank Limited ("Bandhan") and the subsequent directive by the Reserve Bank of India to the Corporation to hold not more than 9.9% of the share capital of Bandhan post merger, the Corporation sold the shares of the GRUH during the period, and the Corporation's shareholding in GRUH was reduced to 38% on August 30,2019, accordingly the same was classified as an associate company. The effective date of the merger of GRUH into and with Bandhan Bank Limited (Bandhan Bank) was October 17, 2019. The Corporation was allotted 15,93,63,149 shares aggregating 9.90% of the total issued share capital of Bandhan. On derecognition of investment in GRUH, the Corporation has recorded a fair value gain of ₹ 9,019.81 Crore through the Statement of Profit and Loss.

Note 10.2 HDFC ERGO Health Insurance Limited

Pursuant to receipt of approvals from Reserve Bank of India, Insurance Regulatory and Development Authority of India and Competition Commission of India, the Corporation has, on January 9, 2020, acquired 51.16% of the equity share capital of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) consequently the same became subsidiary of the Corporation.

Further, the Corporation has initiated necessary steps of merger of HDFC ERGO Health Insurance Ltd (HDFC ERGO Health) and HDFC ERGO General Insurance Company Ltd (HDFC ERGO), subsidiary of the Corporation, subject to approval of the National Company Law Tribunal, Mumbai.

HDFC ERGO Health Insurance Limited would be merged with HDFC ERGO General Insurance Company Limited, subject to the approval of the National Company Law Tribunal, Mumbai.

Note 10.3 Debt Asset Swap

During the year, the Corporation has entered into debt assets swap, wherein the gross carrying amount of the financial and non financial assets taken over as at March 31, 2020 stood at ₹ **62.47 Crore** (Previous Year ₹ Nil) and ₹ **847.57 Crore** (Previous Year ₹ Nil) respectively, the properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. The properties are either for the Corporation's own use or being held for capital appreciation, which the Corporation will dispose of at an appropriate time and in accordance with the applicable regulations.

11. Other Financial Assets

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	**37.62**	36.78
Receivables on Assigned Loans*	**1,332.09**	1,105.84
Amounts Receivable on swaps and other derivatives	**1,380.48**	1,428.88
Inter Corporate Deposits	**29.38**	1,038.32
Receivables on Sale of Investments	**-**	316.00
Total Gross	**2,779.57**	**3,925.82**
Less: Impairment loss allowance (Expected Credit Loss)	**37.56**	31.48
Total Net of Expected Credit Loss	**2,742.01**	**3,894.34**

* Retained interest and servicing assets

11.1 Inter Corporate Deposits

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Secured by tangible assets	**-**	-
(b) Secured by intangible assets	**-**	891.22
(c) Covered by bank and government guarantee	**-**	-
(d) Unsecured	**29.38**	147.10
Total Gross	**29.38**	**1,038.32**
Less: Impairment loss allowance (Expected Credit Loss)	**29.38**	27.82
Total Net of Expected Credit Loss	**-**	**1,010.50**

11.2 Inter Corporate Deposits are secured or partly secured by one or a combination of the following securities:

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

12. Taxes on Income

12.1 Current Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax (Net of Provision)	**3,101.78**	2,750.18
Total	**3,101.78**	**2,750.18**

12.2 Deferred Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets (Net)	**1,567.94**	830.91
Net Deferred Tax Asset	**1,567.94**	**830.91**

12.2.1 Movement in Deferred Tax Assets/Liabilities

₹ in Crore

Particulars	As at March 31, 2019	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2020
Property, plant and equipment	(50.67)	29.43	-	29.43	(21.24)
Expected credit losses	1,800.50	484.29	-	484.29	2,284.79
Provisions other than those pertaining to Expected credit loss	72.69	(22.52)	-	(22.52)	50.17
Financial assets at fair value through profit or loss	(100.64)	(862.79)	-	(862.79)	(963.43)
Financial assets at FVOCI	63.40	-	672.65	672.65	736.05
Remeasurements of employee benefits through OCI	1.00	-	1.96	1.96	2.96
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(574.70)	(51.41)	-	(51.41)	(626.11)
Effect of foreign exchange transactions and translations	(115.23)	147.96	72.02	219.98	104.75
Income recognition on NPA cases	(265.44)	265.44	-	265.44	0.00
Total	**830.91**	**(9.60)**	**746.63**	**737.03**	**1,567.94**

12.2.1 **Movement in Deferred Tax Assets/Liabilities (Previous Year)**

₹ in Crore

Particulars	As at March 31, 2018	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2019
Property, plant and equipment	(51.71)	1.04	-	1.04	(50.67)
Expected credit losses	1,649.70	150.80	-	150.80	1,800.50
Provisions other than those pertaining to Expected credit loss	63.58	9.11	-	9.11	72.69
Financial assets at fair value through profit or loss	(43.71)	(56.93)	-	(56.93)	(100.64)
Financial assets at FVOCI	22.41	-	40.99	40.99	63.40
Remeasurements of employee benefits through OCI	0.38	-	0.62	0.62	1.00
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(291.48)	(283.22)	-	(283.22)	(574.70)
Effect of foreign exchange transactions and translations	(115.23)	-	-	-	(115.23)
Income recognition on NPA cases	(265.44)	-	-	-	(265.44)
Total	**968.50**	**(179.20)**	**41.61**	**(137.59)**	**830.91**

12.3 **Income Tax recognised in profit or loss**

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax		
In respect of the current year	**2,571.68**	3,307.11
Deferred Tax		
In respect of the current year	**9.59**	179.20
Total Income tax expense recognised in the current year relating to continuing operations	**2,581.27**	3,486.31

12.3.1 The Corporation has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Corporation has recognised provision for income tax and re-measured its deferred tax assets (including re-measuring the opening balance as at April 1, 2019 and has taken a charge of ₹ 237.67 Crore relating to the same) basis the rate provided in the said section.

12.3.2 The evaluation of uncertain tax positions involves an interpretation of relevant tax laws which could be subject to challenge by the tax authorities and an assessment of whether the tax authorities will accept the position taken. The Corporation does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk resulting in a material adjustment within the next financial year. (Refer Note 40.2)

12.3.3 **Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:**

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Standalone Profit before tax	**20,350.92**	13,118.77
Income tax expense calculated at **25.168%** (Previous Year 34.944%)	**5,121.92**	4,584.22
Effect of expenses that are not deductible in determining taxable profit	**174.09**	127.63
Effect of incomes which are taxed at different rates	**(1,430.36)**	(387.10)
Effect of incomes which are exempt from tax	**(1,158.12)**	(395.09)
Effect on deferred tax balances due to the changes in income tax rate	**237.67**	-
Deduction under Section 36(1)(viii) of the Income tax Act, 1961	**(363.93)**	(443.44)
Others	-	0.09
Income tax expense recognised in statement of profit and loss	**2,581.27**	3,486.31
Effective tax rate (%)	**12.68%**	26.57%

The tax rate used for the reconciliations above is the corporate tax rate of **25.168%** (Previous Year 34.944%) for the year 2019-20 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

13. Investment Property

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount	**348.48**	403.62
Additions	**344.83**	7.97
Disposal	**(22.26)**	(57.61)
Transfer to Fixed Assets	**(9.51)**	(5.50)
Closing gross carrying amount	**661.54**	348.48
Accumulated Depreciation		
Opening accumulated depreciation	**14.16**	8.49
Depreciation charge	**8.73**	7.83
Depreciation on Sale	**(1.03)**	(2.07)
Transfer to Fixed Assets	**(0.44)**	(0.09)
Closing Accumulated Depreciation	**21.42**	14.16
Accumulated Impairment		
Opening accumulated Impairment	**13.00**	-
Impairment charge	**8.65**	13.00
Closing Accumulated Impairment	**21.65**	13.00
Net carrying amount Investment Property	**618.47**	321.32
Investment Property - work in progress	**271.96**	-
Investment Property - including work in progress	**890.43**	321.32

Note: Refer Note 10.3 for Debt Asset Swap

13.1 **Fair Value**

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties (Excluding work in progress)	**964.40**	698.31

The fair value of the Corporation's investment properties as at March 31, 2020 and March 31, 2019 has been arrived at on the basis of a Internal Valuation (Level 3).

13.2 **Ind AS 116 Leases for the year ended 31 March 2020**

The Corporation leases out its investments properties. The Corporation has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets.

Rental Income recognised by the Corporation during the year ended 31 March 2020 in respect of Investment Properties amount to ₹ 44.76 Crore.

The Following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

₹ in Crore

Particulars	As at March 31, 2020
Less than one year	**48.59**
Between one and two years	**44.21**
Between two and three years	**34.46**
Between three and four years	**25.16**
Between four and five years	**14.94**
More than five years	**10.68**
Total	**178.04**

13.3 **Ind AS 17 Leases for the year ended 31 March 2019**

During the previous year Income from Leases includes ₹ 39.69 Crore in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Particulars	As at March 31, 2019
Within one year	36.89
Later than one year but not later than 5 years	75.60
Later than 5 years	8.72
Total	**121.21**

14. Property, Plant and Equipment

Year ended March 31, 2020

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Land :												
Freehold	15.67	84.96			**100.63**	-	-		-	**-**	**100.63**	15.67
Right of use - Land	349.55				**349.55**	17.76	8.88		-	**26.64**	**322.91**	331.79
Buildings :												
Own Use	199.28	53.78	9.51	0.04	**262.53**	9.55	6.06	0.44	0.01	**16.04**	**246.49**	189.73
Leasehold Improvements	28.90	7.30		0.58	**35.62**	8.74	5.46		0.58	**13.62**	**22.00**	20.16
Right of use - Buildings *	-	268.36		5.63	**262.73**	-	69.06		0.79	**68.27**	**194.46**	-
Computer Hardware	41.33	25.51		5.46	**61.38**	16.44	12.49		5.45	**23.48**	**37.90**	24.89
Furniture and Fittings												
Own Use	29.09	4.48		2.25	**31.32**	5.58	4.43		2.16	**7.85**	**23.47**	23.51
Office Equipment etc.:												
Own Use	32.76	5.57		2.04	**36.29**	5.53	5.47		1.96	**9.04**	**27.25**	27.23
Vehicles	13.66	3.96		2.01	**15.61**	2.41	3.86		1.65	**4.62**	**10.99**	11.25
	710.24	453.92	9.51	18.01	**1,155.66**	66.01	115.71	0.44	12.60	**169.56**	**986.10**	644.23

* Right of use assets addition includes, ₹ 198.75 Crore on account of transition impact of Ind AS 116, which is effective from 1 April 2019.

Previous Year ended March 31, 2019

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at April 1, 2018	Additions	Adjustments	Deductions	As at March 31, 2019	As at April 1, 2018	For the Year	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2019	As at April 1, 2018
Land :												
Freehold	15.67	-	-	-	15.67	-	-	-	-	-	15.67	15.67
Leasehold	349.55	-	-	-	349.55	8.88	8.88	-	-	17.76	331.79	340.67
Buildings :												
Own Use	192.76	0.76	5.50	0.01	199.01	4.56	4.64	0.09	0.01	9.28	189.73	188.20
Leasehold Improvements	19.43	10.36	-	0.89	28.90	4.08	5.53	-	0.87	8.74	20.16	15.35
Computer Hardware	29.30	14.42	-	2.39	41.33	7.46	11.37	-	2.39	16.44	24.89	21.84
Furniture and Fittings												
Own Use	24.92	5.73	-	1.56	29.09	2.97	4.08	-	1.47	5.58	23.51	21.95
Office Equipment etc.:												
Own Use	28.86	6.48	-	2.58	32.76	2.94	5.04	-	2.45	5.53	27.23	25.92
Vehicles	11.65	4.87	-	2.86	13.66	1.54	3.55	-	2.68	2.41	11.25	10.11
	672.14	42.62	5.50	10.29	709.97	32.43	43.09	0.09	9.87	65.74	644.23	639.71

15. Other Intangible Assets

Year ended March 31, 2020

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer Software	11.93	9.48	-	-	**21.41**	4.83	3.73	-	-	**8.56**	**12.85**	7.10
Non Compete Fees	-	10.92	-	-	**10.92**	-	10.92	-	-	**10.92**	**-**	-
Development Right	-	350.00	-	-	**350.00**	-	-	-	-	**-**	**350.00**	-
	11.93	370.40	-	-	**382.33**	4.83	14.65	-	-	**19.48**	**362.85**	7.10

Previous Year ended March 31, 2019

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2018	For the Year	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computer Software	7.01	4.92	-	-	11.93	2.22	2.61	-	-	4.83	7.10	4.79
	7.01	4.92	-	-	11.93	2.22	2.61	-	-	4.83	7.10	4.79

16. Other Non-Financial Assets

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured; considered good		
Capital Advances	**66.72**	59.06
Other Advances	**96.58**	70.67
Prepaid Expenses	**26.49**	14.23
Total Gross	**189.79**	**143.96**
Less: Provision for Expected Credit Loss (ECL)	**0.02**	0.94
Total Net of ECL	**189.77**	**143.02**

16.1 Other Advances includes amounts due from the related parties ₹ **14.88 Crore** (Previous Year ₹ 11.31 Crore) [Refer Note 43].

17. Payables

17.1 Trade Payables

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	**3.90**	1.47
Total outstanding dues of creditors other than micro enterprises and small enterprises	**192.90**	188.70

17.1.1 The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Corporation. The amount of principal and interest outstanding during the year is given below:

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
a) Principal amount and the interest due thereon	**3.90**	1.47
b) The amount of interest paid	**-**	-
c) Amounts paid after appointed date during the year	**0.03**	-
d) Amount of interest accrued and unpaid as at year end	**-**	-
e) The amount of further interest due and payable even in the succeeding year	**-**	-
Total	**3.93**	**1.47**

17.1.2 Trade Payables includes ₹ **55.40 Crore** (Previous Year ₹ 62.21 Crore) due to related parties [Refer Note 43].

17.2 Other Payables

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-

18. Debt Securities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Bonds - Secured	**20.10**	27.35
Non Convertible Debentures - Secured	**1,42,033.78**	1,29,290.46
Synthetic Rupee Denominated Bonds - Unsecured	**6,100.00**	11,100.00
Commercial Papers - Unsecured	**28,715.38**	37,185.70
Total of Debt Securities (A)	**1,76,869.26**	1,77,603.51
Less: Unamortised borrowing cost	**(0.55)**	(36.60)
Debt Securities net of unamortised borrowing cost	**1,76,868.71**	1,77,566.91
Debt securities in India	**1,70,769.26**	1,66,503.51
Debt securities outside India	**6,100.00**	11,100.00
Total of Debt Securities (B)	**1,76,869.26**	1,77,603.51
Less: Unamortised borrowing cost	**(0.55)**	(36.60)
Total of Debt Securities net of unamortised borrowing cost	**1,76,868.71**	1,77,566.91

Refer Note 44.3 for Categories of Financial Instruments

18.1 All secured debts are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirements under Section 29B of the National Housing Bank Act, 1987.

18.2 Non-Convertible Debentures includes ₹ **2,430.80 Crore** (Previous Year ₹ 1,901.80 Crore) from related parties [Refer Note 43].

18.3 The Corporation has raised ₹ **11,100 Crore** through Rupee Denominated Bonds to overseas investors till date, in accordance with the RBI guidelines, the outstanding as at March 31, 2020 is ₹ **6,100 Crore**. The Corporation was the first Indian corporate issuer of such bonds.

The Corporation had established a Medium Term Note Programme (MTN Programme) for **USD 2,800 mn** so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approval.

During the year, the Corporation raised **Nil** (Previous Year ₹ 1,500 Crore) through issue of Rupee Denominated Bonds under the MTN Programme through the approval route. The Corporation shall finance eligible projects and borrowers as permitted by the external commercial borrowing guidelines issued by Reserve Bank of India (RBI) regulations.

The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

18.4 Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	**7.70**	**12.40**	**-**	**-**	**20.10**
Non Convertible Debentures					
6.77% - 8.00%	8,500.00	26,395.00	8,245.00	7,005.00	50,145.00
8.01% - 10.00%	23,474.00	12,020.00	7,835.00	34,788.75	78,117.75
10.01% - 11.95%	6,300.00	-	-	4,545.00	10,845.00
Zero Coupon Bonds	-	500.00	-	-	500.00
Total	**38,274.00**	**38,915.00**	**16,080.00**	**46,338.75**	**1,39,607.75**
Synthetic Rupee Denominated Bonds					
6.73% - 8.75%	3,300.00	2,300.00	500.00	-	6,100.00
Debt Securities	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Commercial Papers					
5.73% - 7.00%	21,241.59	-	-	-	21,241.59
7.01% - 8.00%	7,473.79	-	-	-	7,473.79
8.01% - 9.00%	-	-	-	-	-
Total	**28,715.38**	**-**	**-**	**-**	**28,715.38**
Total Debt Securities	**70,297.08**	**41,227.40**	**16,580.00**	**46,338.75**	**1,74,443.23**

Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2019

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	-	14.95	12.40	-	27.35
Non Convertible Debentures					
6.96% - 8.00%	15,023.00	8,500.00	720.00	3,000.00	27,243.00
8.01% - 10.00%	13,640.00	32,629.00	4,600.00	32,376.75	83,245.75
10.01% - 11.95%	2,893.00	10,660.00	-	-	13,553.00
Zero Coupon Bonds	3,800.00	500.00	-	-	4,300.00
Total	**35,356.00**	**52,289.00**	**5,320.00**	**35,376.75**	**1,28,341.75**
Synthetic Rupee Denominated Bonds					
6.73% - 8.75%	5,000.00	4,300.00	1,800.00	-	11,100.00
Debt Securities	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Commercial Papers					
7.01% - 8.00%	7,281.47	-	-	-	7,281.47
8.01% - 9.00%	29,904.23	-	-	-	29,904.23
Total	**37,185.70**	**-**	**-**	**-**	**37,185.70**
Total Debt Securities	**77,541.70**	**56,603.95**	**7,132.40**	**35,376.75**	**1,76,654.80**

19. Borrowings (Other Than Debt Securities) - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Term Loans from Banks - Secured		
Scheduled Banks	**67,047.59**	47,162.72
Term Loans from other parties - Secured		
Asian Development Bank	**211.59**	255.79
National Housing Bank	**14,377.00**	9,119.38
Others	**-**	-
	81,636.18	56,537.89
Term Loans from Banks - Unsecured		
Scheduled Banks	**5,846.28**	6,543.10
External Commercial Borrowing - Low Cost Affordable Housing	**17,512.20**	14,586.55
	23,358.48	21,129.65
Total Borrowings (A)	**1,04,994.66**	77,667.54
Less: Unamortised borrowing cost	**(86.02)**	(119.00)
Net Borrowings net of unamortised borrowing cost	**1,04,908.64**	77,548.54
Borrowings in India	**87,270.87**	62,825.20
Borrowings outside India	**17,723.79**	14,842.34
Total of Borrowings (B)	**1,04,994.66**	77,667.54
Less: Unamortised borrowing cost	**(86.02)**	(119.00)
Net Borrowings net of unamortised borrowing cost	**1,04,908.64**	77,548.54

19.1 All secured borrowings are secured by negative lien on the assets of the Corporation, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

19.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

In respect of tranche 3 of USD 40 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 Crore by way of a term loan and ₹ 100 Crore through the issue of bonds which have been subscribed by the bank.

The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

19.3 The Corporation had outstanding External Commercial Borrowing (ECBs) of USD 1,825 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity upto five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward/option contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts for part of foreign currency borrowings.

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

19.4 As on March 31, 2020, the Corporation has foreign currency borrowings of **USD 4,426.85 million** and **JPY 53,200 million** (Previous Year USD 2,797.36 million and JPY 53,200 million). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of **USD 4,406.72 million** and **JPY 53,200 million** (Previous Year USD 2,670 million and JPY 53,200 million) and dollar denominated assets and foreign currency arrangements of **USD 20.13 million** (Previous Year USD 111.12 million) to hedge the foreign currency risk. As on March 31, 2020, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **Nil** (Previous Year USD 16.24 million).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **65,100 Crore** (Previous Year ₹ 55,650 Crore), Coupon Only Swaps of ₹ **1,059.38 Crore** (Previous Year Nil), USD Interest rate Swaps of ₹ **12,750.40 Crore** (Previous Year Nil) as on March 31, 2020 for varying maturities into floating rate liabilities linked to various benchmarks.

19.5 **Terms of borrowings and repayment as at March 31, 2020**

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
6.65% - 7.00%	10,675.00	-	-	-	10,675.00
7.01% - 8.00%	30,898.00	3,200.00	2,950.00	-	37,048.00
8.01% - 9.00%	1,475.00	1,000.00	-	-	2,475.00
9.01% - 9.50%	-	-	-	-	-
Fixed 2.68%-5.01%	16,849.59				16,849.59
Total	**59,897.59**	**4,200.00**	**2,950.00**	**-**	**67,047.59**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	-	211.59	-	-	211.59
National Housing Bank - Secured					
4.00% - 6.00%	551.04	1,469.46	1,448.51	890.17	4,359.18
6.01% - 8.00%	1,328.33	3,264.65	2,973.56	1,366.28	8,932.82
8.01% - 10.00%	385.50	598.00	101.50	-	1,085.00
Total	**2,264.87**	**5,332.11**	**4,523.57**	**2,256.45**	**14,377.00**
Term Loans from Banks - Unsecured					
6.65% - 7.00%	560.00	-	-	-	560.00
7.01% - 8.00%	2,600.00	-	-	-	2,600.00
Variable USD LIBOR + 72 bps - 225 bps	2,686.28				2,686.28
Total	**5,846.28**	**-**	**-**	**-**	**5,846.28**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 50 bps to 126 bps	3,783.50	4,351.03	9,377.67		17,512.20
Total Borrowings	**71,792.24**	**14,094.73**	**16,851.24**	**2,256.45**	**1,04,994.66**

Terms of borrowings and repayment as at March 31, 2019

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
8.01% - 9.00%	27,270.00	700.00	-	-	27,970.00
9.01% - 9.50%	9,930.00	2,020.00	-	-	11,950.00
Fixed 2.68%-5.01%	7,242.72	-	-	-	7,242.72
Total	**44,442.72**	**2,720.00**	**-**	**-**	**47,162.72**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	30.05	225.74	-	-	255.79
National Housing Bank - Secured					
4.00% - 6.00%	285.55	761.46	761.46	763.37	2,571.84
6.01% - 8.00%	61.55	161.09	139.77	110.40	472.81
8.01% - 10.00%	622.92	1,660.96	1,240.00	2,550.85	6,074.73
Total	**970.02**	**2,583.51**	**2,141.23**	**3,424.62**	**9,119.38**
Term Loans from Banks - Unsecured					
8.01% - 9.00%	3,100.00	1,000.00	250.00	-	4,350.00
9.01% - 9.50%	1,500.00	-	-	-	1,500.00
Variable USD LIBOR + 72 bps - 225 bps	693.10	-	-	-	693.10
Total	**5,293.10**	**1,000.00**	**250.00**	**-**	**6,543.10**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 50 bps to 126 bps	-	6,064.62	8,521.93	-	14,586.55
Total Borrowings	**50,735.89**	**12,593.87**	**10,913.16**	**3,424.62**	**77,667.54**

20. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits		
(i) Public Deposits	**87,777.91**	75,591.50
(ii) From Banks	**218.00**	115.00
(iii) From Others - Secured	**8,170.19**	0.00
(iv) From Others - Unsecured	**36,498.27**	30,174.13
Total	**1,32,664.37**	1,05,880.63
Less: Unamortised transaction cost	**(340.08)**	(281.69)
Borrowings net of unamortised cost	**1,32,324.29**	1,05,598.94

20.1 Deposits includes ₹ **191.20 Crore** (Previous Year ₹ 220 Crore) from related parties [Refer Note 43].

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

20.3 All secured deposits are secured by negative lien on the assets of the Corporation subject to the charge created in favour of its depositors pursuant to the regulatory requirements under Section 29B of the National Housing Bank Act, 1987.

21. Subordinated Liabilities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non Convertible Subordinated Debentures	**5,000.00**	5,500.00
Total	**5,000.00**	**5,500.00**
Subordinated Liabilities in India	**5,000.00**	5,500.00
Subordinated Liabilities outside India	**-**	-
Total	**5,000.00**	**5,500.00**

21.1 **Terms of borrowings and repayment:**

As at March 31, 2020 ₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.60%	1,000.00	1,000.00	3,000.00	-	5,000.00

As at March 31, 2019 ₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.60%	500.00	2,000.00	-	3,000.00	5,500.00

21.2 These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2020, **52%** (Previous Year 65.45%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

22. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued	**11,950.64**	11,790.37
Amounts payable on Assigned/Securitised Loans	**453.55**	535.35
Security and other deposits received	**37.85**	33.33
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78
Unclaimed dividend	**24.60**	26.91
Unclaimed matured deposits and interest accrued thereon	**2,006.46**	1,123.96
Lease Liability in respect of leased premises	**203.89**	-
Others	**1,211.71**	202.79
Total	**15,896.48**	**13,720.49**

22.1 As required under Section 125 of the Companies Act, 2013, the Corporation has transferred ₹ **3.92 Crore** (Previous Year ₹ 3.18 Crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2020, no amount was due for transfer to the IEPF. Further, in compliance with the said section, during the year the Corporation transferred 77,370 equity shares of ₹ 2 each (Previous Year: 73,237) corresponding to the said unclaimed dividend in the name of IEPF.

23. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Tax (Net of Advance Tax)	**192.90**	146.43
Total	**192.90**	**146.43**

24. Provisions

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	**260.54**	209.55
Total	**260.54**	**209.55**

25. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Installment / Income received in advance	**432.12**	494.27
Deferred gain on fair valuation	**1,065.75**	-
Statutory Remittances	**348.69**	233.80
Others	**119.91**	48.23
Total	**1,966.47**	**776.30**

25.1 The Corporation has invested in 100 Crore equity shares of Yes Bank Limted at ₹ 10 each on March 14, 2020. Of these, 75% of the equity shares i.e. 75 Crore shares are locked in and not permitted to be sold within 3 years from the date of acquisition. Accordingly, the gain arising on the fair valuation of such locked in shares on initial recognition has been deferred and shall be recognised over the lock in period in accordance with the requirements of the accounting standard. The gain on initial recognition for the balance 25% shares has been recognised in the statement of Profit and Loss Account. For the purposes of subsequent measurement, these shares have been designated as Fair Value Through Other Comprehensive Income.

26. Equity Share Capital

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
AUTHORISED		
228,80,50,000 (As at March 31, 2019 228,80,50,000) Equity Shares of ₹ 2 each	**457.61**	457.61
	457.61	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
173,20,51,189 (As at March 31, 2019 172,14,37,390) Equity Shares of ₹ 2 each	**346.41**	344.29
	346.41	344.29

26.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**172,14,37,390**	**344.29**	167,58,79,893	335.18
Shares allotted pursuant to exercise of stock options	**1,06,13,799**	**2.12**	95,72,626	1.91
Shares allotted pursuant to issue of shares under Conversion of Warrants into equity shares		**-**	3,59,84,871	7.20
Equity shares outstanding as at the end of the year	**173,20,51,189**	**346.41**	172,14,37,390	344.29

26.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2020 and March 31, 2019.

26.3 Terms and rights attached to equity shares:

The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

As at March 31, 2020 **5,42,81,394 shares of ₹ 2 each** (Previous Year 6,48,95,193 shares of ₹ 2 each) were reserved towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 42].

26.4 **Dividend**

During the previous year, the Board of Directors of the Corporation *inter alia*, has approved the payment of an interim dividend of ₹ 3.50 per equity share of face value of ₹ 2 each of the Corporation for the financial year 2018-19.

The Corporation has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders (including Foreign Portfolio Investors) are as under:

Particulars	**Current Year**		Previous Year	
	Interim	**Final**	Interim	Final
Year to which the dividend relates	**2019-20**	**2018-19**	2018-19	2017-18
Number of non-resident shareholders	-	**9,895**	9,621	8,775
Number of shares held by them	-	**1,29,35,59,451**	1,27,73,15,174	1,27,49,34,974
Gross amount of dividend (in ₹)	-	**22,63,72,90,393**	4,47,06,03,109	21,03,64,27,071

26.5 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at an exercise price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. During the previous year an amount of ₹ 51.10 Crore was received towards subscription of warrants. The said warrants were exercisable at any time on or before October 5, 2018. 529 warrants were not submitted for exchange with equity shares of the Corporation and the said warrants had lapsed and ceased to be valid. The amount of ₹ 14 per Warrant paid on 529 warrants stands forfeited.

26.6 The Corporation has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

27. Other Equity

₹ in Crore

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Capital Reserve	27.1	**0.04**	0.04
Securities Premium	27.2	**32,044.15**	30,661.21
Retained Earnings		**14,137.67**	11,635.24
General Reserve	27.3	**23,940.11**	15,905.51
Special Reserve I	27.4	**51.23**	51.23
Special Reserve II	27.4 & 27.5	**16,416.95**	13,016.95
Statutory Reserve	27.5	**5,227.42**	5,027.42
Shelter Assistance Reserve	27.6	**0.10**	3.21
Equity Instruments through Other Comprehensive Income		**(6,853.83)**	(170.23)
Effective portion of Cash Flow Hedges	27.7	**(180.59)**	(222.45)
Cost of Cash Flow Hedges	27.7	**18.98**	(2.44)
Employee Stock Options Reserve	27.8	**1,009.42**	1,098.06
Foreign Currency Monetary Item Translation	27.9	-	7.43
Total		**85,811.65**	**77,011.18**

27.1 **Capital Reserve:** It has been created during the Business Combinations in earlier periods.

27.2 **Securities Premium:** Securities premium account is credited when the shares are allotted at premium. It can be used to issue bonus shares, to provide for premium on redemption of debentures, write-off equity related expenses like underwriting costs, etc. in accordance with the provisions of Companies Act, 2013.

27.3 **General Reserve:** It is a free reserve which is created by appropriation from profits of the current year and/ or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

27.4 **Special Reserve (I & II)** has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation.

Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97

Special Reserve No. II relates to the amounts transferred thereafter.

27.5 **Statutory Reserve:** As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation 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 Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of **₹ 3,400 Crore** (Previous Year ₹ 1,850 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of **₹ 200 Crore** (Previous Year ₹ 100 Crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

27.6 **Shelter Assistance Reserve:** It represents funding various development and grassroot level organisations for the purposes as mentioned in Schedule VI to the Companies Act, 2013 and in accordance with the Corporation's Policy.

27.7 **Other Comprehensive Income:**

Effective portion of Cash Flow Hedge: It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Cost of Hedge: It represent the cumulative charge for the derivative instrument, in the form of premium amortisation on option contracts and forward contracts taken, designated as cash flow hedges through OCI.

Reconciliation of movements in Cash flow hedge/Cost of hedge reserve

Particulars	₹ in Crore
(i) Cash flow hedging reserve	
As at March 31, 2018	(232.36)
Add: Changes in fair value of forward/currency swap contracts	298.11
Add: Changes in intrinsic value of foreign currency options	-
Add: Changes in fair value of foreign currency loans/ECB/ADB loans	(282.88)
Less: Deferred tax relating to above (net)	(5.32)
As at March 31, 2019	**(222.45)**
Add: Changes in fair value of forward /currency swap contracts	2,071.26
Add: Changes in intrinsic value of foreign currency options	727.40
Add: Changes in fair value of foreign currency loans/ECB/ADB loans	(2,742.72)
Less: Deferred tax relating to above (net)	(14.08)
As at March 31, 2020	**(180.59)**
(ii) Cost of hedge reserve	
As at March 31, 2018	-
Deferred time value of foreign currency option contracts	(3.75)
Less: Deferred tax relating to above (net)	1.31
As at March 31, 2019	**(2.44)**
Deferred time value of foreign currency option contracts	28.62
Less: Deferred tax relating to above (net)	(7.20)
As at March 31, 2020	**18.98**

27.8 **Employee Share Option Outstanding:**

The Corporation has stock option schemes under which the eligible employees and key management personnel can exercise the stock options granted and vested in them. On such exercise of the stock options the employees are allotted the equity shares of the Corporation. The share-based payment reserve is used to recognise the value of equity-settled share-based payments.

27.9 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation had exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities, Further the Corporation has exercised option to continue the policy adopted for exchange differences arising from translation of long-term foreign currency monetary assets as per Ind AS 101 para D13AA. Consequently, an amount of ₹ **Nil** (without considering future tax benefit of ₹ Nil) [(Previous Year net credit of ₹ 7.43 Crore) (without considering future tax benefits of ₹ Nil)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2020. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 1 year.

During the year, there was a net reduction of ₹ **7.43 Crore** (Previous Year net addition of ₹ 58.14 Crore) in the Foreign Currency Monetary Items Translation Difference Account.

28. Interest Income

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Interest on Loans	**41,483.42**	37,309.28
Interest income from investments	**951.82**	733.44
Interest on deposits	**125.92**	149.95
Other interest Income (net)	**81.25**	142.51
On Financial Assets measured at FVTPL		
Interest income from investments	**4.71**	-
Total	**42,647.12**	**38,335.18**

28.1 Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance). Accordingly the total Interest Income is net of such interest on Credit Impaired Assets amounting to ₹ **199 Crore** (Previous Year ₹ 154 Crore).

29.1 Dividend Income

Dividend Income includes ₹ **204.22 Crore** (Previous Year ₹ 603.35 Crore) received from subsidiary companies and ₹ **0.06 Crore** (Previous Year ₹ 0.05 Crore) received from Investment in Equity Shares classified as fair value through other comprehensive income.
The Corporation has received dividend of ₹ **69.59 Crore** from shares derecognised during the year.

29.2 Rental Income

Income from Lease rental includes ₹ **44.76 Crore** (Previous Year ₹ 39.69 Crore) from Investment properties.

29.3 Fees and Commission Income

29.3.1 Fees and commission Income includes brokerage of ₹ **0.04 Crore** (Previous Year ₹ 0.06 Crore) received in respect of insurance/agency business undertaken by the Corporation.

29.3.2 Fees and Commission Income includes ₹ **170.20 Crore** (Previous Year ₹ 155.04 Crore) received from related parties.

29.4 **Net Gain/(Loss) on Fair Value Changes**

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain on financial instruments at fair value through profit or loss - Investments	**9,117.22**	552.12
Net gain/(loss) on financial instruments measured at amortised cost - Investments	**1.82**	(0.01)
Total Net gain/(loss) on fair value changes	**9,119.04**	552.11
Fair Value changes:		
- Realised	**44.96**	214.18
- Unrealised	**9,074.08**	337.93
Total Net gain/(loss) on fair value changes	**9,119.04**	**552.11**

29.5 **Profit on sale of Investments in subsidiaries**

29.5.1 Profit on Sale of Investments include profit of ₹ **3,523.75 Crore** (Previous Year ₹ 314.27 Crore) on sale of investment in GRUH Finance Ltd ("GRUH", Erstwhile subsidiary).

During the year, GRUH is merged with Bandhan Bank Limited, in accordance with para 22 of "Ind AS 28 - Investments in Associates and Joint Ventures", on derecognition of investment in GRUH, the Corporation has recorded a fair value gain of ₹ **9,019.81 Crore** through the Statement of Profit and Loss (Refer Note 10.1).

29.5.2 During the previous year, the Corporation has earned profit of ₹ 895.71 Crore on offering of up to 85,92,970 equity shares of ₹ 5 each of equity shares of its subsidiary, HDFC Asset Management Company Limited (HDFC AMC) by way of offer for sale in the Initial Public Offering (IPO) of HDFC AMC.

29.6 **Income on Derecognised (assigned) Loans**

The Corporation has derecognised loans (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **993.53 Crore** (Previous Year ₹ 859.99 Crore) including upfront gains of ₹ **531.55 Crore** (Previous Year ₹ 457.62 Crore).

30. Finance Costs

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Liabilities measured at Amortised Cost		
Interest on debt securities	**13,808.74**	14,017.89
Interest on borrowings	**6,645.23**	5,014.57
Interest on deposits	**9,818.99**	8,128.47
Interest on Subordinated Liabilities	**508.65**	511.12
Interest Expenses - Lease Rental Properties	**15.95**	-
Other charges	**203.80**	165.62
Total Finance Costs	**31,001.36**	**27,837.67**

30.1 The Finance cost for the year include foreign currency exchange loss of ₹ **40.43 Crore** (Previous Year ₹ 445.99 Crore), further Refer Note 44.6.1.3 Hedging Policy.

31. Impairment on Financial Instruments

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Loans	**5,907.67**	920.33
Investments	**0.09**	0.53
Others	**5.34**	14.14
Total	**5,913.10**	**935.00**

31.1 The details relating to movement in Impairment on Loans (Expected credit loss) is disclosed in note 9.5.

31.2 The above amounts are net of the interest on Credit Impaired Assets mentioned in Note 28.1.

32. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Bonus	**491.95**	430.33
Contribution to Provident Fund and Other Funds	**56.25**	49.29
Staff Training and Welfare Expenses	**31.08**	25.82
Share Based Payments to employees	**13.64**	211.09
Total	**592.92**	**716.53**

32.1 The Corporation recognised ₹ **13.13 Crore** (Previous Year ₹ 10.40 Crore) for contributions to Gratuity Fund in the Statement of Profit and Loss.

33. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent (Refer Note 33.2.2)	**0.54**	71.08
Rates and Taxes	**5.07**	5.21
Repairs and Maintenance - Buildings	**10.68**	9.33
General Office Expenses	**3.77**	3.22
Electricity Charges	**18.82**	17.31
Insurance Charges	**1.49**	1.42
Total	**40.37**	**107.57**

33.1 Direct Operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Direct operating expenses arising from investment property that generated rental income	**1.88**	2.94
2. Direct operating expenses arising from investment property that did not generate rental income	**1.11**	1.51
Total	**2.99**	**4.45**

33.2 Operating Leases

In accordance with the Indian Accounting Standard (Ind AS) 116 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired some of the office premises on operating lease basis for periods ranging from 1 year to 5 years.

On transition to Ind AS 116, the Corporation recognised right-of-use asset and lease liability. The impact on transition is summarised below:

Impact on Transition on April 1, 2019

Particulars	₹ in Crore
Right-of-use Assets presented in property and equipment	198.75
Lease Liability under Ind AS 116	198.75

33.2.1 Right of use assets

Right of use assets relates to office premises obtained on leases that are presented within Property, plants and equipments.

Particulars	₹ in Crore
Balance as at April 1, 2019	198.75
Addition for the year	69.61
Deletion during the year	(5.63)
Depreciation charge for the year (Net of deduction)	(68.27)
Balance as at March 31, 2020	194.46

When measuring lease liabilities for leases that were classified as operating leases, the Corporation discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted average rate applied is 7.70%.

Particulars	₹ in Crore
Operating lease commitments as at April 1, 2019	240.39
Right-of-use Assets recognised in property and equipment	198.75
Lease Liability under Ind AS 116	198.75

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 amounting to ₹ 198.48 Crore and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of cancellable lease period and extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

33.2.2 For the details of accounting policies under Ind AS 116 refer note 3.10 Impact of Ind AS 116 on statement of profit & loss for the period is as under.

Amount Recognised in Statement of Profit & Loss Account

Particulars	₹ in Crore
Interest on lease liabilities	15.95
Depreciation charge for the year	69.06
Total	**85.01**

Cash out flow on account of lease payment is ₹ 75.58 Crore.

The total minimum lease payments for the previous year, in respect thereof, included under Rent, amounts to ₹ 0.33 Crore as per Ind AS 17.

The Following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments after the reporting period.

₹ in Crore

Period	As at March 31, 2020	As at March 31, 2019
	Ind AS 116	Ind AS 17
Not later than one year	**66.53**	0.27
Later than one year but not later than three years	**90.53**	-
Later than three years but not later than five years	**51.02**	
Later than five years	**38.38**	-
Total	**246.46**	0.27

34. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and Conveyance	**17.90**	18.25
Printing and Stationery	**12.69**	11.60
Postage, Telephone and Fax	**35.38**	32.55
Advertising	**45.53**	35.02
Business Development Expenses	**35.42**	44.98
Loan Processing Expenses	**74.52**	59.02
Manpower Outsourcing	**67.72**	57.53
Repairs and Maintenance - Other than Buildings	**11.81**	10.47
Office Maintenance	**47.19**	41.16
Legal Expenses	**37.74**	21.59
Computer Expenses	**36.32**	31.08
Directors' Fees and Commission	**5.54**	5.16
Miscellaneous Expenses (Refer Note 34.2)	**283.89**	222.59
Auditors' Remuneration	**5.28**	4.94
Total	**716.93**	595.94

34.1 Payments to auditors

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit Fees	**2.00**	1.67
ICFR Fees	**0.35**	0.30
Limited Reviews	**1.55**	0.95
Tax Matters	**0.60**	0.75
Other Matters and Certification	**0.78**	1.20
Reimbursement of Expenses	**-**	0.07
Total	**5.28**	4.94

Auditors' Remuneration above is excluding Goods and Service Tax.

34.2 Expenditure incurred for corporate social responsibility is ₹ **211.77 Crore** (Previous Year ₹ 173.52 Crore). The amount required to be spent is ₹ **210.70 Crore** (Previous Year ₹ 166.81 Crore).

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above	211.77	-	211.77

35. Other Comprehensive Income

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(7,356.25)**	(168.06)
Remeasurements of post-employment benefit obligations	**(42.37)**	(18.35)
Total	**(7,398.62)**	(186.41)
Income tax relating to these items	**683.03**	47.41
Items that may be reclassified to profit or loss		
Deferred gains/(losses) on cash flow hedges	**55.94**	15.23
Deferred costs of hedging	**28.62**	(3.75)
Total	**84.56**	11.48
Income tax relating to these items	**(21.28)**	(4.01)
Other comprehensive income for the year, net of tax	**(6,652.31)**	(131.53)

35.1 During the previous year, the Corporation has sold Investment in Equity share classified as fair value through other comprehensive income amounting to ₹ 78.44 Crore and incurred loss of ₹ 10.17 Crore.

36. Earnings per Share:

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **17,769.65 Crore** (Previous Year ₹ 9,632.46 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **3.11 Crore** (Previous Year ₹ 14.94 Crore).

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**102.91**	56.53
Effect of outstanding Stock Options	**(0.79)**	(0.44)
Diluted Earnings Per Share	**102.12**	56.08

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows:

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**172.64**	170.15
Diluted effect of outstanding Stock Options	**1.34**	1.34
Weighted average number of shares for computation of Diluted Earnings Per Share	**173.98**	171.48

37. Segment Reporting

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'. Segment reporting is done in the Consolidated financial statements as prescribed by Ind AS 108.

38. Employee Benefit Plan

38.1 **Defined Contribution Plans**

The Corporation recognised ₹ **15 Crore** (Previous Year ₹ 14.35 Crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

38.2 **Defined Benefit Plans**

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **525.10 Crore** and ₹ **510.73 Crore** respectively (Previous Year ₹ 441.38 Crore and ₹ 440.06 Crore respectively). In accordance with an actuarial valuation, there is a deficit of ₹ **1.34 Crore** in the interest cost as the present value of the expected future earnings on the fund is less than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of **8.50%**. The actuarial assumptions include discount rate of **6.84%** (Previous Year 7.77%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.62%** (Previous Year 8.80%).

The Corporation recognised ₹ **25.01 Crore** (Previous Year ₹ 21.49 Crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Characteristics of defined benefit plan

The Corporation has a defined benefit gratuity plan in India for its employees (funded). The Corporation's gratuity plan requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Corporation is exposed to the following risks:

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching (ALM) Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Other Post Retirement Benefit Plan

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

The Principal Assumptions used for the purpose of the actuarial valuation were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.84%	7.77%
Return on Plan Assets	6.84%	7.77%
Salary Escalation	6.00%	6.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Service Cost:		
Current Service Cost	**12.42**	10.74
Interest Cost	**5.53**	4.05
Components of defined benefit costs recognised in profit or loss	**17.95**	14.79
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation for the Period	**36.44**	12.17
Return on Plan Assets, Excluding Interest Income	**5.82**	6.18
Components of defined benefit costs recognised in other comprehensive income	**42.26**	18.35
Total	**60.21**	33.14

The current service cost and the net interest expense for the year are included in the ‘Employee benefits expenses’ line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Corporation’s obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of funded / unfunded defined benefit obligation	**337.87**	284.65
Fair value of plan assets	**238.21**	213.48
Net Liability arising from defined benefit obligation	**99.66**	71.17

Notes forming part of the standalone financial statements (Continued)

Movement in the present value of the defined benefit obligation are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening defined benefit obligation	**284.65**	256.02
Current Service Cost	**12.42**	10.74
Interest Cost	**22.12**	19.81
Benefits Paid	**(17.76)**	(14.10)
Actuarial (Gains)/ Losses - Due to change in Financials Assumptions	**20.16**	(0.46)
Actuarial (Gains)/ Losses - Due to Experience	**16.28**	12.64
Closing defined benefit obligation	**337.87**	284.65
The Liability at the end of the year ₹ **337.85 Crore** (Previous Year ₹ 284.65 Crore) includes ₹ 76.47 Crore (Previous Year ₹ 63.19 Crore) in respect of an un-funded plan.		

Movement in the fair value of the plan assets are as follows.

₹ in Crore

Particulars	Current Year	Previous Year
Opening fair value of Plan Assets	**213.48**	203.90
Expected Return on Plan Assets	**16.59**	15.76
Contributions by the Corporation	**14.07**	-
Actuarial loss on Plan Assets	**(5.93)**	(6.18)
Closing fair value of Plan Assets	**238.21**	213.48

Investment Pattern:

% Invested

Particulars	**As at March 31, 2020**	As at March 31, 2019
Central Government securities	**2.45**	1.14
State Government securities/securities guaranteed by State/Central Government	**23.98**	24.75
Public Sector / Financial Institutional Bonds	**3.23**	4.07
Private Sector Bonds	**21.07**	18.46
Special Deposit Scheme	**0.93**	1.03
Insurance Fund	**40.29**	44.48
Others (including bank balances)	**8.05**	6.07
Total	**100.00**	100.00

Sensitivity Analysis - Gratuity Fund

₹ in Crore

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	**261.40**	221.46
Delta Effect of +1% Change in Rate of Discounting	**(15.92)**	(12.01)
Delta Effect of -1% Change in Rate of Discounting	**18.28**	13.74
Delta Effect of +1% Change in Rate of Salary Increase	**18.26**	13.85
Delta Effect of -1% Change in Rate of Salary Increase	**(16.18)**	(12.31)
Delta Effect of +1% Change in Rate of Employee Turnover	**0.89**	1.66
Delta Effect of -1% Change in Rate of Employee Turnover	**(1.02)**	(18.69)

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Funding Arrangement and Policy

The money contributed by the Corporation to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

Estimated amount of contribution expected to be paid to the fund during the annual period being after the Balance Sheet date is ₹ **20.02 Crore** (Previous Year ₹ 17.39 Crore).

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	**36.78**	52.49
2nd Following Year	**24.73**	14.51
3rd Following Year	**43.53**	24.20
4th Following Year	**19.03**	26.78
5th Following Year	**18.02**	16.67
Sum of Years 6 to 10	**84.91**	70.34
Sum of Years 11 and above	**241.63**	207.52

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **134.63 Crore** (Previous Year ₹ 115.87 Crore).

39. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled after factoring in rollover and prepayment assumptions.

₹ in Crore

ASSETS	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	3,141.88	-	3,141.88	360.80	-	360.80
Bank Balance other than (a) above	226.60	57.21	283.81	1,151.05	84.41	1,235.46
Derivative financial instruments	2,122.51	3,586.77	5,709.28	190.35	1,213.00	1,403.35
Trade Receivables	230.06	-	230.06	186.86	-	186.86
Loans	69,039.13	3,70,904.15	4,39,943.28	64,341.11	3,36,418.52	4,00,759.63
Investments	42,704.52	22,239.85	64,944.37	26,843.00	19,397.35	46,240.35
Other financial assets	1,781.30	960.71	2,742.01	3,041.62	852.72	3,894.34
Non-Financial Assets						
Current Tax Asset	-	3,101.78	3,101.78	-	2,750.18	2,750.18
Deferred Tax Assets (Net)	-	1,567.94	1,567.94	-	830.91	830.91
Investment Property	-	890.43	890.43	-	321.32	321.32
Property, Plant and Equipment	-	986.10	986.10	-	644.23	644.23
Other Intangible Assets	-	362.85	362.85	-	7.10	7.10
Other Non-Financial Assets	189.77	-	189.77	143.02	-	143.02
Total Assets	**1,19,435.77**	**4,04,657.79**	**5,24,093.56**	**96,257.81**	**3,62,519.74**	**4,58,777.55**
LIABILITIES						
Financial Liabilities						
Derivative Financial Instruments	14.22	306.45	320.67	100.82	63.93	164.75
Trade Payables	196.80	-	196.80	190.17	-	190.17
Debt Securities	32,239.96	1,44,628.75	1,76,868.71	33,705.64	1,43,861.27	1,77,566.91
Borrowings (Other than debt securities)	25,749.06	79,159.58	1,04,908.64	15,868.63	61,679.91	77,548.54
Deposits	43,933.72	88,390.57	1,32,324.29	30,387.44	75,211.50	1,05,598.94
Subordinated Liabilities	1,000.00	4,000.00	5,000.00	250.00	5,250.00	5,500.00
Other Financial Liabilities	13,488.79	2,407.69	15,896.48	11,902.90	1,817.59	13,720.49
Non-Financial Liabilities						
Current Tax Liabilities (Net)	192.90	-	192.90	146.43	-	146.43
Provisions	53.66	206.88	260.54	113.82	95.73	209.55
Other Non-Financial Liabilities	1,046.59	919.88	1,966.47	776.30	-	776.30
Total Liabilities	**1,17,915.70**	**3,20,019.80**	**4,37,935.50**	**93,442.15**	**2,87,979.93**	**3,81,422.08**
Net Assets	**1,520.07**	**84,637.99**	**86,158.06**	**2,815.66**	**74,539.81**	**77,355.47**

40. Contingent Liabilities and Commitments

40.1 The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

40.2 Given below are amounts in respect of claims asserted by revenue authorities and others:

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **2,064.18 Crore** (Previous Year ₹ 1,806.08 Crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **0.13 Crore** (Previous Year ₹ 0.13 Crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

40.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **384.86 Crore** (Previous Year ₹ 534.98 Crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,152.72 Crore** (Previous Year ₹ 1,838.13 Crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

40.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **1,091.95 Crore** (Previous Year ₹ 890.45 Crore).

40.5. **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ **21 per share** at their meeting held on May 25, 2020. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

41. Movement in Impairment loss allowance (Expected Credit Loss)

Particulars	₹ in Crore
At 31 March 2018	**5,448.83**
Arising during the year	1,089.00
Utilised	(657.45)
At 31 March 2019	**5,880.38**
Arising during the year	6,112.10
Utilised	(994.62)
At 31 March 2020	**10,997.86**

The Corporation has made provision towards other loans and advances unsecured considered doubtful.

42. Share-based payments

42.1 The details of the various stock options granted to employees pursuant to the Corporation's Stock Options Schemes and outstanding as on date are as under:

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Plan period	2017-20	2014-17	2011-14	2008-11	2007-10
Quantum of Options	4,30,02,977	62,73,064	61,02,475	57,90,000	54,56,835
Equivalent number of shares of FV of ₹ 2 per share	4,30,02,977	3,13,65,320	3,05,12,375	2,89,50,000	2,72,84,175
Method of Accounting	Fair Value	Intrinsic value	Intrinsic value	Intrinsic value	Intrinsic value
Vesting period	1-3 years	1-3 years	1-3 years	1-3 years	1-3 years
Vesting condition(s)	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment
Exercise period	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting
Grant date	01/06/2017 30/10/2017 29/01/2018 16/03/2018 02/08/2019	8-Oct-14	23-May-12	25-Nov-08	12-Sep-07
Grant / Exercise price (₹ per Option)	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00
Value of Equity Shares as on date of Grant of Original Option (₹ per share)	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00

42.2 Method used for accounting for share based payment plan

The stock options granted to employees pursuant to the Corporation's Stock options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

42.3 Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Details of Activity in the options as at March 31, 2020

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**4,04,44,710**	**31,47,541**	**4,593**	**4,874**	**5,287**
Granted during the year	1,57,000	-	-	-	-
Exercised during the year	37,20,484	13,74,909	3,754	-	-
Lapsed during the year	40,312	1,271		-	-
Outstanding at the end of the year	3,68,40,914	17,71,361	839	4,874	5,287
Unvested at the end of the year	8,57,220	-	-	-	-
Exercisable at the end of the year	3,59,83,694	17,71,361	839	4,874	5,287
Weighted average price per option	1,573.22	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	3.26	0.55	-	-	-

Details of Activity in the options as at March 31, 2019

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	4,24,42,106	42,64,210	4,35,254	4,874	5,287
Granted during the year	-	-	-	-	-
Exercised during the year	18,41,716	11,16,519	4,29,663	-	-
Lapsed during the year	1,55,680	150	998	-	-
Outstanding at the end of the year	4,04,44,710	31,47,541	4,593	4,874	5,287
Unvested at the end of the year	18,56,556	-	-	-	-
Exercisable at the end of the year	3,85,88,154	31,47,541	4,593	4,874	5,287
Weighted average price per option	1,571.33	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	4.25	1.55	-	-	-

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

42.4 **Fair Value Methodology**

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows :

Particulars	ESOS-2017*	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Volatility is measure of the amount by which price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in Black-Scholes Model is the annualised standard deviation of the continuously compounded rates of return on stock over a period of time.

* The stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is ₹ **13.64 Crore** (Previous Year ₹ 211.09 Crore).

43. Related Party Disclosures

Group structure

Subsidiary Companies	HDFC Life Insurance Company Ltd. HDFC Pension Management Company Ltd. (Subsidiary of HDFC Life Insurance Company Ltd.) HDFC International Life and Re Company Limited (Subsidiary of HDFC Life Insurance Company Ltd.) HDFC ERGO General Insurance Company Ltd. HDFC ERGO Health Insurance Ltd. (w.e.f. January 9, 2020) GRUH Finance Ltd. (Upto August 30, 2019) HDFC Asset Management Company Ltd. HDFC Credila Financial Services Private Ltd. HDFC Trustee Company Ltd. HDFC Capital Advisors Ltd. HDFC Holdings Ltd. HDFC Investment Ltd. HDFC Sales Pvt. Ltd. HDFC Education & Development Services Pvt. Ltd. HDFC Property Ventures Ltd. HDFC Venture Capital Ltd. HDFC Venture Trustee Company Ltd. Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.) Griha Investments (Subsidiary of HDFC Holdings Ltd.) HDFC Investment Trust (HIT) HDFC Investment Trust - II (HIT-II)
Associate Companies	HDFC Bank Ltd. True North Ventures Private Ltd. Good Host Spaces Pvt Ltd. (w.e.f. August 24, 2018) HDB Financial Services Ltd. (Subsidiary of HDFC Bank Ltd.) HDFC Securities Ltd. (Subsidiary of HDFC Bank Ltd.) Magnum Foundations Private Limited (Associate of HDFC Property Ventures Ltd.) GRUH Finance Ltd. (w.e.f. August 31, 2019 to October 17, 2019)
Entities over which control is exercised	H T Parekh Foundation HDFC Employees Welfare Trust HDFC Employees Welfare Trust 2 Maharashtra 3E Education Trust 3E Education Trust
Key Management Personnel	Mr. Keki M. Mistry (Vice Chairman & CEO) Ms. Renu Sud Karnad (Managing Director) Mr. V. Srinivasa Rangan (Executive Director) Mr. Deepak S Parekh Mr. B. S. Mehta (ceased to be related party effective July 30, 2018) Mr. Nasser Munjee Dr. Bimal Jalan (ceased to be related party effective July 30, 2018) Dr. J. J. Irani Mr. D. N. Ghosh (ceased to be related party effective April 30, 2018)

Key Management Personnel	Mr. D. M. Sukthankar (ceased to be related party effective April 30, 2018) Mr. U. K. Sinha (appointed w.e.f. April 30, 2018) Ms. Ireena Vittal (appointed w.e.f. January 30, 2019) Dr. Bhaskar Ghosh (appointed w.e.f. September 27, 2018) Mr. Jalaj Dani (appointed w.e.f. April 30, 2018)
Relatives of Key Management Personnel (Whole-time Directors) *(where there are transactions)*	Mr Singhal Nikhil Mr. Ashok Sud Mr. Bharat Karnad Ms. Swarn Sud
Relatives of Key Management Personnel (Non-executive directors) *(where there are transactions)*	Mr. Siddharth D. Parekh Ms. Harsha Shantilal Parekh Ms. Hasyalata Bansidhar Mehta (ceased to be related party effective July 30, 2018) Ms. Tapasi Ghosh (ceased to be related party effective April 30, 2018) Chandrakant Mahadev Sukthankar (HUF) (ceased to be related party effective April 30, 2018) Mrs. Niamat Mukhtar Munjee Ms. Sarita Yeshwant Keni (ceased to be related party effective April 30, 2018) Ms. Smita D Parekh Adv Wadhwa Darpan (ceased to be related party effective July 30, 2018) Mr. Malav A Dani
Entities where Directors/Close family members of Directors of the Corporation having control/ significant influence *(where there are transactions)*	Geetanjali Trading and Investments Private Limited
Post Employment Benefit Plan	Housing Development Finance Corporation Ltd. Provident Fund Superannuation Fund Of Housing Development Finance Corporation Ltd. Gratuity Fund Of Housing Development Finance Corporation Ltd. GRUH Finance Limited Officers Superannuation Fund (Upto August 30, 2019)

Compensation of key management personnel of the Corporation

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Corporation and its employees. The Corporation includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

Transactions with key management personnel of the Corporation

The Corporation enters into transactions, arrangements and agreements involving directors, senior management and their business associates, or close family members, in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

Notes forming part of the standalone financial statements (Continued)

The Corporation's related party balances and transactions are summarised as follows:

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2020	March 31, 2019
Subsidiary	Dividend Income	**204.22**	603.35
	Interest Income	**20.21**	38.15
	Consultancy, Fees & Other Income	**170.24**	155.04
	Rent Income	**23.23**	22.89
	Deputation cost recovered	**2.80**	2.13
	Support cost recovered	**2.20**	2.39
	Other Income	**0.33**	0.36
	Interest Expense	**176.73**	131.97
	Other Expenses/ Payments (including DSA Commission)	**442.33**	438.17
	Investments made	**439.30**	259.66
	Investments sold / Redeemed	**85.93**	126.52
	Investments closing balance	**5,294.84**	3,136.06
	Loans given	**0.70**	108.70
	Loans repaid	**109.40**	108.50
	Loans closing balance	-	108.70
	Corporate Deposits placed	-	57.70
	Corporate Deposits Redeemed / withdrawn	-	57.70
	Corporate Deposits closing balance	-	-
	Trade Receivable	**66.55**	75.88
	Other Advances / Receivables	**17.40**	15.00
	Purchase of Fixed Assets	-	0.28
	Deposits Received	**90.67**	89.60
	Deposits repaid / matured	**92.17**	70.85
	Deposits closing balance	**19.50**	21.00
	Non-Convertible Debentures (Allotments under Primary Market)	**100.00**	-
	Non-Convertible Debentures - Redemption	**6.00**	55.00
	Non-Convertible Debentures closing balance	**2,429.00**	1,900.00
	Other Liabilities / Payables	**119.11**	130.86
	Commercial Paper- Redemption		-
Associates	Dividend Income	**864.63**	511.17
	Interest Income	**8.58**	5.48
	Rent Income	**1.50**	1.48
	Support cost recovered	**0.40**	0.70
	Assignment fees and Other income	**469.76**	387.05
	(Income)/Expenses on Swaps Transaction	**(54.84)**	(6.39)
	Interest Expense	**0.88**	10.27
	Bank & Other Charges	**1.96**	0.61
	Other Expenses/ Payments (including DSA Commission)	**286.46**	265.13
	Donation[$]	**3.00**	-
	Investments made	**86.71**	8,569.75

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2020	March 31, 2019
	Investments sold / Redeemed	-	2.50
	Investments closing balance	**14,206.23**	14,119.52
	Loans given	**4.30**	-
	Loans Sold	**24,127.25**	23,982.42
	Loans closing balance	**4.30**	-
	Bank Deposits placed	**160.00**	70.00
	Bank Deposits matured / withdrawn	**70.00**	1,070.00
	Bank Balance and Deposits closing balance	**3,288.18**	351.05
	Trade Receivable	**51.64**	46.16
	Other Advances / Receivables	**123.68**	87.27
	Deposits Received	**75.00**	-
	Deposits repaid / matured	**75.00**	-
	Non-Convertible Debentures (Allotments under Primary Market)	-	685.00
	Non-Convertible Debentures - Redemption	-	428.00
	Non-Convertible Debentures closing balance	-	-
	Other Liabilities / Payables	**45.25**	29.50
	Amounts payable - Securitised Loans	**387.80**	452.01
	Dividend Paid	**0.02**	0.18
	Issuance of Letter of Comfort	-	6.00
Entities over which control is exercised	Deputation cost recovered	**0.21**	0.41
	Interest Expense	**13.68**	9.45
	Donation[@]	**182.80**	142.77
	Trade Receivable	**0.02**	-
	Deposits Received	-	112.26
	Deposits repaid / matured	**21.01**	70.00
	Deposits closing balance	**151.25**	172.26
	Other Liabilities / Payables	**0.17**	0.07
	Dividend Paid	**0.09**	-
Entities over which Director/ closed family member of director having control/ jointly control	Interest Income	**20.68**	-
	Loans repaid	**300.00**	-
	Loans closing balance	-	-
	Other Advances / Receivables	-	-
Post employment benefit plans of the Corporation or its related entities	Interest Expense	**0.17**	0.28
	Contribution To PF & Other Funds	**54.39**	46.17
	Other Advances / Receivables	**0.10**	-
	Non-Convertible Debentures - Redemption	-	0.10
	Non-Convertible Debentures closing balance	**1.80**	1.80
	Other Liabilities / Payables	**24.62**	8.15
Key Management Personnel (Whole-time Directors)	Interest Income	-	-
	Interest Expense	**0.29**	0.27
	Remuneration[#]	**39.19**	34.68
	Share based payments**	-	16.91
	Loans repaid	**0.01**	0.01

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2020	March 31, 2019
	Loans closing balance	**0.02**	0.04
	Deposits Received	**0.01**	3.27
	Deposits repaid / matured	**0.01**	2.85
	Deposits closing balance	**3.28**	3.28
	Other Liabilities / Payables	**0.39**	0.13
	Dividend Paid	**6.59**	7.91
Key Management Personnel (Non whole-time Directors)	Interest Expense	-	0.09
	Sitting Fees	**1.04**	0.89
	Commission^^	**4.50**	4.27
	Share based payments**	-	3.77
	Dividend Paid	**2.14**	2.36
Relatives of Key Management Personnel (Whole-time Directors)	Interest Income	**0.03**	0.03
	Interest Expense	**0.04**	0.01
	Loans repaid	**0.03**	0.03
	Loans closing balance	**0.32**	0.35
	Other Advances / Receivables	**0.01**	-
	Deposits Received	-	0.50
	Deposits repaid / matured	-	0.11
	Deposits closing balance	**0.50**	0.50
	Other Liabilities / Payables	**0.05**	0.01
	Dividend Paid	**1.15**	1.32
Relatives of Key Management Personnel (Non whole-time Directors)	Interest Income	-	0.05
	Interest Expense	**1.56**	1.76
	Loans repaid	-	0.04
	Loans closing balance	-	-
	Deposits Received	**14.89**	21.40
	Deposits repaid / matured	**21.15**	16.09
	Deposits closing balance	**16.66**	22.95
	Other Liabilities / Payables	**0.75**	1.07
	Dividend Paid	**2.82**	3.22

Notes:-

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Corporation basis at the end each year and, accordingly, have not been considered in the above information.

** Pursuant to receipt of shareholders approval by way of postal ballot, the Nomination and Remuneration Committee of Directors at its meeting held on June 1, 2017 granted 4,28,45,977 stock options under Employees Stock Option Scheme – 2017. Stock options are always granted at the prevailing market prices and as such the intrinsic value of the options is nil. However, effective from April 1, 2018, the Company has converged to Ind AS and in compliance with Ind AS 102, the same has been charged to the Statement of Profit and Loss Account with a corresponding credit to the Reserves.

^^ Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Corporation and will be paid post adoption of annual accounts by the shareholders.

@ Previous year Donations includes ₹ 12 Crore, utilised out of Shelter Assistance Reserve.

$ Curent year Donations includes ₹ 3 Crore, utilised out of Shelter Assistance Reserve.

'0" denotes amount less than ₹ Fifty thousand.

44. Financial instruments

44.1 Capital Management

The Corporation maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The adequacy of the Corporation's capital is monitored using, among other measures, the regulations issued by NHB.

The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Net debt	**4,15,959.76**	3,65,853.59
Total equity	**86,158.06**	77,355.47
Net debt to equity ratio	**4.83 : 1**	**4.73 : 1**

Loan covenants

Under the terms of the major borrowing facilities, the Corporation has complied with the covenants throughout the reporting period.

44.2 Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.

The Financial Risk management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Interest rate risks is mitigated by entering into interest rate swaps. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts, and dollar denominated assets. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to various benchmarks.

44.3 Categories of Financial Instruments

₹ in Crore

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost
Financial Assets						
Investments						
Mutual funds	**24,038.19**	-	-	15,425.81	-	-
Government securities	-	-	**14,268.27**	-	-	10,457.45
Other approved securities	-	-	-	-	-	-
Equity shares	**603.76**	**4,952.21**	-	1,145.99	221.93	-
Preference Shares	**0.78**	-	**3.18**	0.45	-	-
Debentures	**130.90**	**101.30**	**423.62**	19.96	356.98	396.31
Pass-through Certificates	-	-	**22.57**	-	-	27.32
Security Receipts	**176.13**	-	-	221.69	-	-
Investment in Units of Venture Capital Fund	**775.21**	-	-	711.42	-	-
Derivative financial assets	**2,288.52**	**3,420.76**	-	962.00	441.35	-
Trade receivables	-	-	**230.06**	-	-	186.86
Loans	-	-	**4,39,943.28**	-	-	4,00,759.63
Other Financial Assets	-	-	**2,742.01**	-	-	3,894.34
Total Financial Assets	**28,013.49**	**8,474.27**	**4,57,632.99**	**18,487.33**	**1,020.26**	**4,15,721.91**
Financial Liabilities						
Derivative financial liabilities	-	**320.67**	-	-	164.75	-
Trade payables	-	-	**196.80**	-	-	190.17
Debt Securities	**67,418.68**	-	**1,09,450.03**	56,598.71	-	1,20,968.20
Borrowings	-	-	**1,04,908.64**	-	-	77,548.54
Deposits	-	-	**1,32,324.29**	-	-	1,05,598.94
Subordinated Liabilities	-	-	**5,000.00**	-	-	5,500.00
Other financial liabilities	-	-	**15,896.48**	-	-	13,720.49
Total Financial Liabilities	**67,418.68**	**320.67**	**3,67,776.24**	**56,598.71**	**164.75**	**3,23,526.34**

Note: The table above, does not include Cash and Cash Equivalents, Bank Balances, Investments in subsidiaries and Associates.

44.3.1 **Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Corporation has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	24,018.12	20.07		24,038.19
Equity shares	191.94		411.82	603.76
Preference Shares			0.78	0.78
Debentures			130.90	130.90
Security Receipts		174.70	1.43	176.13
Investment in Units of Venture Capital Fund			775.21	775.21
Derivatives designated as fair value hedges				
- INR Interest Rate Swaps		2,288.52		2,288.52
Financial Investments at FVTOCI				
Equity Shares	3,925.87		1,026.34	4,952.21
Debentures			101.30	101.30
Derivatives designated as cash flow hedges				
- Forwards	-	485.00	-	485.00
- Currency swaps	-	2,079.45	-	2,079.45
- Options purchased (net)	-	856.31	-	856.31
Total financial assets	**28,135.93**	**5,904.05**	**2,447.79**	**36,487.77**
Financial liabilities				
Debt Securities	-	1,76,868.71	-	1,76,868.71
Derivatives designated as cash flow hedges				
- Interest Rate Swaps	-	260.57	-	260.57
- Forwards	-	-	-	-
- Currency swaps	-	60.10	-	60.10
- Options purchased (net)	-	-	-	-
Total financial liabilities	**-**	**320.67**	**-**	**320.67**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	15,405.77	20.04	-	**15,425.81**
Equity shares	686.52	-	459.47	**1,145.99**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Preference Shares	-	-	0.45	**0.45**
Debentures	-	-	19.96	**19.96**
Security Receipts	-	214.70	6.99	**221.69**
Investment in Units of Venture Capital Fund	-	-	711.42	**711.42**
Derivatives designated as fair value hedges				
- Interest Rate Swaps	-	962.00	-	**962.00**
Financial Investments at FVTOCI				
Listed equity investments	204.67	-	-	**204.67**
Equity investments	-	-	17.26	**17.26**
Debentures	-	-	356.98	**356.98**
Derivatives designated as cash flow hedges				
- Forwards	-	7.42	-	**7.42**
- Currency swaps	-	311.73	-	**311.73**
- Options purchased (net)	-	122.20	-	**122.20**
Total financial assets	**16,296.96**	**1,638.09**	**1,572.53**	**19,507.59**
Financial liabilities				
Debt Securities		1,77,566.91		1,77,566.91
Derivatives designated as cash flow hedges				
- Forwards	-	100.71	-	100.71
- Currency swaps	-	63.93	-	63.93
- Options purchased (net)	-	0.11	-	0.11
Total financial liabilities	**-**	**164.75**	**-**	**164.75**

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2020 and 2019.

44.3.2 **Valuation technique used to determine fair value**

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Valuation techniques with observable inputs (Level 2): The fair value of financial instruments that are not traded in an active market for example, Securities receipts, Mutual Funds (close ended) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2, this level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data, this level of hierarchy includes unlisted equity instruments, venture fund units and security receipts.

44.3.3 **Valuation Process - Equity Instrument Level 3**

When the fair value of equity investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions happened in respective companies. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain unquoted equity instruments recent information is insufficient to measure fair value and cost represents the best estimate of fair value. These investments in equity instruments are not held for trading.

44.3.4 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods March 31, 2020: ₹ in Crore

Particulars	Equity securities	Preference Shares	Debentures	Venture Funds	Security Receipts	Total
As at March 31, 2018	**556.20**	**42.70**	**376.94**	**397.88**	**9.65**	**1,383.37**
Acquisitions	-	-	-	325.10	-	325.10
Disposal	(47.06)	(42.25)	-	(44.31)	(1.96)	(135.58)
Gains/losses recognised in profit or loss	134.52	-	-	32.77	(0.70)	166.59
Gains(losses) recognised in other comprehensive income	(166.93)	-	-	-	-	(166.93)
As at March 31, 2019	**476.73**	**0.45**	**376.94**	**711.44**	**6.99**	**1,572.55**
Acquisitions	750.00		93.50	138.93		982.43
Disposal	(0.78)	-	-	(51.45)	(1.02)	(53.25)
Interest Income	-	-	2.82	-	-	2.82
Gains/losses recognised in profit or loss	(46.87)	0.33	14.62	(23.71)	(4.54)	(60.17)
Gains/(losses) recognised in other comprehensive income	259.08	-	(255.68)	-	-	3.40
As at March 31, 2020	**1,438.16**	**0.78**	**232.20**	**775.21**	**1.43**	**2,447.78**
Unrealised Gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period						
For the year ended March 31, 2019	134.52	-	-	32.77	(0.70)	166.59
For the year ended March 31, 2020	(46.87)	0.33	14.62	(23.71)	(4.54)	(60.17)

44.3.5 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted. ₹ in Crore

Particulars	March 31, 2020	March 31, 2019	Significant unobservable inputs*	Sensitivity: Favourable	Sensitivity: Un-favourable
Unquoted equity shares	**419.66**	476.73	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 42.53 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 42.25 Crore in FY20.
Locked in Shares of Yes Bank Ltd	**1,018.50**	-	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 101.85 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 101.85 Crore in FY20.
Compulsorily Convertible Preference Shares	**0.78**	0.45	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.08 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.08 Crore in FY20.
Convertible Debentures	**232.20**	376.94	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 22.94 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 22.94 Crore in FY20.
Venture Funds	**775.21**	711.42	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 70.45 Crore in FY20.	Decrease in NAV by 10% reduces the fair value by ₹ 73.86 Crore in FY20.
Security Receipts	**1.43**	6.99	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 0.14 Crore in FY20.	Decrease in NAV by 10% reduces the fair value by ₹ 0.14 Crore in FY20.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation Factor includes Discounted Cash Flows, Equity Multiples such as PE Ratio, Price to Book Value Ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

44.3.6 **Fair value of the Financial Assets that are not measured at fair value and Fair Value hierarchy**

Except as detailed in the following table, the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

₹ in Crore

Particulars	As at 31 March 20			As at 31 March 19		
	Carrying Value	Fair Value	Fair Value hierarchy	Carrying Value	Fair Value	Fair Value hierarchy
Financial Assets at amortised cost						
Government securities	14,268.27	14,531.94	Level 2	10,457.45	10,164.73	Level 2
Debentures	423.62	424.6	Level 3	396.31	396.93	Level 3
Pass-through Certificates	22.57	22.72	Level 3	27.32	27.32	Level 3
Total Financial Assets	**14,714.46**	**14,979.26**		**10,881.08**	**10,588.98**	
Financial liabilities at amortised cost						
Non Convertible Debentures	1,42,033.78	1,43,398.24	Level 2	1,29,290.46	1,29,482.51	Level 2
Synthetic Rupee Denominated Bonds	6,100.00	6,075.28	Level 2	11,100.00	11,039.76	Level 2
Subordinated Liabilities	5,000.00	5,281.22	Level 2	5,500.00	5,648.42	Level 2
Deposits	1,32,664.37	1,33,538.37	Level 2	1,05,880.63	1,05,640.63	Level 2
Total Financial Liabilities	**2,85,798.15**	**2,88,293.10**		**2,51,771.09**	**2,51,811.32**	

44.3.6.1 **Note:** The Fair Value of the financial assets and financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale.

44.3.6.2 **Loans**

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **4,39,943.28 Crore** (Previous year ₹ 4,00,759.63 Crore) approximates their fair value.

44.3.6.3 **Other Financial Assets and Liabilities**

With respect to Bank Balances and Cash and Cash Equivalents (Refer Notes 5 and 6), Trade Receivables (Refer Note 8), Other Financial Assets (Refer Note 11), Trade Payables (Refer Note 17) and Other Financial Liabilities (Refer Note 22), the carrying value approximates the fair value.

44.3.6.4 Non Convertible Debentures fair value has been computed using the Fixed Income Money Market and Derivatives Association of India ('FIMMDA') data on corporate bond spreads.

44.3.7 **Equity Instrument designated at FVOCI**

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Andhra Cements Ltd.	**4.12**	13.26
Asset Reconstruction Co. (India) Ltd.	**-**	-
Bandhan Bank Ltd.	**3,247.02**	-
Citrus Processing India Pvt Ltd.	**6.85**	17.26
CL Educate Ltd.	**1.85**	7.22
Clayfin Technologies Private Limited (Erstwhile Vayana Enterprises Pvt. Ltd.)	**0.99**	-
GMR Chhattisgarh Energy Limited	**-**	-
Hindustan Oil Exploration Co. Ltd.	**48.95**	182.70
Infrastructure Leasing & Financial Services Ltd.	**-**	-
Reliance Capital Limited	**7.31**	-
Reliance Communications Limited	**8.71**	-
Reliance Infrastructure Limited	**22.01**	-
Reliance Naval and Engineering Ltd. (Erstwhile Reliance Defence And Engineering Ltd)	**0.21**	1.50
Reliance Power Limited	**24.44**	-
Yes Bank Limited (Refer Note 25.1)	**1,579.75**	-
Total	**4,952.21**	221.93

44.4 **Credit Risk**

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Corporation. In its lending operations, the Corporation is principally exposed to credit risk.

The credit risk is governed by various Product Policies. The Product Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Corporation measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for individual borrowers is being managed at portfolio level for both Housing loans and Non Housing Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of Retail product portfolios through periodic review.

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to a sanctioning committee with approval limits which is approved by the Managing Director.

Credit Risk Assessment Methodology

44.4.1 **Corporate Portfolio**

The Corporation has an established credit appraisal procedure which has been detailed in Corporate Loans Policy and Developer Loans Policy respectively. The policies outline appraisal norms including assessment of quantitative and qualitative parameters along with guidelines for various products. The policy also includes process for approval of Loans which are subject to review and approval by Sanctioning Committees.

Corporation carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

44.4.2 **Lease rental discounting**

Loan is given against assured sum of rentals/receivables.

The risk assessment procedure include:

- carrying out a detailed evaluation of terms of Lease / Leave and License Agreements such as lease rental receivables, term of the leases and periodicity of rentals.
- conducting due diligence on and appraisal of Borrowers / Lessors and Lessees including due diligence of project/property. These Loans are secured by project property and serviced from rentals/receivables.

44.4.3 **Construction Finance**

Loan given for construction of Residential/Commercial properties.

The Corporation has a framework for appraisal and execution of Construction finance transactions detailed in Developer Loans Policy. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process includes detailed evaluation of technical, commercial, financial, legal with respect to the projects and the Borrower Group's financial strength and experience.

As part of the appraisal process, a note is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, an Offer Letter is issued to the borrower, which outlines the principal financial terms of the proposed facility, Borrowers/Security providers obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan Transaction documents are entered into with the borrower.

Construction finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has mortgage of Project financed. Security typically include project property and receivables of the project property, as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees and shortfall undertaking from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the exposure until loans are fully repaid.

Further since both Lease Rental Discounting and Construction Finance Facilities are mostly serviced from receivables from the projects/property financed, all the cash flows are charged to the Corporation, and are ring fenced by way of Escrow mechanism. Under this mechanism all such receivables flow into Escrow Account from where amounts are directly credited into the Corporation's account.

44.4.4 **Individual Loans**

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals. The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Corporation analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality. Individual loans are secured by the mortgage of the borrowers property.

44.4.5 **Risk Management and Portfolio Review**

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product. For both Corporate and Individual borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information. Exposure to non-individual entities in stress is reviewed frequently by a credit review committee consisting of senior management personnel.

The Policy implementation and Process Monitoring team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

44.4.6 **Collateral and other credit enhancements**

The Corporation holds collateral or other credit enhancements to cover its credit risk associated with its Loans and Inter corporate deposits, credit risk associated are mitigated because the same are secured against the collateral. The main types of collateral obtained are, as follows:

Registered / equitable mortgage of property, Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies, Hypothecation of assets, Bank guarantees, company guarantees or personal guarantees, Negative lien, Assignment of receivables, Liquidity Support Collateral [e.g. DSRA (Debt Service Reserve Account), Lien on Fixed Deposit].

The carrying amount of loans as at March 31 2020 is ₹ **4,50,902.76 Crore** (Previous Year ₹ 4,06,607.06 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **10,959.48 Crore** (Previous Year ₹ 5,847.43 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

44.5 Liquidity Risk

Maturities of Financial Liabilities

The tables below analyse the Corporation's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ in Crore

Contractual maturities of financial liabilities 31 March 2020	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	70,512.52	42,043.54	17,882.76	46,430.44	1,76,869.26
Borrowings (Other than Debt Securities)	71,792.24	14,094.73	16,851.24	2,256.45	1,04,994.66
Deposits	75,756.17	41,625.78	11,804.91	3,477.51	1,32,664.37
Subordinated Liabilities	1,000.00	1,000.00	3,000.00	-	5,000.00
Other Financial Liabilities	13,488.79	2,330.45	42.65	34.59	15,896.48
Trade Payables	196.80	-	-	-	196.80
Total Non-Derivative Liabilities	**2,32,746.52**	**1,01,094.50**	**49,581.56**	**52,198.99**	**4,35,621.57**
Derivatives (net settled)					
Foreign exchange forward contracts					-
Currency Swaps	-	25.57	34.53	-	60.10
USD Interest Swaps	14.23	47.89	198.45	-	260.57
Interest Rate Swaps	-	-	-	-	-
Total Derivative Liabilities	**14.23**	**73.46**	**232.98**	**0.00**	**320.67**

₹ in Crore

Contractual maturities of financial liabilities 31 March 2019	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	77,583.95	57,056.79	7,586.02	35,376.75	1,77,603.51
Borrowings (Other than Debt Securities)	50,735.89	12,593.87	10,913.16	3,424.62	77,667.54
Deposits	58,106.16	38,225.27	6,238.38	3,310.82	1,05,880.63
Subordinated Liabilities	500.00	2,000.00	0.00	3,000.00	5,500.00
Other Financial Liabilities	11,902.90	1,817.59	-	-	13,720.49
Trade Payables	190.17	-	-	-	190.17
Total Non-Derivative Liabilities	**1,99,019.07**	**1,11,693.52**	**24,737.56**	**45,112.19**	**3,80,562.34**
Derivatives (net settled)					
Foreign exchange forward contracts	100.71	-	-	-	100.71
Currency swaps	-	9.40	54.53	-	63.93
Options purchased (net)	0.11	-	-	-	0.11
Interest Rate Swaps	-	-	-	-	-
Total Derivative Liabilities	**100.82**	**9.40**	**54.53**	**-**	**164.75**

44.6 Market Risk

44.6.1 Foreign currency risk

The Corporation operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency i.e. INR. The objective of the hedges is to minimise the volatility of the INR cash flows.

The Corporation's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Corporation uses a combination of foreign curreny swaps, option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates intrinsic value of the forward contracts and option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the intrinsic value of the forward contracts or the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the forward contracts or option contracts are deferred in the costs of hedging reserve and recognised against the related hedged transaction when it occurs. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2020 and 2019, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

44.6.1.1 Foreign currency risk exposure:

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crore

Particulars	March 31, 2020					March 31, 2019				
	USD	**JPY**	**SGD**	**GBP**	**AED**	USD	JPY	SGD	GBP	AED
Financial Liabilities										
Foreign currency loan and others	**(33,510.25)**	**(3,703.84)**	**(5.31)**	**(27.45)**	**(7.92)**	(19,540.62)	(3,323.68)	(0.29)	(0.09)	(0.10)
Exposure to foreign currency risk (liabilities) (a)	**(33,510.25)**	**(3,703.84)**	**(5.31)**	**(27.45)**	**(7.92)**	(19,540.62)	(3,323.68)	(0.29)	(0.09)	(0.10)
Financial Assets										
Dollar Denominated loans & others	**153.07**	**-**	**19.52**	**104.14**	**24.05**	770.14	-	0.48	0.09	0.79
Derivative Assets										
Foreign exchange Derivative contracts	**33,357.32**	**3,702.42**	**-**	**-**	**-**	18,658.09	3,323.68	-	-	-
Exposure to foreign currency risk (assets) - (b)	**33,510.39**	**3,702.42**	**19.52**	**104.14**	**24.05**	19,428.23	3,323.68	0.48	0.09	0.79
Net exposure to foreign currency risk c = (a) + (b)	**0.14**	**(1.42)**	**14.21**	**76.69**	**16.13**	(112.39)	-	0.19	-	0.69

44.6.1.2 **Foreign currency sensitivity analysis:**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward contracts, foreign exchange option contracts designated as cash flow hedges.

₹ in Crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD sensitivity				
INR/USD -Increase by 1% *	-	1.37	(1.25)	23.24
INR/USD -Decrease by 1% *	-	(1.37)	0.52	(23.24)
JPY sensitivity				
INR/JPY -Increase by 1% *	-	-	19.11	0.27
INR/JPY -Decrease by 1% *	-	-	(19.11)	(0.27)

Note: Balances in SGD, GBP and AED are relating to foreign branches, it does not have material impact in statement of Profit and Loss, accordingly the same is not considered for sensitivity analysis.

* Assuming all other variable is constant

44.6.1.3 **Hedging Policy**

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments Liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2020						
INR USD - Forward exchange contracts	**10,985.44**	**482.75**	-	Derivative financial instruments	**74.16**	**(506.12)**
INR JPY - Forward exchange contracts	**1,405.81**	**2.25**	-		**0.64**	**(72.17)**
INR USD - Currency Swaps	**14,567.46**	**1,801.37**	**25.57**		**66.87**	**(1,513.76)**
USD - Interest Swaps	**12,750.40**	-	**260.57**			**260.58**
INR JPY - Currency Swaps	**3,702.42**	**278.08**	**34.53**		**0.63**	**(257.79)**
Option purchased (net)	**11,007.12**	**856.31**	-		**70.67***	**(734.23)**
Total	**54,418.65**	**3,420.76**	**320.67**			**(2,823.49)**

* denotes strike price range for bought call and sold put (at 70.67).

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments Liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2019						
INR USD - Forward exchange contracts	1,227.59	7.42	30.79	Derivative financial instruments	71.99	40.91
INR JPY - Forward exchange contracts	1,949.23	-	69.92		0.63	69.92
INR USD - Currency Swaps (incl. EXIM swap)	11,452.48	311.73	49.69		66.75	(393.10)
INR JPY - Currency Swaps	1,374.45	-	14.24		0.63	14.24
Option purchased (net)	6,757.73	122.20	0.11		69.46 75.62^	(122.09)
Total	**22,761.48**	**441.35**	**164.75**			**(390.12)**

^ denotes strike price range for bought call and sold put (at 69.46) - sold call (at 75.62).

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness		Cash flow hedge reserve as at		Cost of hedging as at		Foreign Currency Monetary Items Translation Reserve	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
FCY Term Loans	**(1,203.74)**	136.47	**104.04**	0.39	**4.21**	3.75		-
External Commercial Borrowings (incl. ADB loans)	**(1,551.93)**	282.88	**83.24**	242.82	**(29.08)**	-		-
			187.28	**243.21**	**(24.88)**	**3.75**		

Note: figures are gross of tax

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

₹ in Crore

Particulars	Hedging gains or losses recognised in other comprehensive income		Hedge ineffectiveness recognised in statement of profit and loss		Line in the statement of profit and loss that includes hegde ineffectiveness
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
Forward exchange contracts and Currency swaps	**(79.45)**	(15.23)	**-**	-	Finance Cost
Option purchased (net)	**(5.12)**	3.75	**5.28**	(130.65)	

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount		Carrying amount - Asset		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Interest Rate Swap as at	**65,100.00**	55,650.00	**2,288.52**	962.00	Derivative financial instruments		**1,326.52**	624.15

Hedged Item

₹ in Crore

Particulars	Notional amount		Accumulated fair value adjustment - Liability		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Fixed-rate borrowing as at	65,100.00	55,650.00	2,318.68	948.71	Derivative financial instruments		1,369.97	670.59

The impact of the fair value hedges in the statement of profit and loss:

₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss		Line in the statement of profit and loss that includes hegde ineffectiveness
	March 31, 2020	**March 31, 2019**	
Interest Rate Swap	43.45	46.44	Finance Cost

44.6.1.4 Hedge Ratio

The foreign exchange forward, options and currency swap contracts are denominated in the same currency as the highly probable future foreign currency principal and interest payments, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1. The entire amount of foreign currency loan is designated as hedge of net investment and hence the hedge ratio is 1:1.

44.6.2 Interest rate risk

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term Loan, foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same as per the ALM Policy.

44.6.2.1 Interest rate risk exposure

The break-up of the Corporation's borrowing into variable rate and fixed rate at the end of the reporting period are as below:

Particulars	**March 31, 2020**	March 31, 2019
Variable rate borrowings	**70%**	67%
Fixed rate borrowings	**30%**	33%
Total borrowings	**100%**	100%

The break-up of fixed rate and variable rate borrowings are calculated as a percentage of total liabilities of the Corporation as on the date.

44.6.2.2 **Sensitivity**

The impact of 10 bps change in interest rates on financial assets and liabilities on the Profit after tax for the year ended March 31, 2020 is ₹ **40.58 Crore** (Previous year ₹ 40.99 Crore).

44.6.3 **Price risk**

44.6.3.1 **Exposure**

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Corporation diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Corporation.

Some of the Corporation's equity investments are publicly traded and are included in the NSE Nifty 50 index.

44.6.3.2 **Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Corporation's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Corporation's equity instruments moved in line with the index.

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2020	**March 31, 2019**	March 31, 2020	March 31, 2019
NSE Nifty 50 – increase 10%	**19.15**	68.48	**391.61**	20.42
NSE Nifty 50 – decrease 10%	**(19.15)**	(68.48)	**(391.61)**	(20.42)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

45. Disclosures Required by the Reserve Bank of India

The following disclosures have been given in terms of Notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by the Reserve Bank of India ('circular').

Particulars	₹ in Crore
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the above circular.	384.77
(ii) Respective amount where asset classification benefits is extended.	222.60
(iii) Provisions made during the quarter ended 31 March 2020 in terms of paragraph 5 of the above circular.	10.45
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	-
(v) Total Provision on such loans as at March 31, 2020, as per the circular	11.13
(vi) Total Provision on such loans as at March 31, 2020, as per books of accounts (ECL)	13.82

45.1 For the purpose of disclosure in point (i) in above table, the Corporation has considered the accounts, where moratorium/deferment was extended in terms of the circular and which would have moved to Substandard Assets based of days past due status as of 31 March 2020.

46. Disclosure of Penalties imposed by NHB and other regulators

During FY 2019-20, The National Housing Bank (NHB) imposed a monetary penalty of ₹ 85,000 plus GST on the Corporation for non-compliance with two provisions of the Housing Finance Companies (NHB) Directions, 2010 during the financial year 2017-18. The Corporation has paid the said penalty.

Barring the above, during FY 2019-20. there were no penalties imposed by NHB or any other regulators.

47. Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

48. Approval of financial statements

The financial statements were approved by the board of directors of the Corporation on 25 May 2020.

As per our report of even date attached.

		Directors	
For **B S R & Co. LLP** Chartered Accountants Firms' Regst. No: 101248W/W-100022	**Deepak S. Parekh** Chairman (DIN: 00009078)	**J. J. Irani** (DIN: 00311104)	**Nasser Munjee** (DIN: 00010180)
Akeel Master Partner Membership No. 046768	**Keki M. Mistry** Vice Chairman & Chief Executive Officer (DIN: 00008886)	**U. K. Sinha** (DIN: 00010336) **Bhaskar Ghosh** (DIN: 06656458)	**Jalaj Dani** (DIN: 00019080) **Ireena Vittal** (DIN: 05195656)
MUMBAI, May 25, 2020	**Renu Sud Karnad** Managing Director (DIN: 00008064)	**V. Srinivasa Rangan** Executive Director & Chief Financial Officer (DIN: 00030248)	**Ajay Agarwal** Company Secretary (FCS: 9023)

Independent Auditors' Report

TO THE MEMBERS OF
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the "Holding Company" or the "Corporation") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group") and its associates, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associates as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

As described in Note 8.3 to the consolidated financial statements, in accordance with Reserve Bank of India COVID-19 Regulatory Package, ageing of accounts opting for moratorium offered by the Corporation and moving into Stage 3 (based on days past due status as of 31 March 2020) has been determined with reference to position as of 29 February 2020.

As described in Note 3.35 to the consolidated financial statements and as highlighted wherever by respective auditors in their reports relating to the subsidiaries and associates of the Corporation, the extent to which the COVID-19 pandemic will impact the financial performance of the Group and its associates is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Key Audit Matters for Holding Company

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers
Refer to the accounting policies in Note 3.2.3 to the consolidated financial statements: Impairment; Note 2.4.1 to the consolidated financial statements: use of estimates and judgements – determination of Expected Credit Loss and Note 8 to the consolidated financial statements: Loans</td></tr>
<tr><td>Recognition and measurement of impairment of loans and advances involve significant management judgement.

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Corporation's impairment allowance is derived from estimates including the historical default and loss ratios. Corporation exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:
- Segmentation of loan book
- Determination of exposure at default
- Loan staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors

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.</td><td>We performed audit procedures set out below:
Design / controls
• Evaluated appropriateness of the impairment principles used by Corporation's based on the requirements of Ind AS 109, our business understanding and industry practice;
• Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge;
• Understood Corporation's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package;
• Evaluated Corporation's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19; and
• Tested review controls over measurement of impairment allowances and disclosures in financial statements.</td></tr>
<tr><td>Impact of COVID-19</td><td>Substantive tests</td></tr>
<tr><td>On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of, and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:
- short and long term macroeconomic effect on businesses in the country and globally and its consequential and cascading negative impact on revenue and employment generation opportunities;
- impact of the pandemic on the Corporation's customers and their ability to repay dues; and
- application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.</td><td>• Focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model;
• Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data;
• Model calculations testing through re-performance where possible;
• The appropriateness of Corporation's judgement was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral;
Test checked the basis of collateral valuation in the determination of ECL provision;</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Corporation has conducted a qualitative assessment of impact on the credit risk of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.</td><td>• Used specialists to test the model methodology and reasonableness of assumptions used including management overlays;
• Assessed the appropriateness of changes made in management overlays to calibrate the risks that are not yet fully captured by the existing model;
• Assessed the appropriateness of Corporation's rationale for determination of criteria for significant increase in credit risk considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package;
• Corroborated through independent check and enquiries the reasonableness of Corporation's assessment of grading the severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed; and
• Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Corporation regarding impact of COVID-19.</td></tr>
<tr><td colspan="2">Valuation of Derivatives Instruments and Hedge Accounting
Refer to the accounting policies in Note 3.2.8 to the consolidated financial statements: Derivative financial instruments; Note 7 to the consolidated financial statements: Derivative financial instruments and Note 49.1.6.a to the consolidated financial statements– Foreign currency risk</td></tr>
<tr><td>The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged.
The application of hedge accounting and evaluating hedge effectiveness is complex and operationally cumbersome and requires close monitoring from Corporation's management.</td><td>We performed audit procedures set out below
Design / controls
• Obtained an understanding of the risk management policies and tested key controls (i) at the time of designation of hedging relationship including authorisation by designated authority; documentation prepared by Corporation at the inception of the hedge transaction; (ii) with regard to ongoing monitoring and review of the hedge relationship by Corporation including test of hedge effectiveness.</td></tr>
<tr><td></td><td>Substantive tests
• Checked the recognition and measurement of derivative instruments, for selected samples, is as per Ind AS 109;
• Examined hedge documentation on a sample basis to assess the compliance of documentation with Ind AS 109 requirements;
• Test checked on a sample basis reconciliation of derivative instruments to independent confirmations obtained from third party;</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>
• Involved specialists to perform independent valuation and compared with valuation provided by the Corporation;
• Compared input data used in the Corporation's valuation models to independent sources on a sample basis;
• Test checked on a sample basis the applicability and accuracy of hedge accounting;
• Considered the appropriateness of disclosures in relation to financial risk management, derivative instruments and hedge accounting in the consolidated financial statements.
</td></tr>
<tr><td colspan="2">Valuation of Investments (other than investments in subsidiaries and associates)</td></tr>
<tr><td colspan="2">Refer to the accounting policies in Note 3.2 to the consolidated financial statements: Financial instruments; Note 2.4.2 to the consolidated financial statements: Use of estimates and judgements - fair valuation of investment (other than investment in Subsidiaries and Associates); and Note 10 to the consolidated financial statements: Investments</td></tr>
<tr><td>
Subjective estimate
Investments carried at fair value comprise:
- Fair value through profit and loss (FVTPL) investments - ₹ 25,725 crore
- Fair value through other comprehensive income (FVOCI) investments - ₹ 5,054 crore
The effect of fair value adjustments may impact either the profit or loss or other comprehensive income.
The valuation of investments measured at fair value entails significant management estimates and is based on a combination of observable market data and / or valuation techniques which are often based on unobservable inputs.
We identified determination of fair value of investments as a key audit matter because of the degree of subjectivity and judgement exercised by Corporation's management in determining the inputs used in the valuation techniques and methodologies.
</td><td>
We performed audit procedures set out below
Design / controls
• Test checked the design, implementation and operating effectiveness of Corporation's key internal controls over the valuation process and inputs.
Substantive tests
• Read the investment agreements on a sample basis, to understand the relevant investment terms and identify any conditions relevant to the classification and valuation of investments;
• Assessed the appropriateness of the valuation methodology and test key inputs used such as pricing inputs and discount factors;
• Checked valuation methodology was consistently followed and evaluated any change in valuation technique;
• Involved specialists to test the model methodology, reasonableness of assumptions and test key inputs used such as pricing inputs and discount factors;
• Assessed the disclosures as required under prevailing accounting standards reflect the Corporation's exposure to investment valuation risk;
• Evaluated the reliability of inputs i.e. market observable / unobservable data to determine fair value of investments and checked the appropriateness of disclosures in accordance with Ind AS 107 on 'Financial Instruments: Disclosures'.
</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Purchase Price Allocation (“PPA”)

Refer to the accounting policies in Note 2.7 to the consolidated financial statements</td></tr>
<tr><td>Subjective estimate

During the year ended 31 March 2020, the Holding Company made an acquisition of 51.16% stake in a Company for a consideration of ₹ 1,495.81 crores as detailed in Note 50.1 of the consolidated financial statements.

As required under Ind AS 103 Business Combinations, the assets and liabilities acquired were recognized at fair value on the date of acquisition. Goodwill has been determined as a difference between the purchase consideration and fair value of net assets acquired (net of related tax impact) and adjusted for the share of non controlling interest.

To determine the fair values of individual assets acquired such as distribution networks, customer relationships, non-compete agreement, complex valuation models based on assumptions were used. This measurement involves significant judgement while determining estimates of future cash flows as well as the cost of capital applied.

We identified determination of PPA as a key audit matter because of the degree of subjectivity and judgement exercised by Corporation’s management on account of the underlying complexity of the valuation models.</td><td>With respect to the accounting for the acquisition, we:

• Read purchase/ sale agreements and obtained an understanding of the deal structure.

• Evaluated the accounting treatment is in accordance with Ind AS 103 Business Combinations.

• Interpreted specific sections of the agreements and the application of accounting policies thereon.

• Involved internal valuation specialists to assess the appropriateness of the methodology applied by the Corporation in determining the fair valuation of assets and liabilities acquired.

• Verified the computation of goodwill with reference to the opening balance sheet, audited by independent auditors of the acquiree and other intangibles identified and valued by the Corporation.

Verified the related adjustments to the consolidated financial statements in relation to the acquisition.</td></tr>
<tr><td>Information Technology (‘IT’)
IT systems and controls
The Corporation’s key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for it’s overall financial reporting.

We identified ‘IT systems and controls’ as key audit matter because of the high level of automation, significant number of systems being used by management and the scale and complexity of the IT architecture.</td><td>• Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems);

• Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems;

• Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems;

• Understood IT application controls covering

– user access and roles, segregation of duties, and

– key interfaces and reports.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
	• Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that IT application controls that underwent changes, followed the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center.

B. Key Audit Matters of Subsidiary Company - HDFC Life Insurance Company Limited ('HDFC Life') as provided by the auditor of HDFC Life

Key audit matter	How the matter was addressed in our audit
Appropriateness of the Timing of Revenue Recognition in the proper period	
During the year, HDFC Life has recognised premium revenue of ₹ 17,238 crores towards new business (first year premium and single premium). Out of the total revenue recognised, ₹ 5,089 crores was recognised during the last quarter. The auditor of HDFC Life focused on this area because of the significant concentration of revenue during the last quarter of financial year (including cut-off at the Balance sheet date). Due to the nature of the industry, revenue is skewed towards the balance sheet date. Hence, there is possibility that policy sales of the next financial year are accounted in the current period.	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood and evaluated the design and operating effectiveness of process and controls relating to recognition of revenue. • Tested key controls for ensuring that the revenue has been accrued in the correct accounting period. • Tested on a sample basis the policies at the year end to confirm if related procedural compliances with regard to acceptability of the terms of policy were completed before or after the year end to ensure appropriate accounting of revenue. • Relied on the certificate of HDFC Life's management with respect to cheques on hand as at March 31, 2020. • Tested on a sample basis unallocated premium to ensure that there were no policies where risk commenced prior to balance sheet but revenue was not recognized. • Tested the manual accounting journals relating to revenue on a sample basis so as to identify unusual or irregular items. Agreed the journals tested to corroborative evidence. • Tested on a sample basis cash receipt with the time stamp in case of products like Unit Linked Insurance Plan to confirm the recognition of the revenue in correct accounting period.
Contingencies relating to certain matters pertaining to service tax and income tax	
HDFC Life has received various demands and show cause notices (mostly industry specific) from the tax authorities in respect of matters including service tax and income tax.	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood HDFC Life's process and control for determining tax litigations and its appropriate accounting and disclosure.

Key audit matter	How the matter was addressed in our audit
For service tax, the matters were mainly towards applicability of service tax on Lapse charges, recovery of agency processing fees, backdating alteration charges, recoveries on look in, policy reinstatement fees, policy fees, etc. and on income tax it is mainly towards applicability of correct section of TDS with regard to certain payments. The HDFC Life management with the help of its expert, as needed, have made judgements relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability. We therefore focused on this area as a result of uncertainty and potential material impact.	• Testing key controls surrounding tax. • Litigations. • Where relevant, reading external legal opinions obtained by HDFC Life. • Assessed HDFC Life's conclusions which included involvement of auditors' independent tax experts, as applicable, to gain an understanding of the current status of the tax cases and monitoring of changes in disputes to establish that the tax provisions reflects the latest external developments. • Discussed pending matters with the HDFC Life's legal counsel and independent HDFC Life appointed tax experts.

C. Key Audit Matter of Subsidiary Company - HDFC Ergo General Insurance Company Limited ('HDFC Ergo') as provided by the auditor of HDFC Ergo

Key audit matter	How the matter was addressed in our audit
Valuation of Investments:	
Subjective estimate • The carrying value of Investments amounting to ₹ 11,860.97 (₹ in Crores) (Policy holders and Shareholders) represent 62.46% of total assets as disclosed in the financial statement. • Due to the nature of the asset and the amount involved, the regulatory prescriptions applicable to recognition, measurement and disclosure of Investments and the assumptions adopted by HDFC Ergo's management as per Ind AS 109 in the classification and valuation of Investments, (Schedule (E) to special purpose financial statements) is considered as a key audit matter. • The valuation of all investments should be as per provisions of Ind AS 109 and the classification as determined by the HDFC Ergo. • HDFC Ergo has *inter alia* a policy framework for Valuation and impairment of Investments • The valuation of unquoted investments and thinly traded investments continues to be an area of inherent risk because of market volatility, unavailability of reliable prices and macroeconomic uncertainty. • HDFC Ergo performs an impairment review of its investments periodically and recognizes impairment charge when the investments meet the trigger/s for impairment provision as per the criteria set out in the investment policy of HDFC Ergo. Further, the assessment of impairment involves significant management judgement.	**During the course of their audit, the auditor of HDFC ERGO performed the following procedures:** • Tested the HDFC Ergo's management oversight and controls over valuation of investments. • Independently test-checked valuation of unquoted investments, on a sample basis. • Reviewed and assessed the adequacy with respect to HDFC Ergo's assessment of impairment charge on investments outstanding at the year end. Reviewed the Fair Value with respect to specific investments. • Reviewed the basis of provisions accounted in respect of non-performing investments and ensured that the provision meets the IRDAI guidelines and Ind AS 109. • Reviewed the compliance with the IRDAI guidelines on recording of Income on non performing investments. • Reviewed the adjustments required to be carried based on the subsidiary records maintained for the purpose of Ind AS Adjustments.

Key audit matter	How the matter was addressed in our audit
Provision for bad & doubtful debts relating to receivables from other insurance companies (Including Government Receivables), outstanding premium and agent balances:	
• "Dues from Other entities carrying on insurance business" is ₹ 140.26 (₹ in Crores) as at the year end. During the year HDFC ERGO has written off ₹ 1.36 (₹ in Crores) net of reversals of ₹ 3.01 (₹ in Crores) of earlier years being amounts due from other insurance companies. These amounts have been accounted under Profit and Loss Account. • "Outstanding premium" amounting to ₹ 1,448.27 (₹ in Crores) (Schedule (E2) to special purpose financial statements) includes premium due from Central Government, State Government and others. This amount includes outstanding premium accounted in accordance with IRDAI Circular No. IRDAI/NL/ CIR /MOT/079/04/2020 dated April 2, 2020 (further clarified by IRDAI circular No. IRDAI/NL/CIR/ MOT/081/04/ 2020 dated April 3, 2020) on the Motor third party liability is ₹ 42.13 (₹ in Crores). • Outstanding "Agent balances" as at the year end amounted to ₹ 0.03 (₹ in Crores). • Due to the significance of the amount and judgement involved in assessing the recoverability of dues, this has been considered as key audit matter.	**During the course of their audit, the auditor of HDFC ERGO performed the following procedures:** • Reviewed the historical provision for bad debts and compared it to the actual amounts written off, to determine whether management's estimates have been prudent and reasonable. Audit procedure included the following: • Evaluated and tested controls over the recording, monitoring and ageing of outstanding premium, dues from other insurance companies. • Evaluated the adequacy of the process of reconciliation followed by HDFC Ergo with respect to amounts due from other insurance Companies. • Sent out direct confirmations of balances to select parties on a test check basis as required under "SA 505-External Confirmations". • Discussed with HDFC ERGO management and reviewed correspondences, where relevant, to identify disputes, if any, on any of the recoverable balances and reviewed the assessment of the HDFC ERGO management as to the requirement of provisioning if any on these disputed dues. • Reviewed the accounting entries recorded for policy holders whose motor vehicle third party insurance policies fall due for renewal during the period on and from the March 25, 2020 up to March 31, 2020 to ensure that the premium has been considered for motor vehicle third party insurance policies as per the IRDAI guidance.
Provisions and contingent liabilities:	
• As of March 31, 2020 HDFC ERGO has disclosed pending litigations arising out of matters relating to Service tax as contingent liabilities of ₹ 27.04 crores and Claims, other than those under policies, not acknowledged as debts as ₹ 0.16 crores. In addition HDFC Ergo has pending litigations arising out of matters relating to Service Tax ₹ 174.23 crores. • The assessment of the existence of the present legal obligation, analysis of the probability of the related payment and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures.	**During the course of their audit, the auditor of HDFC ERGO performed the following procedures:** • As part of audit procedures have assessed HDFC Ergo's processes to identify new possible obligations and changes in existing obligations for compliance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets. The audit procedures performed included the following: • Obtained listing from HDFC Ergo of the changes in litigation status as compared to prior year and obtained a detailed understanding of the disputes and also reviewed

Key audit matter	How the matter was addressed in our audit
	the analysis made by HDFC Ergo and assumptions used by them on how they concluded as required under Ind AS 37. • Wherever HDFC Ergo had obtained external legal advice, the same were reviewed to gain an understanding of the HDFC Ergo management's view on the matters. • Used internal tax experts to gain an understanding of these disputes and also obtained their views on the possible outcome based on facts and current circumstances. • Obtained legal representation letters on the material outstanding legal cases. • Reviewed minutes of board meetings, including the sub-committees. • Based on the audit evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, determined the level of provisioning and disclosure of contingent liabilities as at 31 March, 2020 to be appropriate.

D. Key Audit Matter of Associate - HDFC Bank Limited ('HDFC Bank') as provided by the auditor of HDFC Bank

Key audit matter	How the matter was addressed in our audit
Measurement of Expected Credit Loss (ECL) on Financial Assets:	
Recognition and measurement of impairment relating to financial assets involves significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on ECL model which is forward looking Expected Loss Approach. HDFC Bank's impairment allowance is computed based on estimates including the historical default and loss ratios. HDFC Bank leverages the assets classification and risk estimations under Internal Rating Based (IRB) capital computation for ECL computation. HDFC Bank exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: • Portfolio Segmentation. • Asset staging criteria. • Calculation of probability of default / Loss given default/ Credit conversion factor basis the portfolio segmentation. • Consideration of probability of forward looking macro-economic factors specially for COVID-19 impact. HDFC Bank has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underlying inputs to ECL model.	**During the course of their audit, the auditor of HDFC Bank performed the following procedures:** • Reviewed the Board approved policy on ECL for impairment of financial assets and assessed compliance with Ind AS 109. • Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation. • Evaluated HDFC Bank's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Involved specialists to review the methodology of the computation of staging of loans, estimation of probability of default, its calibration, and estimation of loss given default. • Reconciled the total financial assets considered for ECL estimation with the books of accounts to ensure the completeness. Performed substantive procedures for testing of ECL model and computation of ECL amount included and not limited to the following:

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Bank has vide range of products in retail segment and exposure to various industries in wholesale segment. There is significant data input required for the computation of ECL for homogenous product in retail segment and basis model and internal grading system in wholesale segment. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model.

Identified the measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.</td><td>• Performed procedures over segmentation of financial assets related to the advances in retail and wholesale as per their various products and models and risk characteristics.
• Reviewed the assumptions used for and computation of probability of default, loss given default, discounting factors, credit conversion factor for different class of financial assets as per their nature and risk assessment for sample class of assets.
• Tested the appropriate staging of assets basis their days past due and other loss indicators on sample basis.
• Reviewed the assessment performed for forward looking macro-economic factor.
• Tested the ECL computation and ensured application of correct underlying factor like PD, LGD, CCF etc. basis the nature of products and models.</td></tr>
<tr><td colspan="2">Information Technology (“IT”) Systems and Controls:</td></tr>
<tr><td>HDFC Bank has a complex IT architecture to support its day to day business operations. High volume of transactions is processed and recorded on single or multiple applications.

The reliability and security of IT systems plays a key role in the business operations of HDFC Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

Identified ‘IT systems and controls’ as key audit matter because of the high level automation, significant number of systems being used by HDFC Bank and the complexity of the IT architecture and its impact on the financial reporting system.</td><td>During the course of their audit, the auditor of HDFC Bank performed the following procedures:

For testing the IT general controls, application controls and IT dependent manual controls, involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by HDFC Bank’s IT systems.

Gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access, change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID-19 was also part of audit procedure.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
	In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. Also tested few controls using negative testing technique and had taken adequate samples of instances for test.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Director's report and Management Discussion & Analysis (MD&A), but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, 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 and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) The consolidated financial statements include the audited consolidated (where applicable) financial statements of 11 subsidiaries and 1 associate, whose financial statements/ financial information reflect Group's share of total assets of ₹ 1,60,103 crores as at March 31, 2020, Group's share of total revenue of ₹ 42,062 crores and Group's share of total net profit after tax of ₹ 7,304 crores and Group's share of net cash outflows of ₹ 23 crores for the year ended on that date, as considered in the consolidated financial statements, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements/financial information of these entities have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors.

Of the aforesaid subsidiaries, 2 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Corporation's management has converted the financial statements of these 2 subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Corporation's management. Our opinion in so far as it relates to the amounts and disclosures of these 2 subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by management of the Corporation and audited by us.

(b) The consolidated financial statements include the financial statements of a subsidiary acquired by the Holding Company on 9 January 2020, whose financial statements (prior to recognition of adjustments in accordance with Ind AS 103 "Business Combinations", which have been audited by us) reflect Group's share of total assets of ₹ 2,733 crores as at March 31, 2020, Group's share of total revenue of ₹ 999 crores and Group's share of total net profit after tax of ₹ 131 crores and Group's share of net cash inflows of ₹ 28 crores for the period ended on that date, as considered in the consolidated financial statements, which have been audited by the subsidiary's independent auditors.

Similarly, the opening balance sheet of the subsidiary (prior to recognition of adjustments in accordance with Ind AS 103 "Business Combinations", which have been audited by us) as considered by the Holding Company, for the purposes of computation of goodwill, has been audited by the subsidiary's independent auditors.

The independent auditors' reports on financial statements and opening balance sheet of this subsidiary have been furnished to us by the management and our opinion on the consolidated annual financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of such auditors.

(c) The consolidated financial statements include the unaudited financial statements of 2 subsidiaries, a component of subsidiary and 3 associates, whose financial statements / financial information reflect Group's share of total assets of ₹ 316 crores, Group's share of total revenue of ₹ 62 crores and Group's share of total net profit after tax of ₹ 2 crores and Group's share of net cash inflows of ₹ 16 crores for the year ended March 31, 2020, as considered in the consolidated financial statements. These unaudited financial statements/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, component of subsidiary and associates is based solely on such financial statements/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, this financial statements/financial information are not material to the Group.

(d) Further, in case of a subsidiary where the financial statements for the year ended March 31, 2020 have been audited by us, the figures reported as comparatives were audited by the then statutory auditor. Such comparative figures reflect Group's share of total assets of ₹ 137 crores, Group's share of total revenue of ₹ 461 crores, Group's share of total net profit after tax of Rs. 6 crores, Group's share of net cash inflows of ₹ 6 crores for the year ended as at March 31, 2019.

(e) Investment in equity shares of a subsidiary have been sold during the year ended March 31, 2020 and consequently the entity ceased to be a subsidiary of the Holding Company effective August 30, 2019. Further, the investment in this entity was classified as an associate with effect from August 31, 2019. Thereafter, the investment in this associate stand cancelled with reference to the scheme of merger, effective October 17, 2019, and the entity ceased to be an associate.

For the year ended March 31, 2020, the consolidated financial statements includes the financial statements of this subsidiary, which reflect total revenues of ₹ 907 crores and total net profit after tax of ₹ 174 crores and total comprehensive income of ₹ 173 crores for the period from April 1 to August 30, 2019, whose financial statements have not been audited.

For the year ended March 31, 2020, the consolidated financial statements includes the Group's share of net profit after tax of ₹ 11 crores for the period August 31, 2019 to October 17, 2019, which has not been audited.

In respect to the above entity, the financial statements have been furnished to us by management and our report on the consolidated financial statements in so far as it relates to the amounts included in respect of this entity are based solely on such financial information / explanation given to us and is management certified.

(f) Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force and policies where premium is discontinued, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') in respect of another subsidiary.

This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their conclusion on the financial statements of the said subsidiaries.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Board of Directors.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies, none of the directors of the Group companies and its associate companies is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group and its associates. Refer Note 44 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 7.1 to the consolidated financial statements in respect of such items as it relates to the Group and its associates;

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation during the year ended 31 March 2020. Whilst the Corporation transferred the unclaimed dividend, 2,120 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant informed that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditors' report under Section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associate companies which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associate companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies and associate companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

AKEEL MASTER
Partner
Membership No: 046768
ICAI UDIN 20046768AAAAIG5257

Mumbai
25 May 2020

Annexure - A to the Independent Auditors' report – March 31, 2020

(Referred to in our report of even date)

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the 'Holding Company' or the 'Corporation') as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of the Holding Company and such companies incorporated in India under Companies Act, 2013 which are its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and associate companies, as of that date.

Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force and policies where premium is discontinued, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their opinion on the financial statements of the said subsidiaries.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its associate companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls 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 and Board of Directors Responsibility for Internal Financial Controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by the ICAI and specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and associate companies in terms of their reports referred to in the 'Other matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over financial reporting

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

Other matter

Our aforesaid report under Section I43(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to the 9 subsidiaries and 2 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matter with respect to our reliance on the work done and reports of the other auditors and representations of Board of Directors and management of the Corporation.

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

AKEEL MASTER
Partner
Membership No: 046768
ICAI UDIN 20046768AAAAIG5257

Mumbai
25 May 2020

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2020

₹ in Crore

Particulars		Notes	As at March 31, 2020	As at March 31, 2019
ASSETS				
Financial Assets				
(i)	Cash and cash equivalents	4	5,198.46	3,183.31
(ii)	Bank Balances other than (i) above	5	303.07	1,353.23
(iii)	Receivables	6		
	- Trade receivables		336.31	611.99
	- Other receivables		6.58	28.60
(iv)	Derivative financial instruments	7	5,758.06	1,403.36
(v)	Loans	8	4,45,496.16	4,22,363.83
(vi)	Investments in Associates	9	48,883.74	43,874.69
(vii)	Other Investments	10	51,027.29	32,837.20
(viii)	Assets of Life Insurance Business	11		
	- Investments	11.1	1,29,605.23	1,24,882.26
	- Other Assets	11.3	7,726.66	4,987.02
(ix)	Assets of Non-Life Insurance Business			
	- Investments	11.2	13,731.83	9,187.56
	- Other Assets	11.3	6,136.41	4,229.64
(x)	Other financial assets	12	3,983.72	4,436.32
Total Financial Assets			7,18,193.52	6,53,379.01
Non-Financial Assets				
(i)	Current Tax assets (Net)	13	3,696.51	3,279.98
(ii)	Deferred tax assets (Net)	13	1,699.68	919.07
(iii)	Investment property	14	981.52	395.64
(iv)	Property, plant and equipment	15	1,744.27	1,188.02
(v)	Other intangible assets	16	1,149.45	101.20
(vi)	Capital work in Progress		20.38	20.41
(vii)	Intangible assets under development		38.52	3.81
(viii)	Other non-financial assets	17	690.35	962.52
(ix)	Goodwill on consolidation	16	1,600.73	625.46
Total Non-Financial Assets			11,621.41	7,496.11
Total Assets			7,29,814.93	6,60,875.12

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2020 (Continued)

₹ in Crore

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
(i) Derivative financial instruments	7	**354.84**	164.75
(ii) Payables	18		
(A) Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises		**4.00**	1.55
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**2,161.19**	1,995.80
(B) Other Payables			
(a) total outstanding dues of micro enterprises and small enterprises		**-**	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**238.95**	463.04
(iii) Debt Securities	19	**1,79,799.15**	1,84,639.73
(iv) Borrowings (Other than Debt Securities)	20	**1,07,914.67**	90,256.39
(v) Deposits	21	**1,32,304.79**	1,07,071.99
(vi) Subordinated Liabilities	22	**5,348.93**	5,735.70
(vii) Liabilities pertaining to Life Insurance Business	23	**1,31,006.74**	1,25,344.52
(viii) Liabilities pertaining to Non Life Insurance Business	23	**17,423.31**	11,174.31
(ix) Other financial liabilities	24	**16,536.97**	14,460.04
Total Financial Liabilities		**5,93,093.54**	5,41,307.82
Non-Financial Liabilities			
(i) Current tax liabilities (Net)	25	**259.84**	170.53
(ii) Deferred tax liabilities (Net)	13	**32.46**	65.43
(iii) Provisions	26	**372.09**	369.42
(iv) Other non-financial liabilities	27	**2,220.52**	983.40
Total Non-Financial Liabilities		**2,884.91**	1,588.78
Total Liabilities		**5,95,978.45**	5,42,896.60
EQUITY			
(i) Equity Share capital	28	**346.41**	344.29
(ii) Other equity	29	**1,26,132.75**	1,11,388.85
(iii) Non-controlling interest		**7,357.32**	6,245.38
Total equity		**1,33,836.48**	1,17,978.52
Total liabilities and equity		**7,29,814.93**	6,60,875.12

See accompanying notes forming part of the the consolidated financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Statement of Consolidated Profit and Loss for the year ended March 31, 2020

₹ in Crore

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I. Revenue from Operations			
i) Interest Income	30	45,253.26	41,045.30
ii) Surplus from deployment in Cash Management Schemes of Mutual Funds		1,118.90	997.71
iii) Dividend Income		89.21	29.47
iv) Rental Income	31	47.13	68.05
v) Fees and commission Income		2,138.82	2,475.11
vi) Profit on Loss of Control	50.3	9,799.10	-
vii) Net gain on fair value changes	32	(179.67)	711.34
viii) Profit on Sale of Investments Properties		35.11	21.63
ix) Net gain on derecognition of assigned loans		967.87	859.99
x) Income from Life Insurance Operations - Policyholder's funds	33	28,041.47	37,777.49
xi) Income from Non-Life Insurance Operations - Policyholder's funds	33	14,414.51	11,929.22
Total Revenue from Operations		1,01,725.71	95,915.31
II. Other Income		70.19	279.56
Total Income (I + II)		1,01,795.90	96,194.87
III. Expenses			
i) Finance costs	34	32,109.45	29,525.78
ii) Impairment on financial instruments (Expected Credit Loss)	35	5,951.12	991.19
iii) Employee benefit expenses	36	1,356.66	1,448.37
iv) Depreciation, amortisation and impairment	15	256.11	96.00
v) Establishment Expenses	37	56.78	239.71
vi) Expense of Life Insurance Operations - Policyholder's funds	38	26,618.01	36,432.07
vii) Expense of Non-Life Insurance Operations - Policyholder's funds	38	13,934.50	11,632.86
viii) Other Expenses	39	1,066.12	1,119.75
Total expenses		81,348.75	81,485.73
IV. Profit before share of profit of Associates (III - IV)		20,447.15	14,709.14
V. Share of profit of associates	9	5,746.10	7,389.82
VI. Profit before tax (IV + V)		26,193.25	22,098.96
VII Tax expense			
- Current tax		3,415.75	4,370.02
- Deferred tax		(48.97)	148.43
Total tax expense	13	3,366.78	4,518.45
VIII. Net Profit After Tax (VI - VII)		22,826.47	17,580.51

Housing Development Finance Corporation Limited

Statement of Consolidated Profit and Loss for the year ended March 31, 2020 (Continued)

₹ in Crore

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
IX. Other comprehensive income	**41**		
(A) (i) Items that will not be reclassified to profit or (loss)		**(7,150.50)**	(72.38)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		**620.12**	17.80
Sub Total (A)		**(6,530.38)**	(54.58)
(B) (i) Items that will be reclassified to profit or (loss)		**203.97**	(12.37)
(ii) Income tax relating to items that will be reclassified to profit or (loss)		**(31.55)**	(0.60)
Sub Total (B)		**172.42**	(12.97)
(C) Share of Other Comprehensive Income of an associate	9	**144.54**	149.27
Other Comprehensive Income (A+B+C)		**(6,213.42)**	81.72
Total comprehensive income (VIII + IX)		**16,613.05**	17,662.23
Profit attributable to:			
Owners of the Corporation		**21,434.57**	16,231.76
Non-Controlling Interest		**1,391.90**	1,348.75
Other Comprehensive Income attributable to:			
Owners of the Corporation		**(6,374.24)**	119.49
Non-Controlling Interest		**160.82**	(37.77)
Total Comprehensive Income attributable to:			
Owners of the Corporation		**15,060.33**	16,351.25
Non-Controlling Interest		**1,552.72**	1,310.98
Earnings per equity share	**43**		
Basic (₹)		**124.14**	95.40
Diluted (₹)		**123.19**	94.66

See accompanying notes forming part of the the consolidated financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

	Notes	₹ in Crore Amount
As at March 31, 2018	28	**335.18**
Equity share capital issued during the year		9.11
As at March 31, 2019		**344.29**
Equity share capital issued during the year		2.12
As at March 31, 2020		**346.41**

B. Other Equity (Refer Note 29)

₹ in Crore

Particulars	Reserves and Surplus												Other Comprehensive Income						
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Corporate Social Responsibility Account	Foreign Currency Monetary Item Translation	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at March 31, 2018	48.30	24,836.68	30,472.93	18,790.13	51.23	11,485.63	4,943.64	86.24	18.22	0.00	(50.72)	46.45	17.42	(235.25)	2.89	973.90	50.38	91,538.07	4,994.30
Changes in accounting policy/prior period errors																		-	
Restated balance at the beginning of the reporting period	**48.30**	**24,836.68**	**30,472.93**	**18,790.13**	**51.23**	**11,485.63**	**4,943.64**	**86.24**	**18.22**	**-**	**(50.72)**	**46.45**	**17.42**	**(235.25)**	**2.89**	**973.90**	**50.38**	**91,538.07**	**4,994.30**
Profit for the year			16,231.76															16,231.76	1,348.75
Other Comprehensive Income for the year													112.01	9.91	(2.44)			119.48	(37.77)
Total Comprehensive Income for the year	**-**	**-**	**16,231.76**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**112.01**	**9.91**	**(2.44)**	**-**	**-**	**16,351.24**	**1,310.98**
Opening Adjustments			(349.01)															(349.01)	
Profit on sale of subsidiary			1,205.61															1,205.61	
Dividends including tax on dividend			(4,086.63)															(4,086.63)	
Transfer from retained earnings			(2,086.76)	47.68		1,908.89	100.00	18.69				11.50						-	
Received during the year		6,613.17									58.15	10.91				178.74		6,860.96	
Utilised during the year		(41.43)	(6.49)						(14.95)				(11.09)	1.31	(1.31)	(7.05)	(50.38)	(131.39)	(59.90)
Balance as at March 31, 2019	**48.30**	**31,408.42**	**41,381.41**	**18,837.81**	**51.23**	**13,394.52**	**5,043.64**	**104.93**	**3.27**	**-**	**7.43**	**68.86**	**118.34**	**(224.03)**	**(0.86)**	**1,145.58**	**-**	**111,388.85**	**6,245.38**

Particulars	Reserves and Surplus												Other Comprehensive Income						
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Corporate Social Responsibility Account	Foreign Currency Monetary Item Translation	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at March 31, 2019	**48.30**	**31,408.42**	**41,381.41**	**18,837.81**	**51.23**	**13,394.52**	**5,043.64**	**104.93**	**3.27**	**-**	**7.43**	**68.86**	**118.34**	**(224.03)**	**(0.86)**	**1,145.58**	**-**	**111,388.85**	**6,245.38**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**48.30**	**31,408.42**	**41,381.41**	**18,837.81**	**51.23**	**13,394.52**	**5,043.64**	**104.93**	**3.27**	**-**	**7.43**	**68.86**	**118.34**	**(224.03)**	**(0.86)**	**1,145.58**	**-**	**111,388.85**	**6,245.38**
Profit for the year	-	-	21,434.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,434.57	1,391.90
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	(6,420.99)	41.86	4.89	-	-	(6,374.24)	160.82
Total Comprehensive Income for the year	**-**	**-**	**21,434.57**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,420.99)**	**41.86**	**4.89**	**-**	**-**	**15,060.33**	**1,552.72**
Movement for the year	-	5.03	1,023.22	(585.49)		(366.07)	0.14	9.92	-	-	-	9.67	(136.94)	1.58	(1.58)	68.56	-	28.04	-
Profit on sale of subsidiary (where control is retained)	-	-	1,740.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,740.41	-
Dividends including tax on dividend	-	-	(3,600.64)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,600.64)	-
Transfer from retained earnings	-	-	(11,659.99)	8,034.59	-	3,400.00	200.00	25.40	-	-	-	-	-	-	-	-	-	0.00	-
Received during the year	-	1,665.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,665.95	-
Utilised / Other Adjustments	(3.71)	-	-	-	-	-	-	-	(3.17)	-	(7.43)	-		-	-	(135.88)	-	(150.19)	(440.78)
Balance as at March 31, 2020	**44.59**	**33,079.40**	**50,318.98**	**26,286.91**	**51.23**	**16,428.45**	**5,243.78**	**140.25**	**0.10**	**-**	**-**	**78.53**	**(6,439.59)**	**(180.59)**	**2.45**	**1,078.26**	**-**	**126,132.75**	**7,357.32**

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

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(DIN: 00009078)

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Vice Chairman &
Chief Executive Officer
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Managing Director
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Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2020

₹ in Crore

	Notes	**Year ended March 31, 2020**	Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**26,193.25**	22,098.96
Adjustments for:			
Share of Profit of the Associates		**(5,746.10)**	(7,389.82)
Depreciation and Amortisation		**256.11**	175.20
Impairment on Financial Instruments (Expected Credit Loss)		**5,951.12**	1,165.70
Expense on Employee Stock Option Scheme		**15.96**	245.98
Profit on loss of control in Subsidiary		**(9,799.10)**	-
Net gain on fair value changes		**182.12**	(750.59)
Profit on Sale of Investments		**(2.45)**	(21.63)
(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)		**(35.11)**	(66.83)
Interest Expense		**31,901.06**	29,012.79
Interest Income		**(45,253.26)**	(45,827.48)
Surplus from deployment in Cash Management Schemes of Mutual Funds		**(1,118.90)**	(997.71)
Utilisation of Shelter Assistance Reserve		**(3.17)**	(14.94)
Operating Profit before Working Capital changes		**2,541.53**	(2,370.37)
Adjustments for:			
Decrease/(Increase) in Financial Assets and Non Financial Assets		**(3,535.38)**	(2,481.80)
(Decrease)/Increase in Financial and Non Financial Liabilities		**3,270.61**	1,680.78
Decrease/(Increase) in Assets pertaining to Insurance Business		**(14,194.94)**	(22,377.06)
(Decrease)/Increase in Liabilities pertaining to Insurance Business		**13,545.65**	20,172.92
Cash from / (used) for Operations		**1,627.47**	(5,375.53)
Interest Received		**46,372.16**	46,513.71
Interest Paid		**(31,775.66)**	(28,101.80)
Taxes Paid		**(3,967.98)**	(3,485.40)
Net cash from Operations		**12,255.99**	9,550.98
Investments in schemes of Mutual Fund (Net)		**(10,312.48)**	(6,091.39)
Loans disbursed (net)		**(29,899.40)**	(47,354.55)
Corporate Deposits (net)		**1,070.88**	(406.45)
Net cash used in Operating activities	**A**	**(26,885.01)**	(44,301.41)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		**(356.14)**	(211.78)
Sale of Fixed Assets		**3.82**	31.60
Net Cash used for Fixed Assets		**(352.32)**	(180.18)
Purchase of Investment Properties		**(296.25)**	(17.28)
Sale of Investment Properties		**65.43**	127.45
Net Cash flow from / used for Investment Properties		**(230.82)**	110.17
Investments in Subsidiary Companies		**(1,495.81)**	(121.24)
Investments in Associate Companies		**(86.71)**	(8,569.75)
Other Investments (Net)		**(9,347.13)**	(1,554.61)
Sale proceeds of Investments in Subsidiary Companies		**1,639.14**	-
Net cash used for Investing activities	**B**	**(9,873.65)**	(10,315.61)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2020 (Continued)

₹ in Crore

	Notes	**Year ended March 31, 2020**	Year ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital - Equity		**2.12**	9.11
Securities Premium received		**1,587.94**	6,613.17
Securities Premium utilised		**(0.25)**	(41.43)
Sale proceeds of Investments in Subsidiary Companies		**1,903.27**	1,248.87
Borrowings and Deposits (Net)		**42,883.65**	48,745.70
Proceeds from Debt Securities and Subordinated Liabilities		**1,05,072.64**	1,74,755.46
Repayment of Debt Securities and Subordinated Liabilities		**(1,10,139.61)**	(1,73,104.37)
Dividend paid - Equity Shares		**(3,023.49)**	(3,407.28)
Tax paid on Dividend		**(581.35)**	(695.25)
Change in Non-Controlling Interest		**1,068.89**	861.65
Net cash from Financing activities	C	**38,773.81**	54,985.63
Net Increase / (Decrease) in cash and cash equivalents	[A+B+C]	**2,015.15**	368.61
Add : Cash and cash equivalents as at the beginning of the period		**3,183.31**	2,814.70
Cash and cash equivalents as at the end of the period		**5,198.46**	3,183.31

During the year, the Group has received Dividend of ₹ **89.21 Crore** (Previous year ₹ 511.14 Crore)

Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ **37,663.73 Crore** (Previous year ₹ 50,338.64 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes forming part of the the consolidated financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

Directors

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(DIN: 00009078)

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(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the Consolidated Financial Statements

1. Corporation Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation' or 'the Company') was incorporated in 1977 as the first specialised Mortgage Company domiciled in India having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange. HDFC is also a financial conglomerate and has subsidiaries / associates engaged across banking, insurance, asset management and other financial services business.

2. Basis of Preparation and Presentation

2.1 Statement of Compliance and basis of preparation and presentation

The consolidated financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB"), the Reserve Bank of India ("RBI"), the Insurance Regulatory Development Authority of India ("IRDAI"), the Securities Exchange Board of India ("SEBI") to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 48.

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

2.2 Functional and Presentation Currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Corporation and all values are rounded to the nearest Crore, except when otherwise indicated.

2.3 Basis of Measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Corporation.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 Share Based Payments, leasing transactions that are within the scope of Ind AS 116 Leases.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The preparation of the financial statements in conformity with Indian Accounting Standards (“Ind AS”) requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 Determination of Expected Credit Loss

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement.

In particular, the estimation of the amount and timing of future cash flows based on Corporation’s historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Corporation’s criteria for assessing if there has been a significant increase in credit risk.
- Development of ECL models, including the various formulas and choice of inputs / assumptions used.

The various inputs used and process followed by the Corporation in determining the significant increase in credit risk has been detailed separately.

2.4.2 **Fair Valuation of Investments**

Some of the Corporation's Investments are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 49.

2.4.3 **Income Taxes**

The Corporation's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.4 **Evaluation of Business Model**

Classification and measurement of financial instruments depends on the business model test (refer note 3.2.2.1.4) and results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") (refer note 3.2.2.1.5). The Corporation determines the business model at a level that reflects how the Corporation financial instruments are managed together to achieve a particular business objective.

The Corporation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

2.4.5 **Share-Based Payments**

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 3.9.1.

2.4.6 **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Insurance Companies

For Insurance Companies, critical adjustments or judgements are required for valuation of policy liabilities as on date.

2.5 **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries together referred to as ("the Corporation/Group") and Associates as at and for the year ended 31 March, 2020. The Corporation consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Corporation has less than a majority of the voting or similar rights of an investee, the Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Corporation's voting rights and potential voting rights.
- The size of the Corporation's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Corporation uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Corporation member's financial statements in preparing the consolidated financial statements to ensure conformity with the Corporation's accounting policies.

The financial statements of all entities used for the purpose of consolidation are same reporting date as that of the parent company, i.e., year ended on 31 March, 2020.

2.6 **Consolidation Procedure**

- Combine like items of assets, liabilities, equity, income, and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires

recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Corporation loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Corporation had directly disposed of the related assets or liabilities.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The financial statements of the following subsidiary companies have been consolidated as per Ind AS 110 - Consolidated Financial Statements.

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Sr. No.	Name of Subsidiary	Proportion of Ownership Interest (%)	
		March 31, 2020	March 31, 2019
1	HDFC Investments Ltd.	**100**	100
2	HDFC Holdings Ltd.	**100**	100
3	HDFC Asset Management Co. Ltd.	**52.72**	52.77
4	HDFC Trustee Co. Ltd.	**100**	100
5	GRUH Finance Ltd. (Subsidiary upto August 30, 2019)	-	56.09
6	HDFC Venture Capital Ltd.	**80.50**	80.50
7	HDFC Ventures Trustee Co. Ltd.	**100**	100
8	HDFC Life Insurance Co. Ltd.	**51.46**	51.48
9	HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.)	**51.46**	51.48
10	HDFC International Life and Re Company Limited (Subsidiary of HDFC Life Insurance Co. Ltd.)	**51.46**	51.48
11	HDFC ERGO General Insurance Co. Ltd.	**50.48**	50.49

Sr. No.	Name of Subsidiary	Proportion of Ownership Interest (%)	
		March 31, 2020	March 31, 2019
12	HDFC Sales Pvt. Ltd.	**100**	100
13	HDFC Property Ventures Ltd.	**100**	100
14	HDFC Investment Trust	**100**	100
15	HDFC Investment Trust – II	**100**	100
16	Griha Investments (Subsidiary of HDFC Holdings Ltd.)	**100**	100
17	Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	**100**	100
18	HDFC Credila Financial Services Pvt. Ltd.	**100**	91.57
19	HDFC Education and Development Services Pvt. Ltd.	**100**	100
20	HDFC Capital Advisors Ltd.	**100**	100
21	HDFC ERGO Health Insurance Ltd. (formerly known as Apollo Munich Health Insurance Co. Ltd.) (with effect from January 9, 2020)	**51.56**	-

Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

2.7 **Business Combinations and Goodwill**

Business combinations except under common control are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Corporation measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

In case of bargain purchase, before recognising a gain in respect thereof, the Corporation re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2.8 **Investments in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105.

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Dividend received from associates is recognised as reduction in the carrying amount of the investments.

After application of the equity method, the Corporation determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit/loss of an associate' in the Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Corporation measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate. Changes in investor's interest in other component of equity in such cases are being directly recognised in Equity.

When a group entity transacts with an associate of the Group, profit or losses resulting from the transactions with associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies

3.1 **Revenue Recognition**

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

Interest

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

Interest income/Expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest, income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

Dividend income

Dividend income is recognised when the Corporation's right to receive dividend is established by the reporting date.

Fee and Commission Income

The Group recognises revenue from contract with customers based on five step model as set out in Ind AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Rental Income

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

Premium Income of Life Insurance Business

Premium income on Insurance contracts and Investment Contracts with Discretionary Participative Feature (DPF) is recognised as income when due from policyholders and as reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated.

Premium Income of General Insurance Business

Premium including Re-insurance accepted (net of service tax upto June 30, 2017, and net of Goods & Service Tax w.e.f. July 1, 2017) is recognized as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the period in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Reinsurance Premium

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Re-insurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss Re-insurance cover is accounted as per the terms of the Re-insurance arrangements.

Other Income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

3.2 Financial Instruments

3.2.1 Recognition and Initial Measurement

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Corporation recognises debt securities, deposits and borrowings when funds are received by the Corporation.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Corporation will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.2 Classification and Subsequent Measurement of Financial Assets and Liabilities

3.2.2.1 Financial Assets

The Corporation classifies and measure all of its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- FVTPL

3.2.2.1.1 **Amortised Cost**

The Corporation classifies and measures cash and bank balances, Loans, Trade receivable, certain debt investments and other financial assets at amortised cost if following condition is met:

Financial Assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortised cost.

3.2.2.1.2 **FVOCI**

The Corporation classifies and measures certain debt instruments at FVOCI when the investments is held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the SPPI test.

The Corporation measures all equity investments at fair value through profit or loss, unless the Corporation's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments, Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.2.1.3 **FVTPL**

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in profit or loss.

3.2.2.1.4 **Business Model Test**

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Corporation determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Corporation's business model does not depend on management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Corporation considers all relevant information available when making the business model assessment. The Corporation takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Corporation's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Corporation determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Corporation reassesses it's business model each reporting period to determine whether the business model have changed since the preceding period. For the current and prior reporting period the Corporation has not identified a change in its business model.

3.2.2.1.5 **Solely Payments of Principal and Interest on the principal amount outstanding test ("SPPI")**

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that meet SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

3.2.2.1.6 **Subsequent Measurement and Gain and Losses**

Financial Assets at Amortised Cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI:

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequently measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Equity Instrument at FVOCI:

Gains and losses on equity instruments at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Corporation benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial Assets at FVTPL:

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.2.2.1.7 **Reclassifications**

If the business model under which the Corporation holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Corporation's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Corporation holds financial assets and therefore no reclassifications were made.

3.2.2.2 **Financial Liabilities and Equity Instruments**

3.2.2.2.1 **Classification as Debt or Equity**

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Corporation or a contract that will or may be settled in the Corporation's own equity instruments and is a non-derivative contract for which the Corporation is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Corporation's own equity instruments.

3.2.2.2.2 **Equity Instruments**

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

3.2.2.2.3 **Subsequent Measurement and Gain and Losses**

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

3.2.3 **Impairment and Write-off**

The Corporation recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt instruments measured at amortised cost and at FVOCI;
- Lease receivables;
- Loan commitments issued;
- Financial guarantee; and
- Other Assets.

Equity instruments are measured at fair value and not subject to impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. the portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

The Corporation has established policy to perform an assessment at the end of each reporting period 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 instruments.

Based on the above process, the Corporation categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Corporation recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Corporation records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans are considered credit-impaired, the Corporation records an allowance for the life time expected credit losses.

For financial assets for which the Corporation has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3.2.3.1 Measurement of Expected Credit Losses

The Corporation calculates ECL based on probability-weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is the difference between the cash flows that are due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive.

When estimating ECL for undrawn loan commitments, the Corporation 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. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Corporation's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

The Corporation measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- 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 after considering the credit conversion factor (for Stage 1 and Stage 2 assets), and accrued interest from missed payments.
- Probability of Default (PD) is the probability of whether borrowers will default on their obligations which is calculated based on historical default rate summary of past years using origination vintage analysis.
- Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using a "Workout approach" based on the Corporation's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.2.3.2 Significant Increase in Credit Risk

The Corporation monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to 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 Corporation measures the loss allowance based on lifetime rather than 12-month ECL. The Corporation's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Corporation monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation 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 Corporation 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.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in different recovery scenario. For individual loans the Corporation considers the expectation of forbearance, payment holidays and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is 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 a financial asset becomes 30 days past due, the Corporation 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.

3.2.3.3 **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;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- 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 Corporation assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Corporation considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a 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.

3.2.3.4 **Definition of Default**

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

The Corporation considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Corporation; or
- the borrower is unlikely to pay its credit obligations to the Corporation in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Corporation takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

3.2.3.5 **Write-off**

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains.

3.2.4 **Modification and Derecognition of Financial Assets**

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. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Corporation renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then; a quantitative assessment is performed to compare the presen value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If the significant difference in present value, the Corporation deems the arrangement is substantially different leading to 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. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance is continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Corporation calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3.2.5 **Derecognition of Financial Liabilities**

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.2.6 **Collateral Valuation and Repossession**

To mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the HFC under SARFAESI act. The Corporation provides fully secured, partially secured and unsecured loans to individuals and Corporates.

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail 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.

3.2.7 **Transfer and Servicing of Assets**

The Corporation transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Corporation transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

The Corporation recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in Statement of Profit and Loss.

3.2.8 **Derivative Financial Instruments**

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivative held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Corporation designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

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

Hedge Accounting

The Corporation makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Corporation applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Corporation's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Corporation would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Corporation classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.2.9 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Corporation's revenue recognition policies.

The Corporation has not designated any financial guarantee contracts as FVTPL.

3.3 Property, Plant and Equipment ("PPE")

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Corporation and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.4 Investment Property

Investment properties are properties held to earn rentals and/or capital appreciation and are measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 **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 Corporation and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment, except for Goodwill on Consolidation (refer note 2.7). Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3.6 **Capital Work-in-Progress**

Capital work-in-progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

3.7 **Depreciation and Amortisation**

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is recognised on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease. The useful life of the property, plant and equipment held by the Corporation is as follows:

Class of assets	**Useful life**
Buildings	60 years
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Vehicles*	5 years
Computer Software*	4 years

** For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.*

Intangible assets are amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

3.8 **Impairment of Assets other than Financial Instruments**

As at the end of each accounting year, the Corporation reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 **Employee Benefits**

3.9.1 **Share-based Payment Arrangements**

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

3.9.2 **Defined Contribution Plans**

Superannuation Fund

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

3.9.3 **Defined Benefit Plans**

Provident Fund

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by various trustees. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability, if any is recognised.

Gratuity and Other Post Retirement Benefits

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

Short-term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

3.10 **Scheme and Commission Expenses**

Certain scheme related expenses and commission paid to distributors were being borne by one of the subsidiary company till October 22, 2018. These expenses have been charged in accordance with applicable circulars and guidelines issued by Securities and Exchange Board of India ("SEBI") and Association of Mutual Funds in India and have been presented under the respective expense heads in the Statement of Profit and Loss.

Any brokerage or commission paid by the one of the subsidiary in line with the applicable regulations is being amortised over the contractual period.

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, all of these expenses, subject to certain minor exceptions, are being borne by the respective schemes.

New Fund Offer expenses on the launch of schemes are borne by one of the subsidiary and recognised in the Statement of Profit and Loss as and when incurred.

3.11 **Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating Leases

Transition

Effective April 1, 2019 the Corporation has adopted Ind AS 116 - Leases, which requires any lease arrangement to be recognised in the balance sheet of the lessee as a 'right-of-use' asset with a corresponding lease liability. Accordingly depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognised on lease liabilities under finance costs. As permitted by the standard, the Corporation has applied this standard w.e.f. April 1, 2019 and comparatives for the previous period / year have not been restated.

The Corporation as Lessee

The Corporation's lease asset classes primarily consist of leases for office premises. The Corporation 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 Corporation assesses whether:

- the contract involves the use of an identified asset
- the Corporation has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Corporation has the right to direct the use of the asset.

At the date of commencement of the lease, the Corporation recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

The 'right-of-use' asset has been included under the line 'Property, Plant and Equipment' and lease liability has been included under 'Other Financial Liabilities'.

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 recognized 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. 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 underlying asset.

The lease liability is initially measured at amortized 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 these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Corporation changes its assessment if whether it will exercise 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.

The Corporation as Lessor

Leases for which the Corporation 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.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

3.12 **Dividends on Ordinary Shares**

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

3.13 **Cash and Cash Equivalents**

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.14 **Securities Premium Account**

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 and issue expenses of securities which qualify as equity instruments.

3.15 **Borrowing Costs**

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

3.16 **Deferred Acquisition Cost (DAC)/Deferred Origination Fees (DOF)**

Incremental costs incurred during the financial year on acquiring or renewing of investment contracts without

Discretionary Participating Feature are deferred and amortized over the life of the policy contracts as the related revenue is recognized, to the extent that these costs are recoverable out of future premiums.

Initial and other front-end fees received for rendering future investment management services relating to investment contracts without Discretionary Participating Feature, are deferred and recognized as revenue when the related services are rendered.

3.17 **Claims Incurred**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses. The above elements of estimates of liability for claims are periodically reviewed by the Appointed Actuary and adjusted based on recent experience and emerging trends.

3.18 **Acquisition Costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed in the period in which they are incurred.

3.19 **Commission Received**

Commission on Re-insurance ceded is recognised as income on ceding of Re-insurance premium.

Profit commission under Re-insurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

3.20 **Reserve for Unexpired Risk**

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365th method in all segment subject to a minimum of 100% in case of Marine Hull business and based on Net Premium Written during the year, whichever is higher as per Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016.

3.21 **Premium Deficiency**

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk. The expected claim costs are calculated and duly certified by the Appointed Actuary.

3.22 **Salvage Recoveries**

Salvaged vehicles are recognised at net realizable value and are deducted from the claim settlement made against the same. Salvaged vehicles on hand are treated as stock-in-trade and are recognised at estimated net realizable value based on independent valuer's report.

3.23 **Foreign Currencies**

Functional currency of the Corporation and foreign operations has been determined based on the primary economic environment in which the Corporation and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Corporation'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 except for the Long Term Monetary Items outstanding as at March 31, 2019, for which differences are recognized in FCMITDA & amortised in Profit & Loss statement.

3.24 **Segments**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes in India, Life Insurance business, General Insurance business and Asset Management business. All other activities of the Corporation revolve around these main businesses.

3.25 **Earnings per Share**

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.26 **Taxes on Income**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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 based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Corporation's tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the Corporation's view on settling with the tax authorities.

The Corporation provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable. In making these estimates, the Corporation assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all the relevant information.

3.27 Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.28 Provisions and Contingent Liabilities

Provisions are recognised only when:

- The Corporation has a present obligation (legal or constructive) as a result of a past event; 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.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

Contingent liability is disclosed in case of:

- 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.

3.29 Contingent Assets

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.

3.30 Reinsurance Assets

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date. This also includes the balances due from reinsurance companies which are accounted for in the period in which the related claims are intimated.

3.31 **Insurance Contract Liabilities**

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

3.31.1 The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

3.31.2 The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.

3.31.3 The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

3.31.4 The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.

3.31.5 The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/bonuses) and reserves calculated by gross premium valuation method.

3.31.6 The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

3.31.7 Additional reserves are determined to:

- allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).
- allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
- meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
- allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).
- allow for the cost of guarantees, wherever applicable.

3.32 **Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Uncalled liability on shares and other investments partly paid;

- Funding related commitment to associate and joint venture companies; and
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.33 **Non-Current Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.34 **Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3.35 **COVID-19 Regulatory Package**

On March 11, 2020, the World Health Organisation declared the novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world. In India, from March 25, 2020 to May 31, 2020, the central government declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020, the Corporation has offered a moratorium on the payment of instalments falling due between March 1, 2020 and May 31, 2020 (‘moratorium period’) to eligible borrowers.

The IRDAI vide Circular No. IRDAI/NL/CIR/MOT/081/04/2020 dated April 3, 2020 has provided clarifications on its Circular No. IRDAI/NL/CIR/MOT/079/04/2020 dated April 2, 2020 issued in relation to accounting of premium on the Motor third party liability cases falling due for renewal during the lockdown period (March 25, 2020 to April 14, 2020)(subsequently extended to May 3, 2020) as a result of COVID-19 pandemic.

There remains a high level of uncertainty about the duration of the lockdown and the time required for life and business operations to normalise. The extent to which the COVID-19 pandemic will impact the Corporation’s business and financial statement is at this juncture, dependent on future developments, which are highly uncertain.

4. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Cash on hand	**8.91**	1.35
(ii) Balances with banks:		
- In Current Accounts	**4,475.89**	1,885.82
- In Deposit accounts with original maturity of 3 months or less	**653.79**	901.58
(iii) Cheques, drafts on hand	**59.87**	394.56
Total	**5,198.46**	3,183.31

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Corporation, and earn interest at the respective short-term deposit rates.

5. Bank Balances other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) In other Deposit accounts		
- original Maturity more than 3 months	**185.92**	1,179.39
(ii) Earmarked balances with banks		
- Unclaimed Dividend Account	**24.79**	28.99
- Other - Against Foreign Currency Loans [Refer Note 20.2]	**91.40**	113.76
- Towards Guarantees Issued by Banks	**0.96**	31.09
Total	**303.07**	1,353.23

Fixed deposit with banks earns interest at fixed rate or floating rates based on daily bank deposit rates.

6. Trade Receivables and other Receivables

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good - Unsecured	**336.48**	612.00
Less: Provision for Expected Credit Loss	**0.17**	0.01
Net Trade receivables	**336.31**	611.99
Other receivables - considered good - Unsecured	**6.58**	28.60
Total	**342.89**	640.59

No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

7. Derivative Financial Instruments

The Corporation enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) **Currency derivatives:**						
- Forwards	12,391.25	485.00	-	3,176.82	7.42	100.71
- Currency swaps - Principal Only Swaps	19,026.58	2,119.23	60.10	12,826.93	311.74	63.93
- Options purchased (net)	11,007.12	856.31	-	6,757.73	122.20	0.11
Sub Total (i)	**42,424.95**	**3,460.54**	**60.10**	22,761.48	441.36	164.75
(ii) Interest rate derivatives						
- Interest Rate Swaps	70,698.38	2,297.52	34.17	55,650.00	962.00	-
- Options purchased (net)	12,750.40	-	260.57	-	-	-
Sub Total (ii)	**83,448.78**	**2,297.52**	**294.74**	55,650.00	962.00	-
Total Derivative Financial Instruments (i)+(ii)	**1,25,873.73**	**5,758.06**	**354.84**	78,411.48	1,403.36	164.75
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
- Currency derivatives	-	-	-	-	-	-
- Interest rate derivatives	65,300.00	2,297.52	-	55,650.00	962.00	
Sub Total (i)	**65,300.00**	**2,297.52**	-	55,650.00	962.00	-
(ii) Cash flow hedging:						
- Currency derivatives	47,066.63	3,460.54	73.52	22,761.48	441.36	164.75
- Interest rate derivatives	13,507.10	-	281.32	-	-	-
Sub Total (ii)	**60,573.73**	**3,460.54**	**354.84**	22,761.48	441.36	164.75
(iii) Undesignated Derivatives						
- Currency Swaps	-	-	-	-	-	-
- Forwards	-	-	-	-	-	-
Sub Total (iii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)	**1,25,873.73**	**5,758.06**	**354.84**	78,411.48	1,403.36	164.75

*Notional amounts of the respective currencies have been converted at March 31, 2020 and March 31, 2019 exchange rate.

7.1 The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7.2 Refer note 49.1.6 For Foreign currency risk.

8. Loans

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Loans:		
Individual Loans	3,31,469.34	3,09,406.30
Corporate Bodies	1,18,165.46	1,11,139.28
Others	6,815.22	7,760.37
Staff Loans	33.38	29.91
Total – Gross (A)	**4,56,483.40**	4,28,335.86
Less: Impairment Loss allowance (Expected Credit Loss)	10,987.24	5,972.03
Total – Net (A)	**4,45,496.16**	4,22,363.83
(a) Secured by tangible assets	4,30,040.58	4,08,881.03
(b) Secured by intangible assets	9,068.14	9,159.21
(c) Covered by bank and government guarantee	930.75	1,169.59
(d) Unsecured	16,443.93	9,126.03
Total – Gross (B)	**4,56,483.40**	4,28,335.86
Less: Impairment Loss allowance (Expected Credit Loss)	10,987.24	5,972.03
Total – Net (B)	**4,45,496.16**	4,22,363.83
(I) Loans in India		
(i) Public Sector	1,142.63	1,385.99
(ii) Others	4,55,340.77	4,26,949.87
Total (C) - Gross	**4,56,483.40**	4,28,335.86
Less: Impairment Loss allowance (Expected Credit Loss)	10,987.24	5,972.03
Total (C) (I) - Net	**4,45,496.16**	4,22,363.83
(II) Loans outside India		
Less: Impairment Loss allowance (Expected Credit Loss)	-	-
Total (C) (II) - Net	-	-
Total (C) (I) and (II)	**4,45,496.16**	4,22,363.83

8.1 Loans granted by the Corporation are secured or partly secured by one or a combination of the following securities;

1. Registered/equitable mortgage of property;
2. Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
3. Hypothecation of assets;
4. Bank guarantees, company guarantees or personal guarantees;
5. Negative lien;
6. Assignment of receivables;
7. Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

There were no loans given against the collateral of gold jewellery.

8.2 Loans include ₹ **467.16 Crore** (Previous Year ₹ 491.50 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

8.3 **Expected Credit Loss**

Expected Credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are:

a. Probability of Default (PD): represents the likelihood of default over a defined time horizon.

b. Exposure at Default (EAD): represents the gross exposure at the time of default.

c. Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others.

Delinquency buckets have been considered as the basis for the staging of all loans with:

a. 0-30 days past due loans classified as stage 1

b. 31-90 days past due loans classified as stage 2 and

c. > 90 days past due loans classified as stage 3

EAD is the total amount outstanding including accrued interest as on the reporting date. The ECL is computed as a product of PD, LGD and EAD.

Macro Economic variables

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, inflation, Housing price index (HPI), lending rate (repo rate) and the equity indices were analysed for their correlations. The correlation was minimal and the same was not considered in the ECL framework.

One of the subsidiary company operates using internal rating models. The company runs separate models for its portfolio in which the customers are rated from 'Standard' to 'NPA' using internal grades.

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Further, the Corporation has also evaluated its individual and non-individual portfolio to determine any specific category of customers which may reflect higher credit losses (e.g. based on specific sectors) or where the recoveries may be affected due to potential reduction in valuation of the collaterals (e.g. type of collateral, customers where recoveries were expected through realisation of collaterals only etc.). Basis such determination, the Corporation has recognised provisions as management overlay for specific categories of customers identified or recognised additional provisions for specific customers where provisions were originally recognised based on recoverable value of underlying collaterals, as applicable.

Ageing of accounts opting for moratorium and moving into Stage 3 (based on days past due status as of 31 March 2020) has been determined with reference to position as of 29 February 2020.

Credit quality of Individual Loan Assets:

The Corporation has classified all individual loans as amortized cost and has assessed it at the collective pool level.

The individual loan book has been divided into the housing and non-housing sub portfolios.

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans).

The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The housing and non-housing portfolio has been considered together for the LGD computation.

Credit quality of Corporate Loan Assets:

Measurement of ECL for stage 1 and certain stage 2 non individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into: i) Corporate Finance ii) Construction Finance iii) Lease Rental Discounting iv) Inter-Corporate Deposits. Certain loans classified as stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The 12 month PD has been applied on stage 1 loans. The PD term structure i.e. Lifetime PD has been applied on the stage 2 loans according to the repayment schedule for stage 2 loans and PD is considered to be 100% for stage 3 loans. PD has been separately calculated for each segment as described above.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Corporation has identified certain non individual accounts as Watch List under Stage 2 based on the following criteria.

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments.
- Security cover is insufficient for repayment of loans.
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

In addition to the management overlays described above in relation to the impact of COVID-19, during the year, the management has recognised additional provisions towards overlay in relation to specific categories of individual customers e.g. customers associated with incomplete projects, impact of reduction in collateral value associated with specific Stage 3 customers, customers associated with projects covered by subvention schemes etc.

Further, during the year, the Corporation has also applied point in time method for determining probability of default in relation to computation of provision under expected credit loss model for non-individual customers.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

₹ in Crore

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**4,04,784.56**	**18,306.96**	**5,244.34**	**4,28,335.86**	3,59,897.00	17,080.30	4,767.04	3,81,744.34
Adjustment on account of scheme of amalgamation of GRUH Finance Ltd (a subsidiary) with Bandhan Bank	**(16,638.59)**	**(654.83)**	**(114.45)**	**(17,407.87)**	-	-	-	-
Increase in EAD - new assets originated or purchased / further increase in existing assets	**1,40,933.85**	**1,343.53**	**564.03**	**1,42,841.41**	1,43,780.59	694.11	445.35	1,44,920.05
Assets repaid in part or full (excluding write offs)	**(67,032.11)**	**(2,607.86)**	**(2,523.88)**	**(72,163.85)**	(68,012.93)	(2,945.74)	(1,561.60)	(72,520.27)
Assets Derecognised (Loans Assigned)	**(24,127.25)**	**-**	**-**	**(24,127.25)**	(25,150.00)	-	-	(25,150.00)
Assets written off	**-**	**-**	**(994.89)**	**(994.89)**	-	-	(658.25)	(658.25)
Transfers to Stage 1	**2,037.24**	**(1,744.93)**	**(292.31)**	**-**	4,446.10	(3,717.65)	(808.50)	(80.05)
Transfers to Stage 2	**(16,138.76)**	**16,317.31**	**(178.56)**	**(0.01)**	(9,070.51)	9,683.56	(484.16)	128.89
Transfers to Stage 3	**(1,809.66)**	**(6,154.86)**	**7,964.52**	**-**	(1,105.69)	(2,487.62)	3,544.46	(48.85)
Gross carrying amount closing balance	**4,22,009.28**	**24,805.32**	**9,668.80**	**4,56,483.40**	4,04,784.56	18,306.96	5,244.34	4,28,335.86

Note: Gross carrying amount includes undrawn balance on which ECL is computed.

Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**263.62**	**3,152.32**	**2,556.09**	**5,972.03**	198.32	3,310.16	2,060.88	5,569.36
Adjustment on account of scheme of amalgamation of GRUH Finance Ltd (a subsidiary) with Bandhan Bank	**(20.01)**	**(15.87)**	**(83.69)**	**(119.57)**	-	-	-	-
ECL Remeasurements due to changes in EAD / assumptions [Net]	**867.45**	**3,345.10**	**1,916.86**	**6,129.41**	12.27	2.12	0.03	14.42
Assets Derecognised or repaid (excluding write offs)	**-**	**-**	**-**	**-**	(155.91)	866.49	354.31	1,064.89
Transfers to Stage 1	**132.04**	**(105.14)**	**(26.90)**	**-**	833.04	(810.22)	(23.66)	(0.84)
Transfers to Stage 2	**(821.92)**	**840.47**	**(18.55)**	**-**	(621.72)	705.73	(80.17)	3.84
Transfers to Stage 3	**(48.63)**	**(1,466.06)**	**1,514.70**	**0.01**	(3.53)	(923.13)	926.28	(0.38)
Amounts written off / other adjustments	**-**	**-**	**(994.64)**	**(994.64)**	1.15	1.17	(681.58)	(679.26)
ECL allowance - closing balance	**372.55**	**5,750.82**	**4,863.87**	**10,987.24**	263.62	3,152.32	2,556.09	5,972.03

The Expected Credit Loss (ECL) shown above is computed on the Exposure At Default (EAD) which comprises of the Gross Carrying Amount adjusted for the following amounts:

₹ in Crore

Particulars	As on March 31, 2020	As on March 31, 2019
EMI / Interest Amounts Received in Advance	**(195.51)**	(180.58)
Undisbursed Loan Component (after applying Credit Conversion Factor)	**20,211.37**	19,695.60
Financial Guarantees	**384.86**	534.98

During the year provisioning against ECL has been enhanced keeping in mind the real-estate scenario in the country. All stressed assets were reviewed constantly during the year by senior management and suitable ECL enhancements were made wherever required. Further, by way of sensitisation to any possible COVID-19 related stress to real estate prices, ECL was further reviewed and strengthened in the fourth quarter by making forward looking adjustments to valuation of securities in stressed assets.

Summary of Impairment loss allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2020	**372.55**	**5,750.82**	**4,863.87**	**10,987.24**
March 31, 2019	263.62	3,152.32	2,556.09	5,972.03

Stage 1 - Loss allowance measured at 12 month expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

8.4 Concentration of Exposure

₹ in Crore

Particulars	As on March 31, 2020	As on March 31, 2019
Total Loans and Advances to twenty largest borrowers *	**52,119.15**	43,051.80
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**11.70%**	9.71%

* Loans (principal outstanding, undrawn loan commitment, financial guarantees and inter corporate deposits) outstanding as on date has been considered for the computation of concentration of exposure.

9. Investment in Associates

The Group's interest in material associates are:

Name of the Associate	Principal place of business	Nature of Business	Method of accounting	Proportion of stake	
				As at March 31, 2020	As at March 31, 2019
HDFC Bank Limited	India	Banking	Equity Method	21.24%	21.38%
Truenorth Ventures Private Limited	India	Venture Capital	Equity Method	21.51%	21.51%
Good Host Spaces Private Limited (w.e.f. August 24, 2018)	India	Hospitality	Equity Method	25.01%	25.01%
Magnum Foundations Private Limited	India	Real estate	Equity Method	50.00%	50.00%

Notes forming part of the Consolidated Financial Statements (Continued)

Summarised financial information in respect of Group's material associates along with reconciliation of the same to the carrying amount of the interest in associates is set out below:

₹ in Crore

Particulars (as at March 31, 2020)	GRUH Finance Ltd	HDFC Bank Limited	Truenorth Ventures Private Limited	Good Host Spaces Private Limited	Total
Summarised statement of Net assets					
Cash and cash equivalents		87,919.80	0.01	20.67	87,940.48
Other Financial Assets		14,99,612.20	5.88	58.25	14,99,676.33
Non-inancial Assets		17,711.30	1.58	1,686.21	19,399.09
Total Assets (A)		**16,05,243.30**	**7.47**	**1,765.13**	**16,07,015.90**
Financial Liabilities		14,09,584.70	0.05	27.54	14,09,612.29
Non-Financial Liabilities		8,913.20	0.14	1,172.41	10,085.75
Total Liabilities (B)		**14,18,497.90**	**0.19**	**1,199.95**	**14,19,698.04**
Net Assets (A-B)		**1,86,745.40**	**7.28**	**565.18**	**1,87,317.86**
Group share in %		21.24%	21.51%	25.01%	
Group share in Amount		39,663.90	1.57	141.35	39,806.82
Goodwill and other adjustments		9,048.84	0.05	12.82	9,061.71
Add: Value of an Associate carried as FVTPL					15.21
Carrying amount	Refer Note 10.1	**48,712.74**	**1.62**	**154.17**	**48,883.74**
Summarised statement of Profit and Loss					
Interest Income		1,22,671.60	-	-	1,22,671.60
Other Income		21,575.40	1.06	112.60	21,689.06
Interest Expenses		62,021.60	-	50.64	62,072.24
Depreciation and Amortisation		2,301.00	-	11.81	2,312.81
Other Expenses		42,333.90	0.13	53.68	42,387.71
Income Tax		10,910.00	0.17	(1.77)	10,908.40
Profit before Tax from continuing operations		37,590.50	0.93	(3.53)	**37,587.90**
Profit after Tax from continuing operations		26,680.50	0.76	(1.76)	**26,679.50**
Other Comprehensive Income		680.50	-	-	**680.50**
Total Comprehensive Income		27,361.00	0.76	(1.76)	**27,360.00**
Group share in %		21.24%	21.51%	25.01%	
Group share in Amount in Profit and loss (A) (including dilution gains and other adjustments)	11.09	5,735.29	0.16	(0.44)	**5,746.10**
Group share in Amount in Other Comprehensive Income (B)	-	144.54	-	-	**144.54**
Total Group share in Amount (A+B)	11.09	5,879.83	0.16	(0.44)	**5,890.64**
Share in commitments and contingent liabilities	-	18,584.74	0.24	-	**18,584.98**

₹ in Crore

Particulars (as at March 31, 2019)	HDFC Bank Limited	Truenorth Ventures Private Limited	Good Host Spaces Private Limited	Total
Summarised statement of Net assets				
Cash and cash equivalents	81,792.50	0.08	18.49	81,811.07
Other Financial Assets	12,48,319.80	6.58	486.69	12,48,813.07
Non-Financial Assets	10,328.10	0.74	274.36	10,603.20
Total Assets (A)	13,40,440.40	7.40	779.54	13,41,227.34
Financial Liabilities	11,75,393.00	-	509.08	11,75,902.08
Non-Financial Liabilities	1,602.60	0.38	50.21	1,653.19
Total Liabilities (B)	11,76,995.60	0.38	559.29	11,77,555.27
Net Assets (A-B)	1,63,444.80	7.02	220.25	1,63,672.07
Group share in %	21.38%	21.51%	25.01%	
Group share in Amount	34,948.70	1.51	55.08	35,005.29
Goodwill and other adjustments	8,856.53	0.05	12.82	8,869.40
Carrying amount	43,805.23	1.56	67.90	43,874.69
Summarised statement of Profit and Loss				
Interest Income	105,438.10	-	-	105,438.10
Other Income	-	0.58	103.44	104.02
Interest Expenses	53,086.70	-	47.07	53,133.77
Depreciation and Amortisation	1,220.60	-	-	1,220.60
Other Expenses	-	0.28	5.74	6.02
Income Tax	12,340.30	0.07	1.63	12,342.00
Profit before Tax from continuing operations	34,916.80	0.30	9.47	34,926.57
Profit after Tax from continuing operations	22,576.50	0.23	7.84	22,584.57
Other Comprehensive Income	698.10	-	0.01	698.11
Total Comprehensive Income	23,274.60	0.23	7.85	23,282.68
Group share in %	21.38%	21.51%	25.01%	
Group share in Amount in Profit and loss (A) (including dilution gains and other adjustments)	7,391.71	(0.02)	(1.87)	7,389.82
Group share in Amount in Other Comprehensive Income (B)	149.27	-	-	149.27
Total Group share in Amount (A+B)	7,540.98	(0.02)	(1.87)	7,539.09
Share in Commitments and Contingent Liabilities	18,137.83	-	105.43	18,243.26

HDFC Bank Ltd. for the purposes of its statutory compliance prepares and presents its financial statements/ results under the historical cost convention and accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to banks. These financial statements/results are largely referred to as the Indian GAAP ('IGAAP') financial statements/results of the Bank. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('IND-AS'). The timelines for the said implementation have since been deferred.

HDFC Bank Ltd, being an associate of Housing Development Finance Corporation Limited (the 'Corporation'), has prepared this consolidated financial information ('fit- for consolidation information'), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/results of the Corporation.

10. Investments - Other than Insurance Companies

₹ in Crore

Investments	As at March 31, 2020				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	28,162.25	28,162.25	28,162.25
Government Securities $	14,283.47	-	-	-	14,283.47
Equity Shares	-	5,110.90	621.54	5,732.44	5,732.44
Preference Shares	70.00	-	16.68	16.68	86.68
Debentures	1,201.39	101.30	460.35	561.65	1,763.04
Pass-through Certificates	22.57	-	-	-	22.57
Security Receipts	-	-	176.13	176.13	176.13
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	841.33	841.33	841.33
Total – Gross (A)	**15,577.43**	**5,212.20**	**30,278.28**	**35,490.48**	**51,067.91**
(i) Investments outside India	-	58.38	-	58.38	58.38
(ii) Investments in India	15,577.43	5,153.82	30,278.28	35,432.10	51,009.53
Total (B)	**15,577.43**	**5,212.20**	**30,278.28**	**35,490.48**	**51,067.91**
Less: Allowance for Impairment loss (C)	40.62	-	-	-	40.62
Total – Net (D) = (A)-(C)	**15,536.81**	**5,212.20**	**30,278.28**	**35,490.48**	**51,027.29**

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	17,849.78	17,849.78	17,849.78
Government Securities $	10,618.90	-		-	10,618.90
Equity Shares		383.69	1,201.49	1,585.18	1,585.18
Preference Shares	70.00	12.54	12.30	24.84	94.84
Debentures	1,024.54	356.98	325.30	682.28	1,706.82
Pass-through Certificates	27.32	-	-	-	27.32
Security Receipts	-	-	221.69	221.69	221.69
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	779.31	779.31	779.31
Total – Gross (A)	11,740.76	753.21	20,389.87	21,143.08	32,883.84
(i) Investments outside India	-	55.13	-	55.13	55.13
(ii) Investments in India	11,740.76	698.08	20,389.87	21,087.95	32,828.71
Total (B)	11,740.76	753.21	20,389.87	21,143.08	32,883.84
Less: Allowance for Impairment loss (C)	46.64	-	-	-	46.64
Total – Net (D) = (A)-(C)	11,694.12	753.21	20,389.87	21,143.08	32,837.20

$ The Corporation has not created any provision under Expected Credit Loss on Investments made in Government Securities.

10.1 GRUH Finance Limited

In view of the scheme of amalgamation filed by GRUH Finance Limited ("GRUH"), a Subsidiary of the Corporation, and Bandhan Bank Limited ("Bandhan") and the subsequent directive by the Reserve Bank of India to the Corporation to hold not more than 9.9% of the share capital of Bandhan post merger, the Corporation sold the shares of the GRUH during the period, and the Corporation's shareholding in GRUH was reduced to 38% on 30 August 2019, accordingly the same was classified as an associate company. The effective date of the merger of GRUH into and with Bandhan Bank Limited (Bandhan Bank) was October 17, 2019. The Corporation was allotted 15,93,63,149 shares aggregating 9.90% of the total issued share capital of Bandhan. On derecognition of investment in GRUH, the Corporation has recorded a fair value gain of ₹ **9,016.41 Crore** through the Statement of Profit and Loss.

10.2 HDFC ERGO Health Insurance Limited

Pursuant to receipt of approvals from Reserve Bank of India, Insurance Regulatory and Development Authority of India and Competition Commission of India, the Corporation has, on January 10, 2020, acquired 51.16% of the equity share capital of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited).

Further, the Corporation has initiated necessary steps of merger of HDFC ERGO Health Insurance Ltd (HDFC ERGO Health) and HDFC ERGO General Insurance Company Ltd (HDFC ERGO), subsidiary of the Corporation, subject to approval of the National Company Law Tribunal, Mumbai.

The Scheme *inter alia* envisages amalgamation of the HDFC ERGO Health into and with HDFC ERGO and dissolution of the HDFC ERGO Health without winding up.

10.3 **Debt Asset Swap**

During the year, the Corporation has entered into debt assets swap, wherein the gross carrying amount of the financial and non financial assets taken over as at March 31, 2020 stood at ₹ **62.47 Crore** (Previous Year ₹ Nil) and ₹ **847.57 Crore** (Previous Year ₹ Nil) respectively, the properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. The properties are either for the Corporation's own use or being held for capital appreciation, which the Corporation will dispose of at an appropriate time and in accordance with the applicable regulations.

11 Assets of Insurance Business

11.1 **Investment of Life Insurance Business**

₹ in Crore

Investments	As at March 31, 2020				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Government securities and other approved securities	-	42,502.41	10,507.08	53,009.49	**53,009.49**
Equity Shares	-	-	36,448.55	36,448.55	**36,448.55**
Preference Shares	-	-	1.36	1.36	**1.36**
Debentures	-	23,711.50	10,920.38	34,631.88	**34,631.88**
Fixed Deposits	-	549.72	-	549.72	**549.72**
Certificate of Deposits	-	34.27	24.56	58.83	**58.83**
Commercial Papers	-	-	97.76	97.76	**97.76**
Reverse Repo Instruments	-	3,101.75	1,481.85	4,583.60	**4,583.60**
Security Receipts	-	-	0.03	0.03	**0.03**
Investment in Units of Venture Capital Fund/Reits	-	-	265.63	265.63	**265.63**
Total – Gross (A)	**-**	**69,899.65**	**59,747.20**	**1,29,646.85**	**1,29,646.85**
(i) Investments outside India	-	-	-	-	**-**
(ii) Investments in India	-	69,899.65	59,747.20	1,29,646.85	**1,29,646.85**
Total (B)	**-**	**69,899.65**	**59,747.20**	**1,29,646.85**	**1,29,646.85**
Less: Allowance for Impairment loss (C)	-	41.62	-	41.62	**41.62**
Total – Net (D) = (A)-(C)	**-**	**69,858.03**	**59,747.20**	**1,29,605.23**	**1,29,605.23**
Investments of Policyholders	-	65,540.42	58,338.57	1,23,878.99	**1,23,878.99**
Investments of Shareholders	-	4,317.61	1,408.63	5,726.24	**5,726.24**
Total	**-**	**69,858.03**	**59,747.20**	**1,29,605.23**	**1,29,605.23**

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	425.23	425.23	425.23
Government securities and other approved securities	-	32,168.77	7,967.60	40,136.37	40,136.37
Equity Shares	-	-	47,864.96	47,864.96	47,864.96
Debentures	-	19,218.83	11,313.14	30,531.97	30,531.97
Subsidiaries - Equity Shares	-	-	-	-	-
Fixed Deposits		440.99	-	440.99	440.99
Certificate of Deposits	-	332.24	-	332.24	332.24
Commercial Papers	-	475.80	148.02	623.82	623.82
Reverse Repo Instruments	-	1,377.29	2,874.16	4,251.45	4,251.45
Security Receipts	-	-	0.11	0.11	0.11
Investment in Units of Venture Capital Fund/Reits	-	-	275.12	275.12	275.12
Total – Gross (A)	-	54,013.92	70,868.34	1,24,882.26	1,24,882.26
(i) Investments outside India	-	197.54	-	197.54	197.54
(ii) Investments in India	-	53,816.38	70,868.34	1,24,684.72	1,24,684.72
Total (B)	-	54,013.92	70,868.34	1,24,882.26	1,24,882.26
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D) = (A)-(C)	-	54,013.92	70,868.34	1,24,882.26	1,24,882.26
Investments of Policyholders	-	49,924.98	70,023.95	1,19,948.93	1,19,948.93
Investments of Shareholders	-	4,088.94	844.39	4,933.33	4,933.33
Total	-	54,013.92	70,868.34	1,24,882.26	1,24,882.26

11.2 Investments - Non Life Insurance Business

₹ in Crore

Investments	As at March 31, 2020				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	732.71	732.71	732.71
Government securities and other approved securities	-	5,759.48	-	5,759.48	5,759.48
Equity Shares	-	-	170.79	170.79	170.79
Preference Shares	-	-	2.65	2.65	2.65
Debentures	-	7,089.36	-	7,089.36	7,089.36
Fixed Deposits	50.41	-	-	-	50.41
Total – Gross (A)	**50.41**	**12,848.84**	**906.15**	**13,754.99**	**13,805.40**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	50.41	12,848.84	906.15	13,754.99	13,805.40
Total (B)	**50.41**	**12,848.84**	**906.15**	**13,754.99**	**13,805.40**
Less: Allowance for Impairment loss **(C)**	-	73.57	-	73.57	73.57
Total – Net (D) = (A)-(C)	**50.41**	**12,775.27**	**906.15**	**13,681.42**	**13,731.83**
Investments of Policyholders	44.03	9,843.62	640.66	10,484.27	10,528.30
Investments of Shareholders	6.38	2,931.65	265.49	3,197.15	3,203.53
Total	**50.41**	**12,775.27**	**906.15**	**13,681.42**	**13,731.83**

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	212.12	212.12	212.12
Government securities and other approved securities	-	3,573.06	-	3,573.06	3,573.06
Equity Shares	-	-	299.46	299.46	299.46
Preference Shares	-	-	24.98	24.98	24.98
Debentures	-	5,007.53	-	5,007.53	5,007.53
Fixed Deposits	70.41	-	-	-	70.41
Total – Gross (A)	70.41	8,580.59	536.56	9,117.15	9,187.56
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	70.41	8,580.59	536.56	9,117.15	9,187.56
Total (B)	70.41	8,580.59	536.56	9,117.15	9,187.56
Less: Allowance for Impairment loss **(C)**	-	-	-	-	-
Total – Net (D) = (A)-(C)	70.41	8,580.59	536.56	9,117.15	9,187.56
Investments of Policyholders	55.74	6,945.76	429.29	7,375.06	7,430.79
Investments of Shareholders	14.67	1,634.83	107.27	1,742.09	1,756.77
Total	70.41	8,580.59	536.56	9,117.15	9,187.56

11.3 Assets of Insurance Business

₹ in Crore

Paticulars	Life Insurance		Non Life Insurance	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Investments	**1,29,605.23**	1,24,882.26	**13,731.83**	9,187.56
Other Assets				
Reinsurance Assets	**3,970.17**	2,426.79	**2,685.68**	1,299.23
Outstanding Premium	**208.33**	133.26	**1,449.71**	1,216.26
Due from other Insurance Companies	**-**	-	**141.52**	188.48
RI Recovery on Claims Outstanding	**-**	-	**1,554.86**	1,262.83
Assets held for unclaimed Amount of Policyholders	**714.04**	534.40	**-**	-
Receivable for fund management charges from UL schemes	**471.91**	101.06	**-**	-
Others	**2,362.21**	1,791.51	**304.64**	262.84
Total Other Assets	**7,726.66**	4,987.02	**6,136.41**	4,229.64

12. Other Financial Assets

₹ in Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Security Deposits	**120.41**	94.38
Receivables on Securitised Loans*	**1,332.09**	1,105.84
Amounts Receivable on swaps and other derivatives	**1,380.66**	1,428.89
Inter Corporate Deposits [Refer Note 12.1]	**75.27**	1,078.58
Receivables on sale of investments	**963.50**	469.01
Others	**164.35**	291.10
Total Gross	**4,036.28**	4,467.80
Less: Impairment loss allowance (Expected Credit Loss)	**52.56**	31.48
Total Net of ECL	**3,983.72**	4,436.32

* Retained interest and servicing assets

12.1 Inter Corporate Deposits

₹ in Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
(a) Secured by tangible assets	**10.04**	-
(b) Secured by intangible assets	**13.30**	891.22
(c) Covered by bank and government guarantee	**-**	-
(d) Unsecured	**51.93**	187.36
Total Gross	**75.27**	1,078.58
Less: Impairment loss allowance (Expected Credit Loss)	**52.56**	27.82
Total Net of ECL	**22.71**	1,050.76

Inter Corporate Deposits are secured or partly secured by one or a combination of the following securities;

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

13 Current and Defferred Tax Assets (Net)

13 (a) Current Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax (Net of Provision)	**3,696.51**	3,279.98
Total	**3,696.51**	3,279.98

13 (b) Deferred Tax Assets / (Liabilities)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	**1,654.91**	919.07
MAT credit entitlement	**44.77**	-
Deferred tax Liabilities	**(32.46)**	(65.43)
Total	**1,667.22**	853.64

Movements in deferred tax assets / (liabilities) (current year)

₹ in Crore

Particulars	As at March 31, 2019	Charge for the Current Year			Utilisations / adjustments	As at March 31, 2020
		Profit or loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, plant and equipment	(52.22)	29.62	-	29.62	-	**(22.60)**
Right of Use Asset and lease liabilities	-	(0.75)	-	(0.75)	2.57	**1.82**
Expected credit losses	1,830.26	488.89	(0.02)	488.87	-	**2,319.13**
Provisions other than those pertaining to Expected credit loss	134.89	(32.56)	0.60	(31.96)	-	**102.93**
Financial assets at fair value through profit or loss	(106.73)	(803.47)	-	(803.47)	-	**(910.20)**
Financial assets at FVOCI	14.41	0.08	591.18	591.26	-	**605.67**
Remeasurements of employee benefits	1.05	1.56	1.96	3.52	-	**4.57**
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(560.23)	(57.08)	-	(57.08)	-	**(617.31)**
Effect of foreign exchange transactions and translations	(115.22)	147.96	77.58	225.54	-	**110.32**
Income recognition on NPA cases	(265.44)	265.44	-	265.44	-	**-**
MAT Credit entitlement	-			-	44.77	**44.77**
Others	(27.13)	9.28	0.72	10.00	45.25	**28.12**
Total	**853.64**	**48.97**	**672.02**	**720.99**	**92.59**	**1,667.22**

Movements in deferred tax assets / (liabilities) (previous year)

₹ in Crore

Particulars	As at March 31, 2018	Charge for the Previous Year			Utilisations / adjustments	As at March 31, 2019
		Profit or loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, plant and equipment	(55.06)	2.84	-	2.84		**(52.22)**
Expected credit losses	1,683.94	146.32	-	146.32		**1,830.26**
Provisions other than those pertaining to Expected credit loss	69.68	64.73	0.48	65.21		**134.89**
Financial assets at fair value through profit or loss	(69.27)	(37.46)	-	(37.46)		**(106.73)**
Financial assets at FVOCI	0.56	-	13.85	13.85		**14.42**
Remeasurements of employee benefits through OCI	0.38	-	0.67	0.67		**1.05**
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(271.08)	(288.92)	(0.23)	(289.15)		**(560.23)**
Effect of foreign exchange transactions and translations	(115.22)	-	-	-		**(115.22)**
Income recognition on NPA cases	(265.44)	-	-	-		**(265.44)**
MAT Credit entitlement	311.00				(311.00)	**-**
Others	(1.82)	(35.94)	2.43	(33.51)	8.20	**(27.13)**
Total	1,287.67	(148.43)	17.20	(131.23)	(302.80)	**853.64**

14. Investment Property

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount / Deemed cost	424.23	470.06
Additions	362.35	17.28
Deduction / Disposal	(22.26)	(57.61)
Asset held for sale	-	-
Transfer to Fixed Assets	**(9.51)**	(5.50)
Closing gross carrying amount	**754.81**	424.23
Accumulated depreciation		
Opening accumulated depreciation	15.59	9.19
Depreciation charge	9.48	8.56
Depreciation on Sale	(1.03)	(2.07)
Transfer to Fixed Assets	(0.43)	(0.09)
Closing accumulated depreciation	**23.61**	15.59
Accumulated Impairment		
Opening accumulated Impairment	13.00	-
Impairment charge	8.65	13.00
Closing accumulated Impairment	**21.65**	13.00
Investment Property - work in progress	**271.97**	-
Net carrying amount	**981.52**	395.64

14.1 Fair Value (Level 3)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	**1,065.60**	775.76

The fair value of the Corporation's investment properties as at March 31, 2020 and March 31, 2019 has been arrived at on the basis of an Internal Valuation.

15. Tangible Assets

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Land :												
Freehold	16.64	84.96	(0.97)	-	**100.63**	-	-	-	-	**-**	**100.63**	16.64
Right to use	350.78	4.47	-	-	**355.25**	17.76	8.88	-	(1.49)	**28.13**	**327.12**	333.02
Buildings :												
Own use	581.89	53.78	8.11	(0.04)	**643.74**	22.83	6.17	2.18	(6.70)	**37.88**	**605.86**	559.06
Right to use		601.21	5.99	(22.95)	**584.25**	-	215.33	2.43	15.76	**202.00**	**382.25**	0.00
Leasehold Improvements	69.90	20.92	0.03	(3.59)	**87.26**	18.69	16.28	0.03	3.05	**31.95**	**55.31**	51.21
Computer Hardware	124.59	83.83	12.48	(13.14)	**207.76**	53.76	21.92	5.15	(8.06)	**88.89**	**118.87**	70.83
Furniture & Fittings	76.50	12.37	(3.17)	(5.39)	**80.31**	15.55	6.54	0.09	(0.96)	**23.14**	**57.17**	60.95
Office Equipment etc.	84.48	20.56	(1.85)	(6.40)	**96.79**	20.36	11.42	(0.84)	(0.20)	**31.14**	**65.65**	64.12
Vehicles	40.94	12.69	1.03	(8.85)	**45.81**	8.75	4.22	0.38	(1.05)	**14.40**	**31.41**	32.19
Total	1,345.72	894.79	21.65	(60.36)	**2,201.80**	157.70	290.76	9.42	0.35	**457.53**	**1,744.27**	1,188.02

Notes

(1) Net of depreciation for the year amounting to ₹ **63.36 Crore** (Previous Year ₹ 44.81 Crore) included in other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **8.48 Crore** (Previous Year ₹ 8.56 Crore) being depreciation charge and ₹ **8.65 Crore** (Previous Year ₹ 13.00 Crore) being impairment charge on Investment in Properties.

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2018	For the Year	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Land :												
Freehold	16.64	-	-	-	16.64	-	-	-	-	-	16.64	16.64
Right to use	349.56	2.08	-	0.86	350.78	8.88	8.88	-	-	17.76	333.02	340.68
Buildings :	575.65	0.76	5.50	0.02	581.89	11.20	9.43	0.09	(2.11)	22.83	559.06	564.45
Leasehold Improvements	41.63	31.35	-	3.08	69.90	7.77	13.74	-	2.82	18.69	51.21	33.86
Computer Hardware	95.06	38.36	0.01	8.84	124.59	27.18	25.36	-	(1.22)	53.76	70.83	67.88
Furniture & Fittings	67.57	14.44	-	5.51	76.50	8.45	9.29	-	2.19	15.55	60.95	59.12
Office Equipment etc.	67.61	25.47	-	8.60	84.48	10.96	14.95	-	5.55	20.36	64.12	56.65
Vehicles	35.90	16.02	-	10.98	40.94	6.96	7.76	-	5.97	8.75	32.19	28.94
Total	1,249.62	128.48	5.51	37.89	1,345.72	81.40	89.41	0.09	13.20	157.70	1,188.02	1,168.22

16. Intangible Assets

A) Intangible Assets other than Goodwill on Consolidation

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer Software	174.60	46.16	27.29	0.00	**248.05**	79.44	33.31	7.81	(14.50)	**135.06**	**112.99**	95.16
Goodwill	6.04				**6.04**	-	-	-	-	**-**	**6.04**	6.04
Non Compete Fees	-	10.92	-	-	**10.92**	-	10.92	-	0.00	**10.92**	**0.00**	0.00
Development Rights	-	350.00	-	-	**350.00**	-	0.00	-	0.00	**-**	**350.00**	0.00
Customer relationships	-	-	334.49	-	**334.49**	-	7.62	-	0.00	**7.62**	**326.87**	0.00
Distribution Network - Bancassurance	-	-	40.59	-	**40.59**	-	3.08	-	0.00	**3.08**	**37.51**	0.00
Distribution Network - Agency	-	-	295.99	-	**295.99**	-	13.48	-	0.00	**13.48**	**282.51**	0.00
Non - Compete Agreement	-	-	36.29	-	**36.29**	-	2.76	-	0.00	**2.76**	**33.53**	0.00
	180.64	407.08	734.65	0.00	**1,322.37**	79.44	[(1)]71.17	7.81	(14.50)	**172.92**	**1,149.45**	101.20

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2018	For the Year	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computer Software												
Owned	126.17	48.77	-	0.34	174.60	37.28	30.50	-	(11.66)	79.44	95.16	88.89
Goodwill	6.04	-	-	-	6.04	-	-	-	-	-	6.04	6.04
	132.21	48.77	-	0.34	180.64	37.28	[(1)] 30.50	-	(11.66)	79.44	101.20	94.93

Notes

[(1)] Net of depreciation for the year amounting ₹ **37.49 Crore** (Previous Year ₹ 34.39 Crore) included in other expenses pertaining to Insurance Business.

B) Goodwill on Consolidation

₹ in Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at the beginning of the year	**625.46**	625.46
Goodwill arising on acquisition of subsidiary (Refer Note 50.1)	**975.27**	-
Goodwill derecognised on loss of control in subsidiary	**-**	-
Balance at the year end	**1,600.73**	625.46

The recoverable amount of subsidiaries is based on its value in use. The value in use is estimated using discounted cash flows over a period of 5 years. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using pre-tax discount rate.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

17. Other Non-Financial Assets

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances - Unsecured; considered good	**68.60**	67.74
Other Advances - Unsecured; considered good	**453.83**	747.64
Prepaid Expenses - Unsecured; considered good	**167.92**	140.24
Investment Property - Held for sale	**-**	6.90
Total	**690.35**	962.52

18. Payables

18 (a) Trade Payables

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	**4.00**	1.55
Total outstanding dues of creditors other than micro enterprises and small enterprises	**2,161.19**	1,995.80

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Corporation. The amount of principal and interest outstanding during the year is given below.

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
a) Amount outstanding but not due as at year end	**4.00**	-
b) Amount due but unpaid as at the year end	**-**	1.55
c) Amounts paid after appointed date during the year	**0.01**	-
d) Amount of interest accrued and unpaid as at year end	**-**	-
e) The amount of further interest due and payable even in the succeeding year	**-**	-
Total	**4.01**	**1.55**

18 (b) Other Payables

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**238.95**	463.04

19. Debt Securities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Bonds	**20.10**	27.35
Non Convertible Debentures	**1,44,466.85**	1,35,326.93
Synthetic Rupee Denominated Bonds	**6,100.00**	11,100.00
Commercial Papers	**28,938.40**	37,947.78
Perpetual Debt Instrument	**274.35**	274.27
Less: Unamortised borrowing cost	**(0.55)**	(36.60)
Total (A)	**1,79,799.15**	1,84,639.73
Debt securities in India	**1,73,699.15**	1,73,539.73
Debt securities outside India	**6,100.00**	11,100.00
Total (B) to tally with (A)	**1,79,799.15**	1,84,639.73

The Corporation has raised ₹ **11,100 Crore** through Rupee Denominated Bonds to overseas investors till date, the outstanding as at March 31, 2020 is ₹ **6,100 Crore.** The Corporation was the first Indian corporate issuer of such bonds.

The Corporation had established a Medium Term Note Programme (MTN Programme) for **USD 2,800 mn** so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approval.

During the year, the Corporation raised ₹ **Nil** (Previous year ₹ 1,500 Crore) through issue of Rupee Denominated Bonds under the MTN Programme through the approval route. The Corporation shall finance eligible projects and borrowers as permitted by the external commercial borrowing guidelines issued by Reserve Bank of India (RBI) regulations.

The Corporation has raised ₹ **6,100 Crore** till date under the MTN Programme in accordance with the RBI guidelines.

The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	7.70	12.40	-	-	20.10
Non Convertible Debentures					
6.96% - 8.00%	8,490.51	26,569.64	8,245.00	7,336.06	50,641.21
8.01% - 10.00%	24,072.05	12,519.52	8,131.57	35,180.31	79,903.45
10.01% - 11.95%	6,313.00	-	-	4,683.15	10,996.15
Zero Coupon Bonds	-	500.00	-	-	500.00
Total	**38,875.56**	**39,589.16**	**16,376.57**	**47,199.52**	**1,42,040.81**

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	3,300.00	2,300.00	500.00	-	6,100.00
Commercial Papers					
5.75%-7.00%	21,440.07	-	-	-	21,440.07
7.01% - 8.00%	7,473.79	-	-	-	7,473.79
8.01% - 9.00%	24.54	-	-	-	24.54
Total	**28,938.40**	**-**	**-**	**-**	**28,938.40**
Perpetual Debt Instrument					
8.00% - 10.00%	-	-	-	124.62	124.62
10.01% - 12.00%	-			149.73	149.73
Total	**-**	**-**	**-**	**274.35**	**274.35**

Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2019

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	-	14.95	12.40	-	27.35
Non Convertible Debentures					
6.96% - 8.00%	17,278.00	8,825.84	1,173.00	3,327.80	30,604.64
8.01% - 10.00%	13,839.95	33,308.54	5,095.60	32,592.74	84,836.83
10.01% - 11.95%	3,083.28	11,559.05	-	-	14,642.32
Zero Coupon Bonds	3,794.42	500.00	-	-	4,294.42
Total	**37,995.65**	**54,193.43**	**6,268.60**	**35,920.54**	**1,34,378.22**
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	5,000.00	4,300.00	1,800.00	-	11,100.00
Commercial Papers					
7.01% - 8.00%	7,628.67	-	-	-	7,628.67
8.01% - 9.00%	30,194.07	-	-	-	30,194.07
Above 9.00%	125.04	-	-	-	125.04
Total	**37,947.78**	**-**	**-**	**-**	**37,947.78**
Perpetual Debt Instrument					
8.00% - 10.00%	-	-	-	124.60	124.60
10.01% - 12.00%	-	-	-	149.67	149.67
Total	**-**	**-**	**-**	**274.27**	**274.27**

20. Borrowings (Other Than Debt Securities) - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Term Loans from Banks		
Scheduled Banks	**69,303.27**	52,929.35
	69,303.27	52,929.35
Term Loans from other parties		
Asian Development Bank	**211.59**	255.79
National Housing Bank	**14,377.00**	12,825.58
	14,588.59	13,081.37
	83,891.86	66,010.72
Unsecured		
Term Loans from Banks		
Scheduled Banks	**5,846.29**	6,543.10
External Commercial Borrowing	**18,260.55**	14,586.56
	24,106.84	21,129.66
Loans repayable on demand from Banks	**2.01**	3,235.01
Less: Unamortised borrowing cost	**(86.04)**	(119.00)
Total (A)	**1,07,914.67**	90,256.39
Borrowings in India	**89,442.53**	75,414.05
Borrowings outside India	**18,472.14**	14,842.34
Total (B) to tally with (A)	**1,07,914.67**	90,256.39

20.1 All secured borrowings are secured by negative lien on the assets of the Corporation and / or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987. Certain borrowings are secured by the first charge by way of hypothetication of education loan receivables of underlying portfolio of education loans of HDFC Credila Financial Services Pvt. Ltd.

20.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 Crore by way of a term loan and ₹ 100 Crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

20.3 The Corporation had outstanding External Commercial Borrowing (ECBs) of USD 1,825 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity upto five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward / option contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts for part of foreign currency borrowings.

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

20.4 As on March 31, 2020, the Corporation has foreign currency borrowings of **USD 4,426.85 million** and **JPY 53,200 million** (Previous Year USD 2,797.36 million and JPY 53,200 million). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of **USD 4,406.72 million** and **JPY 53,200 million** (Previous Year USD 2,670 million and JPY 53,200 million) and dollar denominated assets and foreign currency arrangements of **Nil** (PY USD 111.12 million) to hedge the foreign currency risk. As on March 31, 2020, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **Nil** (Previous Year USD 16.24 million).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **65,100 Crore** (Previous Year ₹ 55,650 Crore), Coupon Only Swaps of ₹ **1,059.38 Crore** (Previous Year Nil), USD Interest rate Swaps of ₹ **12,750.40 Crore** (Previous Year Nil) as on March 31, 2020 for varying maturities into floating rate liabilities linked to various benchmarks.

During the current year, HDFC Credila Financial Services Pvt Ltd, one of the subsidiary company, availed External Commercial Borrowings (ECBs) of USD 100 million for further lending of education loans as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity of three years. In terms of RBI guidelines, borrowings have been swapped into rupees by way of principal only swaps. The coupon on the borrowing is hedged through interest rate swap. The currency exposure on the interest on ECB has not been hedged.

Terms of borrowings and repayment as at 31 March 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
6.65% - 7.00%	10,675.00	-	-	-	10,675.00
7.01% - 8.00%	30,959.89	3,457.12	3,073.81	42.84	37,533.65
8.01% - 9.00%	1,834.34	1,696.08	300.11	229.19	4,059.72
9.01% - 9.50%	28.18	57.14	57.14	42.84	185.31
Fixed 2.68%-5.01%	16,849.59	-	-	-	16,849.59
Total	**60,347.00**	**5,210.34**	**3,431.06**	**314.86**	**69,303.27**
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	-	211.59	-	-	211.59
National Housing Bank					
4.00% - 6.00%	551.04	1,469.46	1,448.51	890.17	4,359.18
6.01% - 8.00%	1,328.33	3,264.65	2,973.56	1,366.28	8,932.82
8.01% - 10.00%	385.50	598.00	101.50	-	1,085.00
Total Secured	**2,264.87**	**5,332.11**	**4,523.57**	**2,256.45**	**14,377.00**
Term Loans from Banks - Unsecured					
6.65% - 7.00%	560.00	-	-	-	560.00
7.01% - 8.00%	2,600.00	-	-	-	2,600.00
Variable USD LIBOR + 72 bps - 225 bps	2,686.29	-	-	-	2,686.29
Total	**5,846.29**	**-**	**-**	**-**	**5,846.29**
External Commercial Borrowing					
1 Month Libor + 50 bps to 126 bps	3,783.50	5,099.38	9,377.67	-	18,260.55

Notes forming part of the Consolidated Financial Statements (Continued)

Terms of borrowings and repayment as at 31 March 2019

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	62.50	62.50	300.00	-	425.00
8.01% - 9.00%	28,088.09	2,460.36	1,521.08	177.12	32,246.64
9.01% - 9.50%	10,079.61	2,439.19	197.11	35.00	12,750.92
Above 9.5%	27.15	87.11	64.56	85.26	264.08
Fixed 2.68% - 5.01%	7,242.71	-	-	-	7,242.71
Total Secured	**45,500.06**	**5,049.16**	**2,082.75**	**297.38**	**52,929.35**
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	30.05	225.74	-	-	255.79
National Housing Bank					
4.00% - 6.00%	285.55	761.46	761.46	763.38	2,571.84
6.01% - 8.00%	203.88	418.11	390.71	400.57	1,413.26
8.01% - 10.00%	882.26	2,179.63	1,674.54	4,104.05	8,840.48
Total Secured	**1,371.68**	**3,359.20**	**2,826.70**	**5,268.00**	**12,825.58**
Term Loans from Banks - Unsecured					
8.01% - 9.00%	3,100.00	1,000.00	250.00	-	4,350.00
9.01% - 9.50%	1,500.00	-	-	-	1,500.00
Variable USD LIBOR + 72 bps - 225 bps	693.10	-	-	-	693.10
Total Unsecured	**5,293.10**	**1,000.00**	**250.00**	**-**	**6,543.10**
External Commercial Borrowing					
1 Month Libor + 50 bps to 126 bps	-	6,064.63	8,521.93	-	14,586.56

The borrowings have not been guaranteed by the Directors or others. Also, there is no default in repayment of borrowings and interest thereon.

21. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits		
(i) Public Deposits	**87,758.40**	77,064.56
(ii) From Banks	**219.43**	115.00
(iii) From Others - Secured	**8,170.19**	-
(iv) From Others - Unsecured	**36,496.84**	30,174.13
Less: Unamortised transaction cost - Deposits	**(340.07)**	(281.70)
Total	**1,32,304.79**	1,07,071.99

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

22. Subordinated Liabilities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non Convertible Subordinated Debentures	**5,348.93**	5,735.70
Total	**5,348.93**	5,735.70
Subordinated Liabilities in India	**5,348.93**	5,735.70
Subordinated Liabilities outside India	**-**	-
Total	**5,348.93**	5,735.70

Terms of borrowings and repayment as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	**1,000.00**	**1,000.00**	**3,000.00**	**348.93**	**5,348.93**

Terms of borrowings and repayment as at March 31, 2019

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	500.00	2,000.00	35.00	3,200.70	5,735.70

23. Liabilities pertaining to Insurance Business

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Insurance Contract Liabilities	**1,02,672.86**	99,527.51	**-**	-
Dues to Policyholders'	**2,112.64**	1,766.27	**26.89**	22.82
Funds for future appropriation	**883.03**	1,103.01	**-**	-
Reserve for unexpired Risk	**-**	-	**4,505.14**	2,841.35
Investment contract liabilities	**20,793.96**	19,893.96	**-**	-
Policyholders' surplus yet to be allocated	**3,303.01**	1,505.47	**-**	-
Unallocated premium (policyholders)	**486.04**	608.07	**652.71**	488.38
Reserve for claims	**-**	-	**8,718.28**	6,121.43
Premium received in advance	**-**	-	**757.89**	355.78
Due to other insurance companies	**55.22**	-	**2,762.40**	1,344.55
Purchase of investments pending settlement	**665.27**	890.48	**-**	-
Deferred origination fees	**34.71**	49.75	**-**	-
Total Liabilities of Insurance Business	**1,31,006.74**	1,25,344.52	**17,423.31**	11,174.31

24. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued	**12,062.96**	11,937.56
Amounts payable on Securitised Loans	**453.55**	535.35
Security and other deposits received	**38.87**	32.90
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78
Unclaimed dividend	**24.97**	29.17
Unclaimed matured deposits including interest accrued and due thereon	**2,006.46**	1,181.48
Lease Liabilities	**406.18**	-
Other deposits and payables	**1,536.20**	735.80
Total	**16,536.97**	14,460.04

25. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Tax (Net of Advance Tax)	**259.84**	170.53
Total	**259.84**	170.53

26. Provisions

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	**370.22**	369.12
Other provisions	**1.87**	0.30
Total	**372.09**	369.42

27. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue received in advance	**1,526.27**	534.67
Statutory Remittances	**564.14**	387.39
Others	**130.11**	61.34
Total	**2,220.52**	983.40

28. Equity Share Capital

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
AUTHORISED		
228,80,50,000 Equity Shares of ₹ 2 each (Previous Year 228,80,50,000 Equity Shares of ₹ 2 each)	**457.61**	457.61
	457.61	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
173,20,51,189 (As at March 31, 2019 172,14,37,390) Equity Shares of ₹ 2 each	**346.41**	344.29
	346.41	344.29

28.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**172,14,37,390**	**344.29**	167,58,79,893	335.18
Shares allotted pursuant to exercise of stock options	**1,06,13,799**	**2.12**	95,72,626	1.91
Shares allotted pursuant to issue of shares under Conversion of Warrants into equity shares	-	-	3,59,84,871	7.20
Equity shares outstanding as at the end of the year	**173,20,51,189**	**346.41**	172,14,37,390	344.29

28.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2020 and March 31, 2019.

28.3 Terms and rights attached to equity shares:

The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

As at March 31, 2020, **5,42,81,394 shares** of ₹ **2** each (Previous Year 6,48,95,193 shares of ₹ 2 each) were reserved towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 46].

28.4 **Dividend:**

During the previous year, the Board of Directors of the Corporation *inter alia*, has approved the payment of an interim dividend of ₹ 3.50 per equity share of face value of ₹ 2 each of the Corporation for the financial year 2018-19.

28.5 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at an exercise price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. During the previous year an amount of ₹ 51.10 Crore was received towards subscription of warrants. The said warrants were exercisable at any time on or before October 5, 2018. 529 warrants were not submitted for exchange with equity shares of the Corporation and the said warrants has lapsed and ceased to be valid. The amount of ₹ 14 per Warrant paid on 529 warrants stands forfeited.

28.6 The Corporation has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

29. Other Equity

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve	**44.59**	48.30
Securities Premium	**33,079.40**	31,408.42
Retained Earnings	**50,318.98**	41,381.41
General Reserve	**26,286.91**	18,837.81
Special Reserve I	**51.23**	51.23
Special Reserve II	**16,428.45**	13,394.52
Statutory Reserve	**5,243.78**	5,043.64
Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	**140.25**	104.93
Shelter Assistance Reserve	**0.10**	3.27
Foreign Currency Monetary Item Translation Difference Account	**-**	7.43
Investments through Other Comprehensive Income	**(6,439.59)**	118.34
Effective portion of Cash Flow Hedges	**(180.59)**	(224.03)
Cost of Cash Flow Hedges	**2.45**	(0.86)
Employee Stock Options Reserve	**1,078.26**	1,145.58
Translation Reserve	**38.23**	17.76
Capital Redemption Reserve	**23.86**	23.88
Debenture redemption reserve	**15.30**	14.72
Capital Reserve	**1.14**	1.00
Special Redemption Reserve	**-**	11.50
Total	**126,132.75**	111,388.85

29.1 **Capital Reserve:** It has been created during the Business Combinations in earlier periods.

29.2 **Securities Premium:** Securities premium reserve 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.

29.3 **General Reserve:** It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

29.4 **Special Reserve** has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation.

Special Reserve No.I relates to the amounts transferred upto the Financial Year 1996-97.

Special Reserve No.II relates to the amounts transferred thereafter.

29.5 **Statutory Reserve:** As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation 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 Corporation under Section 36(1)(viii) of the Income- tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of **₹ 3,400 Crore** (Previous Year ₹ 1,908.89 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of **₹ 200 Crore** (Previous Year ₹ 100.00 Crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

29.6 **Shelter Assistance Reserve:** It represents funding various development and grassroot level organisations for the purposes as mentioned in Schedule VI to the Companies Act, 2013 and in accordance with the Corporation's Policy.

29.7 **Other Comprehensive Income**

Employee Share Option Outstanding: The Corporation has a share option scheme under which options to subscribe for the Corporation's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

Effective portion of Cash Flow Hedge: It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

29.8 **Employee Share Option Outstanding**

The Corporation has stock option schemes under which options to subscribe for the Corporation's shares have been granted to employees, including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

29.9 **Foreign Currency Monetary Item Translation Difference Account**

Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation had exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Further the Corporation has exercised option to continue the policy adopted for exchange differences arising from translation of long-term foreign currency monetary assets as per Ind AS 101 para D13AA. Consequently, an amount of ₹ **Nil (without considering future tax benefit of ₹ Nil)** [(Previous Year net credit of ₹ 7.43 Crore) (without considering future tax benefits of ₹ Nil)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2020. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 1 year.

During the year, there was a net reduction of ₹ **7.43 Crore** (Previous Year net addition of ₹ 58.14 Crore) in the Foreign Currency Monetary Items Translation Difference Account.

30. Interest Income

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Interest on Loans	**43,982.04**	39,954.83
Interest Income from Investments	**36.99**	733.44
Interest on Deposits	**19.88**	149.95
Other Interest Income	**1,164.43**	207.08
Sub Total	**45,203.34**	41,045.30
Interest Income on Financial Assets classified at fair value through profit or loss		
Interest Income from Investments	**49.92**	-
Total	**45,253.26**	41,045.30

30.1 Other Interest includes interest on income tax refund ₹ **108.07 Crore** (Previous Year ₹ 143.70 Crore).

30.2 Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance). Accordingly the total Interest Income is net of such interest on Credit Impaired Assets amounting to ₹ **199.36 Crore** (Previous Year ₹ 154.15 Crore).

31. Ind AS 116 Leases

The Corporation leases out its investments properties. The Corporation has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the owenership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

Particulars	₹ in Crore
Less than one year	**48.59**
Between one and two years	**44.21**
Between two and three years	**34.46**
Between three and four years	**25.16**
Between four and five years	**14.94**
More than five years	**10.68**
Total	**178.04**

Leasing arrangements - Ind AS 17

₹ in Crore

Particulars	As at March 31, 2019
Within one year	36.89
Later than one year but not later than 5 years	75.60
Later than 5 years	8.72

32. Net gain/(loss) on fair value changes

₹ in Crore

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	**(253.99)**	589.07
- Derivatives	**0.07**	-
- Others reclassified from OCI	**71.80**	122.27
Total Net gain/(loss) on fair value changes	**(182.12)**	711.34
Fair Value changes:		
- Realised	**(111.88)**	214.18
- Unrealised	**(70.24)**	497.16
Total Net gain/(loss) on fair value changes	**(182.12)**	711.34

32.1 The Corporation has derecognised loans on account of assignment transactions resulting in a gains of ₹ **967.87 Crore** (Previous Year ₹ 859.99 Crore).

Notes forming part of the Consolidated Financial Statements (Continued)

33. Incomes pertaining to Insurance Business

₹ in Crore

Paticulars	Note	Life Insurance		Non Life Insurance	
		For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Premium Income from Insurance Business		**31,707.09**	28,418.96	**9,509.19**	7,761.33
Income from Investments - Dividend		**535.06**	481.67	**5.71**	-
Income from Investments - Interest	33.1	**5,351.51**	4,782.19	**688.44**	496.63
Net Fair value changes on Investments	33.2	**(10,286.99)**	3,633.22	**25.33**	25.90
Income from recoveries from reinsurers		**396.28**	239.67	**4,177.02**	3,631.04
Other Operating Income from Insurance Business		**338.52**	221.78	**8.82**	14.32
Total Incomes of Insurance Business		**28,041.47**	37,777.49	**14,414.51**	11,929.22

33.1 Income from Investments - Interest

₹ in Crore

Paticulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Interest Income on Financial Assets:				
- Amortised Cost	**0.02**	0.02	**7.89**	3.51
- Fair value through Profit and Loss	**1,185.05**	1,439.32	**-**	-
- Fair value through Other Comprehensive Income	**4,166.44**	3,342.85	**680.55**	493.12
Total	**5,351.51**	4,782.19	**688.44**	496.63

33.2 Net Fair value changes on Investments

₹ in Crore

Paticulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Net gain/(loss) on financial instruments at fair value through profit or loss				
Investments	**(10,829.29)**	3,593.97	**(50.85)**	9.58
Derivatives	**(57.60)**	-	**-**	-
Others reclassified from OCI	**599.90**	39.25	**76.18**	16.32
Total Net gain/(loss) on fair value changes	**(10,286.99)**	3,633.22	**25.33**	25.90
Fair Value changes:				
- Realised	**1,967.67**	2,283.85	**63.19**	57.89
- Unrealised	**(12,254.66)**	1,349.37	**(37.86)**	(31.99)
Total Net gain/(loss) on fair value changes	**(10,286.99)**	3,633.22	**25.33**	25.90

34. Finance Costs

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial liabilities measured at Amortised Cost		
Interest on debt securities	**14,639.61**	14,474.44
Interest on borrowings	**7,276.38**	5,695.63
Interest on deposits	**9,866.72**	8,258.75
Interest on Subordinated Liabilities	**86.42**	583.97
Interest on Lease Liabilities	**31.93**	-
Other charges	**208.39**	512.99
Total Finance Costs	**32,109.45**	29,525.78

35. Impairment on Financial Instruments

₹ in Crore

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost
Loans	-	5,935.34	-	919.18
Investments	0.16	0.62	-	23.50
Others	-	15.00	-	48.51
Total	**0.16**	**5,950.96**	-	991.19
Grand Total	**5,951.12**		991.19	

36. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Bonus	**1,211.82**	1,112.10
Contribution to Provident Fund and Other Funds	**96.40**	81.56
Staff Training and Welfare Expenses	**32.48**	32.90
Share Based Payments to employees	**15.96**	221.81
Total	**1,356.66**	1,448.37

36.1 There has been a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Corporation will continue to assess any further developments in this matter for the implications on financial statements, if any.

37. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	**1.47**	116.17
Rates and Taxes	**7.30**	8.69
Repairs and Maintenance - Buildings	**10.83**	9.65
General Office Expenses	**4.29**	74.74
Electricity Charges	**30.52**	28.91
Insurance Charges	**2.37**	1.55
Total	**56.78**	239.71

37.1 Direct operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Direct operating expenses arising from investment property that generated rental income	**2.00**	3.10
Direct operating expenses arising from investment property that did not generate rental income	**1.11**	1.51
Total	**3.11**	4.61

37.2 Operating Leases:

In accordance with the Indian Accounting Standard (Ind AS) 116 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired some of the office premises on operating lease basis for periods ranging from 1 year to 5 years.

On transition to Ind AS 116, the Corporation recognised additional right-of-use asset and additional lease liability. The impact on transition is summarised below:

Impact on Transition on 1 April 2019

Particulars	₹ in Crore
Right-of-use Assets presented in property and equipment	447.97
Lease Liability under Ind AS 116	458.24

Rights of use assets

Right to use assets relates to office premises obtained on leases that are presented within Property, plants and equipments.

Particulars	₹ in Crore
Balance as at 1 April 2019	447.97
Additions	159.23
Deductions	36.28
Depreciation charge for the year	(215.33)
Balance as at 31 March 2020	**428.15**

When measuring lease liabilities for leases that were classified as operating leases, the Corporation discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is ranging between 7.6 to 10.5%.

Particulars	₹ in Crore
Operating lease commitments as at April 1, 2019	404.25
Right-of-use Assets recognised in property and equipment	447.97
Lease Liability under Ind AS 116	458.24

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 amounting to ₹ 198.48 Crore and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of cancellable lease period and extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

Amount Recognised in Statement of Profit & Loss Account

Particulars	₹ in Crore
Interest on lease liabilities	31.93
Depreciation charge for the period	215.33
Total	**247.26**

Cash out flow on account of lease payment is ₹ **153.49 Crore.**

₹ in Crore

Period	**For the year ended March 31, 2020**	For the year ended March 31, 2019
	Ind AS 116	Ind AS 17
Not later than one year	**138.19**	4.24
Later than one year but not later than five years	**308.08**	14.05
Later than five years	**74.37**	-

38. **Expenses pertaining to Insurance Business** ₹ in Crore

Paticulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Finance Cost				
Acquisition Cost	**1,408.72**	836.17	**773.64**	662.86
Impairment on financial instruments [Refer note 38.1]	**34.20**	17.22	**44.77**	158.01
Employee Benefits Expenses [Refer note 38.2]	**1,716.95**	1,431.66	**441.23**	340.60
Depreciation, amortisation and impairment	**54.38**	45.47	**46.47**	33.73
Other Expenses [Refer note 38.3]	**2,828.45**	2,731.44	**1,045.78**	761.57
Premium on reinsurance ceded	**470.27**	266.20	**4,659.55**	3,951.32
Gross Benefits paid	**17,936.43**	12,724.91	**6,923.06**	5,724.77
Net change in insurance contract liabilities	**3,729.54**	17,786.18	-	-
Change in Policyholders' surplus to be allocated	**(1,340.96)**	449.01	-	-
Change in Funds for Future appropriation - Participating Fund	**(219.97)**	143.81	-	
Total	**26,618.01**	36,432.07	**13,934.50**	11,632.86

38.1 Impairment on financial instruments

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Investments				
- Amortised cost	**1.65**	0.41	**32.78**	4.55
- Fair value through other comprehensive Income	**0.72**	0.31	**11.99**	153.46
Other standard and Non standard assets	**31.83**	16.50	**-**	-
Total	**34.20**	17.22	**44.77**	158.01

38.2 Employee Benefits Expenses

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Salaries and Bonus	**1,594.26**	1,356.03	**406.25**	318.25
Contribution to Provident Fund and Other Funds	**74.35**	51.46	**30.72**	16.38
Share Based Payments to employees	**48.34**	24.17	**4.26**	5.97
Total	**1,716.95**	1,431.66	**441.23**	340.60

38.3 Other Expenses

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Rent, rates & taxes	**70.50**	81.40	**28.80**	37.56
Repairs and maintenance	**4.34**	7.62	**15.89**	15.33
Communication expenses	**25.36**	29.01	**8.66**	21.01
Printing & stationery	**12.75**	12.90	**19.23**	14.83
Advertising and publicity	**1,069.57**	983.65	**419.20**	239.57
Legal and professional charges	**210.50**	180.55	**295.43**	242.67
Travel, Conveyance and vehicle running expenses	**34.39**	30.09	**32.70**	17.25
Auditors' Remuneration	**1.51**	1.70	**1.28**	1.24
Bank charges	**17.01**	13.44	**38.14**	37.99
Information technology expenses	**119.80**	112.69	**44.80**	40.48
General office and other expenses	**82.42**	60.00	**67.35**	29.87
Training Expenses	**115.69**	87.35	**74.30**	63.77
Medical cost	**22.05**	21.01	**-**	-
Acquisition Cost for Financial Instruments designated as FVTPL	**54.31**	41.56	**-**	-
Stamp duty expense	**132.40**	103.61	**-**	-
Business Development expenses	**509.81**	636.55	**-**	-
Goods and service tax expense	**346.04**	328.31	**-**	-
Total	**2,828.45**	2,731.44	**1,045.78**	761.57

39. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and Conveyance	**33.08**	34.78
Printing and Stationery	**27.76**	39.73
Postage, Telephone and Fax	**48.77**	44.22
Advertising	**52.34**	44.21
Business Development Expenses	**63.78**	89.01
Brokerage and commission expenses relating to Mutual Fund Schemes	**27.31**	240.26
Loan Processing Expenses	**74.52**	59.02
Manpower Outsourcing	**104.77**	90.41
Repairs and Maintenance - Other than Buildings	**41.62**	37.53
Office Maintenance	**49.00**	44.89
Legal Expenses	**60.03**	7.11
Computer Expenses	**41.16**	35.62
Directors' Fees and Commission	**14.43**	13.00
CSR expenses [Refer Note 39.2]	**264.19**	208.06
Miscellaneous Expenses	**155.46**	122.17
Auditors' Remuneration [Refer Note 39.1]	**7.90**	9.73
Total	**1,066.12**	1,119.75

39.1 Payments to Auditors'

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit Fees	**5.63**	6.80
ICFR Fees	**0.40**	0.35
Limited Reviews	**1.89**	1.57
Tax Matters	**1.00**	1.40
Other Matters and Certification	**1.70**	2.43
Reimbursement of Expenses	**0.07**	0.12
Total	**10.69**	12.67
Less: Auditors' remuneration included in other expenses pertaining to Insurance business	**2.79**	2.94
Net Auditors' remuneration disclosed above	**7.90**	9.73

Auditors' Remuneration above is excluding Goods and Service Tax.

39.2 Expenditure incurred for corporate social responsibility for ₹ 264.19 Crore (Previous Year ₹ 222.67)

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid	Total
a) Construction/acquisition of any asset			-
b) On purposes other than (a) above	**264.19**		264.19

* Out of the above ₹ **Nil** (Previous Year ₹ 14.61 Crore) was spent from the Shelter Assistance Reserve.

40. Income Taxes relating to continuing operations

40.1 Income Tax recognised in profit or loss

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax		
In respect of the current year	**3,415.75**	4,370.02
In respect of prior years	**-**	-
Deferred Tax		
In respect of the current year	**(48.97)**	148.43
Deferred tax reclassified from equity to profit or loss	**-**	-
MAT Credit		
In respect of the current year	**-**	-
Total Income tax expense recognised in the current year relating to continuing operations	**3,366.78**	4,518.45

40.2 Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**20,447.15**	14,709.14
Income tax expense calculated at 25.168% (Previous Year 34.944%)	**5,146.14**	5,139.97
Effect of expenses that are not deductible in determining taxable profit	**177.29**	348.71
Effect of incomes which are taxed at different rates	**(1,439.07)**	(193.82)
Effect of incomes which are exempt from tax	**(955.51)**	(144.75)
Effect on deferred tax balances due to the changes in income tax rate	**256.28**	-
Deduction under section 36(1)(viii) of the Income tax Act, 1961	**(363.93)**	(489.17)
Others	**545.58**	(142.49)
Income tax expense recognised in statement of profit and loss	**3,366.78**	4,518.45

The tax rate used for the reconciliations above is the corporate tax rate of 25.168% for the year 2019-20 and 34.944% for the year 2018-19 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

The evaluation of uncertain tax positions involves an interpretation of relevant tax laws which could be subject to challenge by the tax authorities and an assessment of whether the tax authorities will accept the position taken. The Corporation does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk resulting in a material adjustment within the next financial year. (Refer Note 44.2)

41. Other Comprehensive Income

₹ in Crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(7,095.99)**	(52.46)
Remeasurements of post-employment benefit obligations	**(54.51)**	(22.06)
Remeasurements of post-employment benefit obligations - Pending transfer to Shareholders		2.14
Total	**(7,150.50)**	(72.38)
Income tax relating to these items	**620.12**	17.80
Items that may be reclassified to profit or loss		
Changes in fair value of FVOCI debt instruments	**3,236.65**	420.47
Changes in fair value of FVOCI debt instruments - Pending transfer to Shareholders	**(3,095.15)**	(444.32)
Deferred gains/(losses) on cash flow hedges	**33.85**	15.23
Deferred costs of hedging	**28.62**	(3.75)
Total	**203.97**	(12.37)
Income tax relating to these items	**(31.55)**	(0.60)
Share of Other Comprehensive Income of an associate [Refer Note 9]	**144.54**	149.27
Other comprehensive income for the year	**(6,213.42)**	81.72

42. Retirement benefits plan

A. Defined contribution plans

The Corporation recognised ₹ **15 Crore** (Previous Year ₹ 16.17 Crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **525.10 Crore** and ₹ **510.73 Crore** respectively (Previous Year ₹ 441.38 Crore and ₹ 440.06 Crore respectively). In accordance with an actuarial valuation, there is a deficit of ₹ 1.34 Crore in the interest cost as the present value of the expected future earnings on the fund is less than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.50%. The actuarial assumptions include discount rate of **6.84%** (Previous Year 7.77%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.62%** (Previous Year 8.80%).

B. Defined Benefits Plan

i. Characteristics of defined benefit plan

The Corporation has a defined benefit gratuity plan in India (funded). The Corporation's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

ii. **Risks associated with defined benefit plan**

Gratuity is a defined benefit plan and Corporation is exposed to the following risks:

a. **Interest Rate Risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

b. **Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

c. **Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

d. **Asset Liability Matching Risk:** The plan faces the (Asset Liability Management) ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk. Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

iii. **Characteristics of defined benefit plans**

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

C. **Other Post Retirement Benefit Plan**

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

The Principal Assumptions used for the purpose of the actuarial valuation were as follows.

Particulars	**March 31, 2020**	March 31, 2019
Discount Rate	**6.5 to 7%**	7-8%
Return on Plan Assets	**6.5 to 7%**	7-8%
Salary Escalation	**6-12%**	6-12%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plan are as follows.

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Service Cost:		
Current Service Cost	**33.66**	29.07
Interest Cost	**10.99**	7.54
Components of defined benefit costs recognised in profit or loss	**44.66**	36.61
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**54.18**	18.12
Return on Plan Assets, Excluding Interest Income	**4.98**	6.42
Components of defined benefit costs recognised in other comprehensive income	**59.15**	24.54
Total	**103.81**	61.15

The current service cost and the net interest expense for the year are included in the 'Employee benefits expenses' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Corporation's obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Present value of funded defined benefit obligation	**507.85**	422.92
Fair value of plan assets	**358.20**	316.92
Net Liability arising from defined benefit obligation	**149.65**	106.00

Movement in the present value of the defined benefit obligation are as follows.

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	**422.92**	371.65
Current Service Cost	**33.66**	29.07
Interest Cost	**33.25**	28.83
Benefits Paid	**(30.90)**	(26.62)
Actuarial Gains - Due to change in Financials Assumptions	**35.65**	4.54
Actuarial Losses - Due to Experience	**21.83**	15.45
Other adjustments	**(8.56)**	-
Closing defined benefit obligation	**507.85**	422.92

The Liability at the end of the year ₹ **507.86 Crore** (Previous Year ₹ 422.92 Crore) includes ₹ **76.47 Crore** (Previous Year ₹ 63.19 Crore) in respect of an un-funded plan.

Movement in the fair value of the plan assets are as follows.

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Opening fair value of Plan Assets	**316.92**	296.84
Expected Return on Plan Assets	**21.15**	18.06
Contributions	**36.93**	15.66
Actuarial loss on Plan Assets	**(7.85)**	(7.19)
Benefits paid	**(6.19)**	(6.45)
Other adjustments	**(2.76)**	-
Closing fair value of Plan Assets	**358.20**	316.92

Investment Pattern:

% Invested

Particulars	March 31, 2020	March 31, 2019
Central Government securities	**2.45%**	10.76%
State Government securities/securities guaranteed by State/Central Government	**23.98%**	9.07%
Public Sector / Financial Institutional Bonds	**3.23%**	11.41%
Private Sector Bonds	**21.07%**	6.47%
Deposits with Banks and Financial Institutions	**0.93%**	16.67%
Equity Shares	**40.29%**	40.75%
Others (including bank balances)	**8.05%**	4.87%
Total	**100.00%**	100.00%

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is **₹ 258.79 Crore** (Previous Year ₹ 123.39 Crore).

Sensitivity Analysis

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Projected Benefit Obligation on Current Assumptions	**333.77**	278.27
Delta Effect of +1% Change in Rate of Discounting	**(83.83)**	(64.59)
Delta Effect of -1% Change in Rate of Discounting	**106.60**	81.03
Delta Effect of +1% Change in Rate of Salary Increase	**107.53**	81.02
Delta Effect of -1% Change in Rate of Salary Increase	**(85.12)**	(64.97)
Delta Effect of +1% Change in Rate of Employee Turnover	**65.37**	6.33
Delta Effect of -1% Change in Rate of Employee Turnover	**(68.82)**	(23.32)

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.

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	March 31, 2020	March 31, 2019
1st Following Year	**45.96**	67.25
2nd Following Year	**31.84**	18.08
3rd Following Year	**50.93**	28.56
4th Following Year	**26.59**	32.55
5th Following Year	**25.41**	27.58
Sum of Years 6 To 10	**140.40**	112.66
Sum of Years 11 and above	**527.16**	449.97

43. Earnings per Share

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **22,286.47 Crore** (Previous Year ₹ 17,580.51 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **3.11 Crore** (Previous Year ₹ 14.94 Crore).

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**124.14**	95.40
Effect of outstanding Stock Options	**(0.95)**	(0.74)
Diluted Earnings Per Share	**123.19**	94.66

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows :

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**172.64**	170.14
Diluted effect of outstanding Stock Options	**1.34**	1.34
Weighted average number of shares for computation of Diluted Earnings Per Share	**173.98**	171.48

44. Contingent Liabilities and commitments

44.1 The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

44.2 Given below are amounts in respect of claims asserted by revenue authorities and others:

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **2,078.01 Crore** (Previous Year ₹ 1,820.25 Crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, service tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **112.45 Crore** (Previous Year ₹ 115.27 Crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

44.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **386.10 Crore** (Previous Year ₹ 535.32 Crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,152.71 Crore** (Previous Year ₹ 1,838.13 Crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

44.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **3,460.97 Crore** (Previous Year ₹ 2,627.76 Crore).

44.5 Claimes not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **39.69 Crore** (Previous Year ₹ 35.53 Crore) .

44.6 **Proposed Dividend**

During the previous year, the Board of Directors have proposed dividend on equity shares at ₹ **21 per share** at their meeting held on May 25, 2020. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

45. Segment Reporting

As per the Ind AS 108 dealing with 'Operating Segments', the main segments and the relevant disclosures relating thereto are as follows:

For the year ended March 31, 2020

₹ in Crore

Particulars	Loans	Life Insurance	General Insurance	Asset Management	Others	Inter-segment adjustments	Unassociated	Total
Segment Revenue	60,396.80	28,165.41	14,793.45	2,153.95	838.92	(4,682.94)	130.31	101,795.90
Segment Result	20,752.37	1,283.42	691.95	1,683.47	176.53	(4,270.91)	130.32	20,447.15
Share of profit of associates	-	-	-	-	-	-	5,746.10	5,746.10
Income-tax (Current)	-	-	-	-	-	-	3,415.75	3,415.75
Deferred tax	-	-	-	-	-	-	(48.97)	(48.97)
Total Result	20,752.37	1,283.42	691.95	1,683.47	176.53	(4,270.91)	2,509.64	22,826.47
Segment Assets	5,07,046.08	1,39,676.67	23,271.49	4,830.77	880.95	-	54,108.97	7,29,814.93
Segment Liabilities	4,43,634.85	1,33,068.82	18,555.20	277.49	149.78	-	292.31	5,95,978.45
Net Assets	63,411.23	6,607.85	4,716.29	4,553.28	731.17	-	53,816.66	1,33,836.48
Other Information								
Capital Expenditure	185.69	33.37	55.21	54.83	27.04	-	-	356.14
Depreciation	182.52	55.32	46.47	41.97	30.68	-	-	356.96
Non cash expenses other than Depreciation	6,905.56	12,495.02	84.58	7.30	3.46	-	-	19,495.91

For the year ended March 31, 2019

₹ in Crore

Particulars	Loans	Life Insurance	General Insurance	Asset Management	Others	Inter-segment adjustments	Unassociated	Total
Segment Revenue	44,802.57	38,248.74	12,094.72	2,254.72	687.93	(1,893.98)	0.17	96,194.87
Segment Result	12,685.20	1,495.00	421.64	1,396.22	219.89	(1,508.96)	0.15	14,709.14
Share of profit of associates	-	-	-	-	-	-	7,389.82	7,389.82
Income-tax (Current)	-	-	-	-	-	-	4,370.02	4,370.02
Deferred tax	-	-	-	-	-	-	148.43	148.43
Total Result	12,685.20	1,495.00	421.64	1,396.22	219.89	(1,508.96)	2,871.52	17,580.51
Segment Assets	4,61,218.46	1,32,902.91	14,029.66	4,095.57	554.77	-	48,073.75	6,60,875.12
Segment Liabilities	4,02,742.63	1,27,488.36	12,108.55	167.34	87.27	-	302.45	5,42,896.60
Net Assets	58,475.83	5,414.55	1,921.11	3,928.23	467.50	-	47,771.30	1,17,978.52
Other Information								
Capital Expenditure	116.97	19.49	21.47	22.69	30.35	-	-	210.97
Depreciation	70.82	45.47	33.73	13.28	11.90	-	-	175.20
Non cash expenses other than Depreciation	1,137.64	41.48	158.71	73.85	-	-	-	1,411.68

a) The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

c) Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

d) Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

e) Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation and its subsidiaries GRUH Finance Limited (upto August 30, 2019) and HDFC Credila Financial Services Private Limited.

f) Asset Management segment includes portfolio management, mutual fund and property investment management.

g) Others includes project management, investment consultancy and property related services.

i) **Geographic information**

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

The group does not have any material operations outside India and hence, disclosure of geographic segments is not given.

Revenue from external customers:

₹ in Crore

Particulars	2019-2020	2018-2019
India	**1,01,741.34**	96,125.74
United Arab Emirates	**36.99**	33.31
Singapore	**15.96**	15.34
Mauritius	**1.61**	20.48
Total	**1,01,795.90**	96,194.87

Assets other than financial instruments and tax assets:

₹ in Crore

Particulars	2019-2020	2018-2019
India	**6,222.92**	3,296.25
United Arab Emirates	**1.84**	0.77
Singapore	**0.46**	-
Mauritius	-	0.04
Total	**6,225.22**	3,297.06

No single customer represents 10% or more of the Group's total revenue for the year ended March 31, 2020 and March 31, 2019.

46. Share-based payments

The details of the various stock options granted to employees pursuant to the Corporation's Stock Options Schemes and outstanding as on date are as under:

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Plan period	2017-20	2014-17	2011-14	2008-11	2007-10
Quantum of Options	4,30,02,977	62,73,064	61,02,475	57,90,000	54,56,835
Equivalent number of shares of FV of ₹ 2 per share	4,30,02,977	3,13,65,320	3,05,12,375	2,89,50,000	2,72,84,175
Method of Accounting	Fair Value	Intrinsic value	Intrinsic value	Intrinsic value	Intrinsic value
Vesting period	1-3 years	1-3 years	1-3 years	1-3 years	1-3 years
Vesting condition(s)	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment
Exercise period	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting
Grant date	01/06/2017 30/10/2017 29/01/2018 16/03/2018 02/08/2019	8-Oct-14	23-May-12	25-Nov-08	12-Sep-07
Grant / Exercise price (₹ per Option)	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00
Value of Equity Shares as on date of Grant of Original Option (₹ per share)	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00

Method used for accounting for share based payment plan:

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Details of Activity in the options as at March 31, 2020

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**4,04,44,710**	**31,47,541**	**4,593**	**4,874**	**5,287**
Granted during the year	**1,57,000**	-	-	-	-
Exercised during the year	**37,20,484**	**13,74,909**	**3,754**	-	-
Lapsed during the year	**40,312**	**1,271**		-	-
Outstanding at the end of the year	**3,68,40,914**	**17,71,361**	**839**	**4,874**	**5,287**
Unvested at the end of the year	**8,57,220**	-	-	-	-
Exercisable at the end of the year	**3,59,83,694**	**17,71,361**	**839**	-	-
Weighted average price per option	**1,573.22**	**5,073.25**	**3,177.50**	**1,350.60**	**2,149.00**
Weighted average remaining contractual life	**3.26**	**0.55**	-	-	-

Details of Activity in the options as at March 31, 2019

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	4,24,42,106	42,64,210	435,254	4,874	5,287
Granted during the year	-	-	-	-	-
Exercised during the year	18,41,716	11,16,519	429,663	-	-
Lapsed during the year	1,55,680	150	998	-	-
Outstanding at the end of the year	4,04,44,710	31,47,541	4,593	4,874	5,287
Unvested at the end of the year	18,56,556	-	-	-	-
Exercisable at the end of the year	3,85,88,154	31,47,541	4,593	4,874	5,287
Weighted average price per option	1,571.33	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	4.25	1.55	-	-	-

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows :

Particulars	ESOS-2017*	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Volatility is measure of the amount by which price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in Black-Scholes Model is the annualised standard deviation of the continuously compounded rates of return on stock over a period of time.

* The stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is ₹ **13.64 Crore** (Previous Year ₹ 211.09 Crore).

47. Related Party Transactions

As per Ind AS-24, Related Party Disclosure, the Group's related parties are disclosed below:

Associates
HDFC Bank Limited
Good Host Spaces Private Limited
Magnum Foundations Private Limited
True North Ventures Private Limited
HDFC Securities Limited
(Subsidiary of HDFC Bank Limited)
HDB Financial Services Limited
(Subsidiary of HDFC Bank Limited)

Investing Party and its Group Companies
ERGO International AG
Munich Re
Standard Life Investments Limited
Standard Life (Mauritius Holdings) 2006 Limited

Entities over which control is exercised
H T Parekh Foundation
HDFC Employees Welfare Trust
HDFC Employees Welfare Trust 2

Entities where Directors/Close family members of Directors of the Corporation have control/ significant influence
Saumitra Research & Consulting Pvt Ltd
Mefree LLP
Parjanya Commercials LLP
Leeladhar Enterprises LLP
Grosqr LLP
Cisgro Solutions LLP
Capserve LLP
Bexley Advisors Private Limited
Cronus Merchandise LLP
Sportscom Association
Amp Fitness LLP
Sigma Consultancy LLP

Post employment benefit plans of the Corporation or its related entities
(where there are transactions)
Housing Development Finance Corporation Limited Provident Fund
Superannuation Fund of Housing Development Finance Corporation Limited
Gratuity Fund of Housing Development Finance Corporation Limited
Gratuity Assurance Scheme
HDFC Capital Advisors Limited Gratuity Fund
HDFC ERGO General Insurance Company Limited Superannuation Fund
HDFC ERGO General Insurance Company Limited Employees Gratuity Trust

Key Management Personnel (Whole-time Directors)
Mr. Keki M. Mistry (Vice Chairman & CEO)
Ms. Renu Sud Karnad (Managing Director)
Mr. V. Srinivasa Rangan (Executive Director)

Relatives of Key Management Personnel (Whole-time Directors)
(where there are transactions)
Mr Singhal Nikhil
Mr. Ashok Sud
Mr. Bharat Karnad
Ms. Arnaaz K Mistry
Ms. Tinaz K Mistry

Key Management Personnel (Non-executive directors)
Mr. Deepak S Parekh (Chairman)
Mr. Nasser Munjee
Dr. J. J. Irani
Mr. U. K. Sinha
Ms. Ireena Vittal
Dr. Bhaskar Ghosh
Mr. Jalaj Dani

Relatives of Key Management Personnel (Non-executive directors)
(where there are transactions)
Mr. Siddharth D Parekh
Ms. Harsha Shantilal Parekh
Ms. Smita D Parekh
Mr. Malav A Dani
Mrs. Niamat Mukhtar Munjee

The Group's related party transactions and balances are summarised as follows:

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2020	March 31, 2019
Investing Party and its Group Companies	Consultancy, Fees & Other Income	**1.31**	1.70
	Other Income	**3.74**	4.26
	Reinsurance Income	**283.97**	236.76
	Interest Expense	**12.95**	12.92
	Reinsurance Expenses	**401.29**	227.51
	Other Advances / Receivables	**1.25**	8.74
	Non-Convertible Debentures Closing balance	**170.00**	170.00
	Other Liabilities / Payables	**228.61**	74.43
	Dividend Paid	**76.38**	223.21
Associates	Dividend Income	**1,195.49**	729.32
	Rent Income	**1.50**	1.48
	Support cost recovered (Prorata Building Maintenance Cost)	**0.40**	0.70
	Premium Received	**118.91**	124.93
	Interest Income	**76.88**	33.93
	Other Income	**469.76**	387.05
	Reimbursement of Cost	**2.18**	1.61
	Interest Expense	**34.25**	155.78
	Bank & Other Charges	**41.88**	34.77
	Sitting Fees	**0.01**	-
	Donation$	**3.00**	-
	Provision for Diminution in the value of Investments	**2.19**	2.17
	Other Expenses/ Payments	**2,081.13**	1,828.54
	Investments made during the year	**86.71**	8,569.75
	Securities sold of other entities	**487.28**	-
	Investments - Debentures & Bonds Closing balance	**911.71**	526.17
	Investments- Debentures & Bonds Sold	**-**	35.00
	Securities purchased of other entities	**2,776.11**	2,218.61
	Loans given	**4.52**	0.22
	Loans Sold	**24,127.25**	23,982.42
	Loans Closing balance	**31.53**	27.02
	Bank Deposits placed	**783.26**	367.10
	Bank Deposits matured / withdrawn	**268.95**	1,400.64
	Bank Balance and Deposits Closing balance	**4,865.38**	1,916.94
	Trade Receivable	**51.64**	46.16
	Other Advances / Receivables	**165.81**	109.64

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2020	March 31, 2019
	Prepaid Premium	**1.12**	2.11
	Deposits Received	**75.00**	0.96
	Non-Convertible Debentures (Allotments under Primary Market)	**-**	685.00
	Non-Convertible Debentures - Redemption	**-**	428.00
	Non-Convertible Debentures Closing balance	**-**	1,315.00
	Other Liabilities / Payables	**784.47**	1,214.97
	Amounts payable - Securitised Loans Closing balance	**387.80**	452.01
	Deposits Matured / Repaid	**75.00**	0.96
	Dividend Paid	**0.02**	0.18
	Guarantees	**2.09**	3.29
	Issuance of Letter of Comfort	**-**	6.00
Entities over which control is exercised	Support cost recovered (Deputation cost recovered)	**0.21**	0.41
	Interest Expense	**13.68**	9.45
	Donation@	**182.80**	143.14
	Trade Receivable	**0.02**	-
	Deposits Received	**-**	112.26
	Deposits repaid / matured	**21.01**	70.00
	Deposits Closing balance	**151.25**	172.26
	Other Liabilities / Payables	**0.17**	0.07
	Dividend Paid	**0.09**	-
Entities over which Director/ closed family member of director having control/ jointly control	Interest Income	**20.68**	
	Loans repaid	**300.00**	
Post employment benefit plans of the Corporation or its related entities	Interest Expense	**0.17**	0.28
	Contribution To PF & Other Funds	**63.72**	61.18
	Investments - Debentures & Bonds Closing balance	**34.84**	-
	Other Advances / Receivables	**0.10**	28.83
	Non-Convertible Debentures - Redemption	**-**	0.10
	Non-Convertible Debentures Closing balance	**1.80**	1.80
	Other Liabilities / Payables	**24.62**	9.52
Key Management Personnel (Whole-time directors)	Premium Received	**0.03**	0.03
	Interest Income	**0.00**	0.00
	Interest Expense	**0.29**	0.27
	Remuneration#	**39.19**	34.68
	Sitting Fees	**1.46**	1.28
	Share based payments**	**-**	16.91
	Consultancy, Fees & Other Charges	**0.72**	0.42
	Dividend Paid	**6.59**	8.28
	Loans repaid	**0.01**	0.01
	Loans Closing balance	**0.02**	0.04
	Deposits Received	**0.01**	3.27

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2020	March 31, 2019
	Deposits repaid / matured	**0.01**	2.85
	Deposits Closing balance	**3.28**	3.28
	Other Liabilities / Payables	**0.39**	0.13
Key Management Personnel (Non-executive directors)	Premium Received	**10.00**	10.00
	Interest Expense	**-**	0.09
	Sitting Fees	**1.21**	1.16
	Commission^^	**4.60**	4.36
	Share based payments**	**-**	3.77
	Other Expenses/ Payments	**0.65**	0.63
	Consultancy, Fees & Other Charges	**0.24**	0.14
	Dividend Paid	**2.14**	2.58
Relatives of Key Management Personnel (Whole-time directors)	Premium Received	**1.00**	0.01
	Interest Income	**0.03**	-
	Interest Expense	**0.04**	0.01
	Other Expenses/ Payments	**0.01**	-
	Loans repaid	**0.03**	-
	Loans Closing balance	**0.32**	-
	Other Advances / Receivables	**0.01**	-
	Deposits Received	**-**	0.50
	Deposits repaid / matured	**-**	0.11
	Deposits Closing balance	**0.50**	0.50
	Other Liabilities / Payables	**0.05**	0.01
	Dividend Paid	**1.15**	1.32
Relatives of Key Management Personnel (Non-executive directors)	Premium Received	**0.20**	0.20
	Interest Income	**-**	0.05
	Interest Expense	**1.56**	1.76
	Loans repaid	**-**	0.04
	Deposits Received	**14.89**	21.40
	Deposits repaid / matured	**21.15**	16.09
	Deposits Closing balance	**16.66**	22.95
	Other Liabilities / Payables	**0.75**	1.07
	Dividend Paid	**2.82**	3.22

Notes:-

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Company basis at the end of each year and , accordingly, have not been considered in the above information.

**. Pursuant to receipt of shareholders approval by way of postal ballot, the Nomination and Remuneration Committee of Directors at its meeting held on June 1, 2017 granted 4,28,45,977 stock options under Employees Stock Option Scheme – 2017. Stock options are always granted at the prevailing market prices and as such the intrinsic value of the options is nil. However, effective from April 1, 2018, the Company has converged to Ind AS and in compliance with Ind AS 102,the same has been charged to the Statement of Profit and Loss Account with a corresponding credit to the Reserves.

^^ Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Corporation and will be paid post adoption of annual accounts by the shareholders.

@ Donations includes ₹ **3 Crore** (Previous Year ₹ 12 Crore), utilised out of Shelter Assistance Reserve during the year.

'0" denotes amount less than ₹ 1 Crore.

48. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled after factoring in rollover and prepayment assumptions.

₹ in Crore

ASSETS	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	5,198.46	-	5,198.46	3,183.31	-	3,183.31
Bank Balance other than (a) above	230.47	72.60	303.07	1,310.38	42.85	1,353.23
Derivative financial instruments	2,134.00	3,624.06	5,758.06	190.35	1,213.01	1,403.36
Trade Receivables	342.89	-	342.89	640.59	-	640.59
Loans	70,237.32	3,75,258.84	4,45,496.16	66,277.24	3,56,086.59	4,22,363.83
Investments	44,684.34	55,226.69	99,911.03	27,642.53	48,991.46	76,633.99
Assets pertaining to Life Insurance Business	17,809.00	1,19,522.89	1,37,331.89	15,930.94	1,12,005.51	1,27,936.45
Assets pertaining to Non-Life Insurance Business	5,701.04	14,167.20	19,868.24	3,421.14	9,733.22	13,154.36
Other financial assets	2,425.48	1,558.24	3,983.72	3,057.87	3,652.02	6,709.89
Non-Financial Assets						
Current tax asset	-	3,696.51	3,696.51	-	3,279.98	3,279.98
Deferred tax Assets (Net)	-	1,699.68	1,699.68	-	919.07	919.07
Investment property	-	981.52	981.52	-	395.64	395.64
Property, Plant and Equipment	-	1,744.27	1,744.27	-	1,188.02	1,188.02
Other Intangible assets	4.63	1,203.72	1,208.35	-	125.42	125.42
Other non-financial assets	238.08	452.27	690.35	248.55	713.97	962.52
Goodwill on consolidation	-	1,600.73	1,600.73	-	625.46	625.46
Total Assets	1,49,005.71	5,80,809.22	7,29,814.93	1,21,902.90	5,38,972.22	6,60,875.12
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	2.49	352.35	354.84	143.06	970.40	1,113.46
Trade and other Payables	2,404.14	-	2,404.14	2,460.39	-	2,460.39
Debt Securities	32,509.96	147,289.19	179,799.15	36,295.89	147,276.13	183,572.02
Borrowings (Other than debt securities)	25,891.10	82,023.57	107,914.67	20,179.11	70,196.28	90,375.39
Deposits	43,933.72	88,371.07	132,304.79	30,912.59	76,159.40	107,071.99
Subordinated Liabilities	1,000.00	4,348.93	5,348.93	250.00	5,485.70	5,735.70
Liabilities pertaining to Life Insurance Business	24,520.32	106,486.42	131,006.74	23,480.57	101,863.95	125,344.52
Liabilities pertaining to Non-Life Insurance Business	8,908.14	8,515.17	17,423.31	6,213.04	4,961.27	11,174.31
Other financial liabilities	13,659.40	2,877.57	16,536.97	12,225.41	2,234.63	14,460.04
Non-Financial Liabilities						
Current tax liabilities (Net)	259.84	-	259.84	170.53	-	170.53
Deferred tax liabilities (Net)	-	32.46	32.46	-	65.43	65.43
Provisions	78.88	293.21	372.09	139.40	230.02	369.42
Other non-financial liabilities	1,172.49	1,048.03	2,220.52	862.07	121.33	983.40
Total Liabilities	1,54,340.48	4,41,637.97	5,95,978.45	1,33,332.06	4,09,564.53	5,42,896.60
Net Assets	(5,334.77)	1,39,171.25	1,33,836.48	(11,429.16)	1,29,407.68	1,17,978.52

49. Risk disclosures pertaining to Financial instruments

49.1 Risk disclosures pertaining to Financial instruments for other than Insurance business

49.1.1 Capital Management

The Corporation maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The adequacy of the Corporation's capital is monitored using, among other measures, the regulations issued by NHB.

The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Net debt	**4,20,169.08**	3,84,520.50
Total equity	**1,33,836.48**	1,17,978.52
Net debt to equity ratio	**3.14:1**	3.26:1

49.1.2 Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.

The Financial Risk management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Interest rate risks is mitigated by entering into interest rate swaps. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, and dollar denominated assets. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities into floating rate linked to various benchmarks.

49.1.3 Fair Valuations

₹ in Crore

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	**FVOCI**	**Amortised cost**	FVTPL	FVOCI	Amortised cost
Financial assets						
Mutual Funds	**28,162.25**	**-**	**-**	17,849.78	-	-
Government Securities	**-**	**-**	**14,283.47**	-	-	10,618.90
Equity Shares	**621.54**	**5,110.90**		1,201.49	383.69	-
Preference Shares	**16.68**	**-**	**70.00**	12.30	12.54	30.00
Debentures	**419.73**	**101.30**	**1,201.39**	318.65	356.98	946.64
Pass-through Certificates	**-**	**-**	**22.57**	-	-	27.32
Security Receipts	**176.13**	**-**		221.69	-	-
Investment in Units of Venture Capital Fund	**841.33**	**-**	**-**	779.31	-	-
Derivative Financial Assets	**2,297.52**	**3,460.54**		1,403.36	-	-
Trade Receivables	**-**	**-**	**342.89**	-	-	640.59
Loans	**-**	**-**	**4,45,496.16**	-	-	4,22,363.83
Other Financial Assets	**60,653.35**	**82,633.30**	**23,398.73**	71,404.90	60,959.68	19,972.65
Total Financial Assets	**93,188.53**	**91,306.04**	**4,84,815.21**	**93,191.49**	**61,712.90**	**4,54,599.93**

₹ in Crore

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Liabilities						
Derivative Financial Liabilities	-	354.83	-	164.75	-	-
Trade and other payables	-	-	2,404.14	-	-	2,460.39
Debt Securities	67,627.19	-	1,12,171.96	56,598.71	-	1,28,041.02
Borrowings	-	-	1,07,914.67	-	-	90,256.39
Deposits	-	-	1,32,304.79	-	-	1,07,071.99
Subordinated Liabilities	-	-	5,348.93	-	-	5,735.70
Other Financial Liabilities	-	-	1,64,967.02	-	-	1,50,978.87
Total Financial Liabilities	**67,627.19**	**354.83**	**5,25,111.51**	**56,763.46**	**-**	**4,84,544.36**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Corporation has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ in Crore

Financial Assets and Liabilities measured at Fair Value	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial Assets				
Financial Investments at FVTPL				
Mutual Funds	27,780.95	381.30	-	28,162.25
Equity Shares	191.94	-	429.60	621.54
Preference Shares	-	-	16.68	16.68
Debentures	-	-	419.73	419.73
Security Receipts	-	-	176.13	176.13
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	841.33	841.33
Other Financial Assets	45,206.21	12,506.05	2,941.09	60,653.35
Derivatives designated as hedges				
- Interest RATE Swaps	-	2,297.52	-	2,297.52
Financial Investments at FVTOCI				
Equity Investments	3,925.87	-	1,185.03	5,110.90
Debentures	-	-	101.30	101.30
Other Financial Assets	54,941.85	24,143.53	3,547.92	82,633.30
Derivatives designated as hedges				
- Forwards	-	485.00	-	485.00
- Currency Swaps - Principal Only Swaps	-	2,119.23	-	2,119.23
- Options purchased (net)	-	856.31	-	856.31
Total Financial Assets	**1,32,046.82**	**42,788.94**	**9,658.81**	**1,84,494.57**
Financial Liabilities				
Debt Securities	-	67,627.19	-	67,627.19
Derivatives classified as FVOCI				
- Forward Rate Contracts		13.42		13.42
- Interest Rate Swaps	-	260.56	-	260.56
- Currency Swaps - Principal Only Swaps	-	80.85	-	80.85
Total Financial Liabilities	**-**	**67,982.02**	**-**	**67,982.02**

₹ in Crore

Financial Assets and Liabilities measured at Fair Value	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial Assets				
Financial Investments at FVTPL				
Mutual Funds	17,254.92	594.86	-	17,849.78
Equity Shares	593.08	-	608.41	1,201.49
Preference Shares	-		12.30	12.30
Debentures	-	140.26	178.41	318.67
Security Receipts	-	214.70	6.99	221.69
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	779.31	779.31
Other Financial Assets	54,338.52	12,581.92	4,484.46	71,404.90
Derivatives designated as hedges				
- Forward Rate Agreements and Interest Rate Swaps	-	962.00	-	962.00
Financial Investments at FVTOCI				
Equity Investments	319.14	-	77.09	396.23
Debentures	-	-	356.98	356.98
Other Financial Assets	40,749.35	19,882.65	327.68	60,959.68
Derivatives designated as hedges	-	-	-	-
- Forwards	-	7.42	-	7.42
- Currency Swaps - Principal Only Swaps	-	311.73	-	311.73
- Options purchased (net)	-	122.20	-	122.20
Total Financial Assets	**1,13,255.01**	**34,817.74**	**6,831.64**	**1,54,904.39**
Financial Liabilities				
Derivatives classified as FVOCI				
- Forwards	-	100.71	-	100.71
- Currency swaps - Principal Only Swaps	-	63.93	-	63.93
- Options purchased (net)	-	0.11	-	0.11
Debt Securities	-	56,598.71		56,598.71
Total Financial Liabilities	**-**	**56,763.46**	**-**	**56,763.46**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, units of Mutual Funds, Venture Funds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments, contingent consideration and indemnification asset included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2020 and 2019.

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted equity shares, venture fund units, mutual fund units and security receipts.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

When the fair value of equity investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Particulars	Sensitivity		March 31, 2020	March 31, 2019	Significant unobservable inputs*
	Favourable	Un-favourable			
Unquoted equity shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 42.53 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 42.25 Crore in FY20.	**419.66**	476.73	Valuation Factor
Locked in Shares of Yes Bank Ltd	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 101.85 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 101.85 Crore in FY20.	**1,018.50**	0.00	Valuation Factor
Compulsorily Convertible Preference Shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.08 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.08 Crore in FY20.	**0.78**	0.45	Valuation Factor
Convertible Debentures	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 22.94 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 22.94 Crore in FY20.	**232.20**	376.94	Valuation Factor
Venture Funds	Increase in NAV by 10% increases the fair value by ₹ 70.45 Crore in FY20.	Decrease in NAV by 10% reduces the fair value by ₹ 73.86 Crore in FY20.	**775.21**	711.42	Net Asset Value
Security Receipts	Increase in NAV by 10% increases the fair value by ₹ 0.14 Crore in FY20.	Decrease in NAV by 10% reduces the fair value by ₹ 0.14 Crore in FY20.	**1.43**	6.99	Net Asset Value

** There were no significant inter-relationships between unobservable inputs that materially affect fair values.*

Valuation Factor includes Discounted Cash Flows, Equity Multiples such as PE Ratio, Price to Book Value Ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair value of the Financial Assets that are not measured at fair value ₹ in Crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Carrying Value	Fair Value	Fair Value hierarchy	Fair Value	Carrying Value	Fair Value hierarchy
Financial Assets at Amortised Cost						
Government Securities	**14,283.47**	**14,531.94**	**Level 3**	10,618.90	10,310.99	Level 3
Preference Shares	**70.00**	**70.00**	**Level 3**	30.00	30.00	Level 3
Debentures	**1,201.39**	**1,202.37**	**Level 3**	946.64	944.61	Level 3
Pass-through Certificates	**22.57**	**22.72**	**Level 3**	27.32	27.32	Level 3
Total Financial Assets	**15,577.43**	**15,827.03**		11,622.86	11,312.92	
Financial Liabilities						
Non Convertible Debentures	**1,44,466.85**	**1,45,279.82**	**Level 2**	1,34,405.57	1,36,006.97	Level 2
Synthetic Rupee Denominated Bonds	**6,100.00**	**6,075.28**	**Level 2**	11,100.00	11,039.76	Level 2
Deposits	**1,32,304.79**	**1,33,538.37**	**Level 2**	1,07,353.69	1,07,114.77	Level 2
Subordinated Liabilities	**5,348.93**	**5,661.49**	**Level 2**	5,735.70	6,157.65	Level 2
Total Financial Liabilities	**2,88,220.57**	**2,90,554.96**		2,58,594.96	2,60,319.15	

The Fair Value of the financial assets and financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale.

Loans

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **4,45,496.16 Crore** (As at March 31, 2019 ₹ 4,22,363.83 Crore) approximates their fair value.

Short term and other Financial Assets and Liabilities

The Financial Assets and Liabilities, such as cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivable, trade payables, commercial paper, foreign currency loans, borrowings other financial assets and liabilities approximate their carrying amounts largely due to the short term maturity of these instruments.

49.1.4 **Credit Risk**

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Corporation. In its lending operations, the Corporation is principally exposed to credit risk.

The credit risk is governed by various Product Policies. The Product Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Corporation measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home Loans and Non Home Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of retail product portfolios through periodic review.

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to a sanctioning committee with approval limits which is approved by the Managing Director.

Credit Risk Assessment Methodology

Corporate Portfolio

The Corporation has an established credit appraisal procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of products and businesses. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval by Sanctioning Committee of Management (COM).

Corporation carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

For Lease rental discounting, the risk assessment procedure include:

- Carrying out a detailed analysis of lease rental receivables and the timing of the payments based on an exhaustive analysis of Cash flow structure; and

- Conducting due diligence on lessee and lessor and the underlying business systems, including a detailed evaluation of the servicing and collection terms and the underlying contractual arrangements.

Construction Finance

The Corporation has a framework for the appraisal and execution of project finance transactions. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the credit exposure until loans are fully repaid.

Further since both Lease Rental Discounting and Construction Finance Facilities are mostly serviced from receivables from the projects/property financed, all the cash flows are charged to the Corporation, and are ring fenced by way of Escrow mechanism. Under this mechanism all such receivables flow into Escrow Account from where amounts are directly credited into the Corporation's account.

Retail Loans

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals.

The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Corporation analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality. Retail loans are secured by the mortgage of the borrowers property.

Risk Management and Portfolio Review

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product.

For both Corporate and Retail borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information.

The Policy implementation and Process Management team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

49.1.5.a Collateral and other credit enhancements

The Corporation does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except credit risk associated with loans and Inter corporate deposits, which is mitigated because the loans and Inter corporate deposits are secured against the collateral. The main types of collateral obtained are, as follows:

Registered / equitable mortgage of property, Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies, Hypothecation of assets, Bank guarantees, company guarantees or personal guarantees, Negative lien, Assignment of receivables, Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit].

The carrying amount of loans amount to ₹ **4,56,483.40 Crore** (as at March 31, 2019 ₹ 4,28,335.86 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **10,987.24 Crore** (as at March 31, 2019 ₹ 5,972.03 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

49.1.5.b Maturities of financial liabilities

The tables below analyse the Corporation's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in Crore

Contractual maturities of Financial Liabilities 31 March 2020	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	71,336.55	42,717.70	18,179.33	47,565.57	1,79,799.15
Borrowings (Other than Debt Securities)	72,241.66	15,853.42	17,332.30	2,571.31	1,07,998.69
Deposits	75,736.67	41,625.78	11,804.91	3,477.51	1,32,644.87
Subordinated Liabilities	1,000.00	1,000.00	3,000.00	348.93	5,348.93
Other Financial Liabilities	47,087.86	40,068.01	60,551.16	20,800.86	1,68,507.89
Trade payables	2,165.19	0.00	0.00	0.00	2,165.19
Total Non-Derivative Liabilities	**2,69,567.93**	**1,41,264.92**	**1,10,867.70**	**74,764.18**	**5,96,464.72**
Derivatives					
Forward rate contracts	-	13.42	-	-	13.42
Currency Swaps - Principal Only Swaps	-	25.57	34.53	-	60.10
Interest Rate Swaps	14.23	68.63	198.45	-	281.31
Total Derivative Liabilities	**14.23**	**94.20**	**232.98**	**-**	**354.83**

₹ in Crore

Contractual maturities of Financial Liabilities 31 March 2019	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	80,985.68	58,961.22	8,534.62	36,194.81	1,84,676.33
Borrowings (Other than Debt Securities)	55,429.90	15,472.99	13,681.38	5,565.38	90,149.65
Deposits	58,631.31	38,952.86	6,438.21	3,358.25	1,07,380.63
Subordinated Liabilities	500.00	2,000.00	35.00	3,200.70	5,735.70
Other Financial Liabilities	41,919.02	24,803.26	61,509.69	23,786.58	1,52,018.55
Trade payables	2,460.39	-	-	-	2,460.39
Total Non-Derivative Liabilities	**2,39,926.30**	**1,40,190.32**	**90,198.90**	**72,105.72**	**5,42,421.25**
Derivatives					
Foreign exchange forward contracts	100.71	-	-	-	100.71
Currency Swaps - Principal Only Swaps	-	9.40	54.53	-	63.93
Options purchased (net)	0.11	-	-	-	0.11
Total Derivative Liabilities	**100.82**	**9.40**	**54.53**	**-**	**164.75**

49.1.6 **Market Risk**

49.1.6.a **Foreign currency risk**

The Corporation operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Corporation's functional currency i.e. INR. The objective of the hedges is to minimise the volatility of the INR cash flows.

The Corporation's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Corporation uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates fair value of the forward contracts and intrinsic value of the option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the fair value of the forward contracts or change in the intrinsic value of the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the option contracts are deferred in the costs of hedging reserve. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2020 and 2019, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Foreign Currency Risk Exposure:

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crore

Particulars	Currency	Financial and derivative assets		Financial liabilities	Net exposure to foreign currency risk iv= (i) + (ii)+(iii)
		Dollar Denominated loans & others (i)	Foreign exchange Derivative contracts (ii)	Foreign currency loans (iii)	
March 31, 2020	**USD**	**153.07**	**33,357.32**	**(33,510.25)**	**0.13**
	JPY	**-**	**3,702.42**	**(3,703.84)**	**(1.42)**
	SGD	**19.52**	**-**	**(5.31)**	**14.21**
	GBP	**104.14**	**-**	**(27.45)**	**76.69**
	AED	**24.05**	**-**	**(7.92)**	**16.13**
March 31, 2019	**USD**	770.14	18,658.09	(19,540.62)	(112.39)
	JPY	-	3,323.68	(3,323.68)	-
	SGD	0.48	-	-	0.48
	GBP	0.09	-	-	0.09
	AED	0.79	-	-	0.79

Foreign Currency Sensitivity Analysis:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

₹ in Crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
USD sensitivity				
INR/USD -Increase by 1% *	-	1.37	**(1.25)**	23.24
INR/USD -Decrease by 1% *	-	(1.37)	**0.52**	(23.24)
JPY sensitivity				
INR/JPY -Increase by 1% *	-	-	**19.11**	0.27
INR/JPY -Decrease by 1% *	-	-	**(19.11)**	(0.27)

** Assuming all other variable is constant*

Cash Flow Hedge

Hedging Policy

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Disclosure of effects of hedge accounting on financial performance and exposure to foreign currency

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2020					
INR USD - Forward exchange contracts	**10,985.44**	**482.75**	-	**74.16**	**(506.12)**
INR JPY - Forward exchange contracts	**1,405.81**	**2.25**	-	**0.64**	**(72.17)**
INR USD - Currency Swaps (incl. EXIM Swap)	**14,567.46**	**1,801.37**	**25.57**	**66.87**	**(1,513.76)**
USD Interest Swaps	**12,750.40**	-	**260.57**	-	**260.58**
INR JPY - Currency Swaps	**3,702.42**	**278.08**	**34.53**	**0.63**	**(257.79)**
Option purchased (net)	**11,007.12**	**856.31**	-	**70.67***	**(734.23)**
Total	**54,418.65**	**3,420.76**	**320.67**	-	**(2,823.49)**
March 31, 2019					
INR USD - Forward exchange contracts	1,227.59	7.42	30.79	71.99	40.91
INR JPY - Forward exchange contracts	1,949.23	0.00	69.92	0.63	69.92
INR USD - Currency Swaps (incl. EXIM swap)	11,452.48	311.73	49.69	66.75	(393.10)
INR JPY - Currency Swaps	1,374.45	-	14.24	0.63	14.24
Option purchased (net)	6,757.73	122.20	0.11	69.46 -75.62^	(122.09)
Total	**22,761.48**	**441.35**	**164.75**	-	**(390.12)**

The above amounts are forming part of derivative financial instruments as disclosed in the Balance Sheet

* denotes strike price range for bought call and sold put (at 70.67).

^ denotes strike price range for bought call and sold put (at 69.46) - sold call (at 75.62).

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2020				
FCY Term Loans	**(1,203.74)**	**104.04**	**4.21**	-
External Commercial Borrowings (incl. ADB loans)	**1,551.93**	**83.24**	**(29.08)**	-
March 31, 2019				
FCY Term Loans	136.47	0.39	3.75	-
External Commercial Borrowings (incl. ADB loans)	282.88	242.82	-	-

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

₹ in Crore

Particulars	Hedging gains or losses recognised in other comprehensive income		Hedge ineffectiveness recognised in statement of profit and loss	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
Forward exchange contracts and Currency swaps	**(79.45)**	(15.23)	**-**	-
Option purchased (net)	**(5.12)**	3.75	**5.28**	(130.65)

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss.

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap as at			
March 31, 2020	**65,100.00**	**2,288.52**	**1,326.52**
March 31, 2019	55,650.00	962.00	624.15

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet.

Hedged Item

₹ in Crore

Particulars	Notional amount	Carrying amount - Liability	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at			
March 31, 2020	**65,100.00**	**2,318.68**	**1,369.97**
March 31, 2019	55,650.00	948.71	670.59

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet.

The impact of the fair value hedges in the statement of profit and loss:

₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss	
	March 31, 2020	March 31, 2019
Interest Rate Swap	**43.45**	46.44

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss.

Hedge Ratio

The foreign exchange forward and option contracts are denominated in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1.

49.1.6.b **Interest Rate Risk**

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term loan, foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same as per the ALM Policy.

Interest Rate Risk Exposure

The exposure of the Corporation's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2020	March 31, 2019
Variable rate borrowings	**70%**	67%
Fixed rate borrowings	**30%**	33%
Total borrowings	**100%**	100%

Sensitivity

The impact of 10 bps change in interest rates on financial assets and liabilities on the Profit after tax for the year ended March 31, 2020 is ₹ **40.58 Crore** (Previous Year: ₹ 40.99 Crore).

49.1.6.c **Price Risk**

Exposure

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Corporation diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Corporation.

Some of the Corporation's equity investments are publicly traded and are included in the NSE Nifty 50 index.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Corporation's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Corporation's equity instruments moved in line with the index.

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
NSE Nifty 50 – increase 10%	**19.15**	68.48	**391.61**	20.42
NSE Nifty 50 – decrease 10%	**(19.15)**	(68.48)	**(391.61)**	(20.42)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

Disclosure of Penalties imposed by NHB and other regulators

During FY 2019-20, The National Housing Bank (NHB) imposed a monetary penalty of ₹ **85,000** plus GST on the Corporation for non-compliance with two provisions of the Housing Finance Companies (NHB) Directions, 2010 during the financial year 2017-18. The Corporation has paid the said penalty.

During the year ended March 31, 2020, the HDFC Asset Management Company Ltd, and its certain employees along with HDFC Trustee Company Limited received show cause notices from SEBI for matters related to Essel group exposure in certain fixed maturity plans of HDFC Mutual Fund. All the concerned parties along with the Company had filed an application for Settlement with SEBI and have received a Settlement Order dated April 16, 2020. The Company being the Investment Manager to HDFC Mutual Fund, has already compensated the unit holders of the affected mutual fund schemes and has also paid the settlement amount to SEBI.

49.2 Risks disclosures pertaining to Life Insurance Business

49.2.1 Sensitivity Analysis

(A) Interest Rate Sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. (100 Bps impact on fixed income securities is in line with directions given by IRDAI vide circular number IRDA/ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing.)

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
Interest Rate - Increase by 100 basis points*^	-	-	**(3,278.56)**	(1,627.83)
Interest Rate - Decrease by 100 basis points*&	-	-	**3,278.56**	1,627.83

* Holding all other variable constant.

^ Impact on OCI does not include impact of ₹ (**1,906.39**) **Crore** for FY 20 and ₹ (1,714.20) Crore for FY19 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

& Impact on OCI does not include impact of ₹ **1,906.39 Crore** for FY 20 and ₹ 1,714.20 Crore for FY19 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

$ Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis.

(B) **Foreign Currency Sensitivity Analysis**

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in Crore

Particulars	Impact on Profit before Tax		Impact on Other components of equity	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
AED Sensitivity		-	-	-
INR/AED - Increase by **8.67%** (March 31, 2019 6.60%)	**0.04**	0.03	-	-
INR/AED - Decrease by **8.67%** (March 31, 2019 6.60%)	**(0.04)**	(0.03)	-	-

(C) **Equity Price Sensitivity Analysis**

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. 30% impact on equity securities is in line with directions given by IRDAI vide circular number IRDA/ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing.

The following table shows effect of price changes in equity:

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
If equity prices had been 30% higher^	**792.03**	724.61	-	-
If equity prices had been 30% lower&	**(792.03)**	(724.61)	-	-

^ Impact on Profit before tax does not include impact of ₹ **1,240.76 Crore** for FY 20 and ₹ 1,819.95 Crore for FY19 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

& Impact on Profit before tax does not include impact of ₹ (**1,240.76**) **Crore** for FY 20 and ₹ (1,819.95) Crore for FY19 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

$ Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis.

49.2.2 **Risk Management Framework**

The Company has an Enterprise Risk Management (ERM) framework covering procedures to identify, measure and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including strategic risk, operational risks, regulatory risk, investment risks, subsidiary related risks and insurance risks. The key business risks identified are approved by the Board's Risk Management Committee and monitored by the Risk Management team thereafter. The ERM framework adopted is enabled by the risk oriented enterprise level culture with established risk governance framework, characterized by:

1. Risk management competency throughout the organization with a consensus that risk management is everyone's responsibility.
2. An iterative process of identifying and evaluating risks, setting risk treatment strategies, and monitoring results.
3. A dedicated Enterprise Risk Team with defined roles and responsibilities, which functions under the guidance and supervision of Chief Risk Officer ('CRO').
4. Risk oversight by Senior Management & Board of Directors, via Risk Management Council and Risk Management Committee respectively.

Risk categories addressed through the ERM Framework

- Operational Risk - Risk of loss resulting from inadequate or failed internal processes, people, systems or external events including legal risk.
- Compliance/ Regulatory Risk - Risks emanating from non-adherence to regulatory, judiciary and legislative mandates and guidelines, leading to fines and penalties.
- Strategy and Planning Risk - Risks emanating from non-achievement of strategic objectives, deviation from strategic plans, external and internal factors.
- Insurance risk – Risk arising due to adverse movement of mortality, persistency, morbidity and expense rates.
- Subsidiary related risks - Risks originating from subsidiary company actions.
- Financial Risk – Comprises of the following nature of risks:
    1. Market Risk - Risk of loss resulting from adverse movement in market prices across asset classes and investment positions.
    2. Liquidity Risk - Market Liquidity Risk is inability to liquidate an asset and Funding Liquidity Risk is inability to meet obligations when due.
    3. Credit Risk - Risk of loss resulting from the potential that counterparty defaults or fails to meet obligations in accordance with the agreed terms.
    4. Asset Liability Mismatch Risk - Risk due to uncorrelated / unmatched movement in the asset and liability cash flows on existing business and risk of future premiums being invested at low interest rates.

HDFC Life is exposed to different types of risks emanating from both internal and external sources. The Company has in place a Risk Management team which identified, measures and mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee, Risk Management Council and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis. Under the overall ambit of Corporate Governance, the Company has in place a Risk Management policy along with other risk related policies. The risk management framework institutionalized in the Company is supported by a "Three Lines of Defense" approach. At HDFC Life Insurance, every function has been empowered to drive Risk Management framework in their respective areas of operation and they form the first line of defense. Control functions like Risk Management and Compliance act as second line of defense and are independent from business operations which has been implemented through independent reporting mechanics. The role of the third line is performed by the Internal Audit function that provides an independent assurance to the Board on the functioning of internal controls.

Risk Policies

The following risk policies govern and implement effective risk management practices: Business Continuity Management System (BCMS) Policy, Information Security Management System Policies, Investment Policy, Credit Risk Management Policy, Liquidity Risk Management Policy, Asset - Liability Management Policy, Underwriting Policy, Reinsurance Policy, Employee dealing Guidelines, Anti Money Laundering Policy, Whistleblower Policy, Policy of Prevention, Prohibition, & Redressed of Sexual Harassment at Workplace, Outsourcing Policy, Fraud Management Policy, Information & Cyber Security Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI"), Code of Conduct and ethics, Corporate Governance Policy, Policy for Disclosure of Event/Information, Grievance Redressal Policy, Policy for maintenance of records, Derivatives Policy, Stewardship Policy, Voting Policy and Interest Rate Derivative Risk Management Policy.

49.2.3 **Capital Management Objectives and Policies**

The company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

i) To maintain the required level of stability of the company thereby providing a degree of security to policyholders.

ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders.

iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

iv) To align the profile of assets and liabilities taking account of risks inherent in the business.

v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The company have met all of these requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory and Development Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The company's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives.

The IRDAI requires life insurers to maintain a minimum Solvency Ratio of 150%. The Solvency Ratio is calculated as specified in the IRDA (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2016. The Company's Solvency Ratio, as at March 31, 2020 is **184%** and as at March 31, 2019 188%.

Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the company are subject to regulatory requirements within the jurisdictions in which it operates.

Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

IT/ technology risks are driven through an inherent Information Security Management System, which is aligned and certified against the ISO 27001:2013 standard. Organisational data security and cybersecurity is catered to by a specialized team of full-time employees as well as contracted third-party SME's to ensure complete coverage of controls in the technology space. HDFC Life also has Business Continuity Management Policy in place to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe, thereby complying with various regulatory requirements and minimizing the potential business impact.

Fraud Risk Management is an integral practice and is central to the ethics and value system of the Company. This is directly influenced by our promises to various stakeholders be it the policyholders, shareholders, or the regulatory authorities governing the industry and law enforcement agencies of safeguarding their interests. The company also has a dedicated team (Risk Monitoring & Control Unit) to manage fraud risks under the supervision of the CRO.

Operational risks are governed through the Risk Management Policy which is reviewed by the board on an annual basis. The Company uses the following tools/activities to manage the various operational risks faced:

1. A well defined Fraud Management Framework.
2. Systematic periodic Operational Risk Reviews and operational risk loss data collection.
3. Control reports.
4. RCSA (Risk & Control Self Assessment) to identify risks and evaluate the controls.
5. Key Risk Indicators for proactive management of key functional risks.
6. Incident management framework is being planned to monitor the near misses and plug loopholes in the system.
7. Process level risk assessment at the pre launch stage of critical processes.
8. BCMS Governance Procedure.

COVID-19

In light of the 'COVID-19' outbreak and information available up to the date of approval of this special purpose financial information, the Company has assessed the impact on assets including valuation and impairment of investments, liabilities including policy liability and solvency position.

Based on the evaluation, the Company has made

(a) adequate impairment provisions on the investments to an extent necessary.

(b) additional death claim provision of ₹ **41 Crore** as at the Balance sheet date. This provision is over and above the policy level liabilities calculated based on the prescribed IRDAI regulations.

The Company has also assessed its solvency position as at the Balance sheet date and is at @ 184%, which is above the prescribed regulatory limit of 150%. Further, based on the Company's current assessment of the business operations over next one year, it expects the solvency ratio to continue to remain above the minimum limit prescribed by the Insurance regulator. The impact of the global health pandemic may be different from that estimated as at the date of approval of this special purpose financial information. The Company will continue to closely monitor any material changes to future economic conditions.

49.2.4 **Accounting Policy for Actuarial Liability**

I. Product Classification of Insurance Business

Contracts where the Sum Assured or benefit on death at any time during the term of the contract is guaranteed to be greater than or equal to 105% of total premiums paid till date, are considered to have significant insurance risk, and hence such policy contracts have been classified as 'Insurance Contracts'. Contracts other than insurance contracts are classified as investment contracts.

Insurance and investment contracts are classified as being either with or without discretionary participation feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that meet the following conditions:

a) Likely to be a significant portion of the total contractual benefits.

b) The amount or timing of which is contractually at the discretion of the issuer.

c) That are contractually based on:

   i. The performance of a specified pool of contracts or a specified type of contract.

   ii. Realized and/or unrealized investment returns on a specified pool of assets held by the issuer.

   iii. The profit or loss of the Company, fund or other entity that issues the contract.

II. Insurance Contract Liabilities

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

1. The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

2. The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.

3. The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

4. The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.

5. The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/ bonuses) and reserves calculated by gross premium valuation method.

6. The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

7. Additional reserves are determined to:

   a. allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).

   b. allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).

c. meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).

d. allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).

e. allow for the cost of guarantees, wherever applicable.

III. Investment Contract Liabilities

The investment contract liabilities are recognized using the same accounting policies as those for insurance contract liabilities, taking into account the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

IV. Reinsurance Assets

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date.

V. Liability Adequacy Test

The Company performs adequacy testing on its insurance liabilities to ensure that the carrying amounts of insurance contract liabilities is adequate as at the reporting dates.

VI. Insurance Risk

As an organization, HDFC Life firmly recognizes Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of its strategic objectives. The Enterprise Risk Management (ERM) framework within the Company operates as a feed-in system to various internal and external stakeholders, Management, and the Board of Directors.

The key insurance risks that the Company is exposed to are mortality, persistency and expenses. These are described below in further detail.

i) **Mortality Risk:**

Mortality risk arises primarily in the conventional non par and unit-linked life segments of the business. The risk arises due to the fact that the products written provide significant levels of life cover. The risk has increased with higher levels of minimum life cover required as per the new unit linked regulations and higher proportion of protection business.

The Company is exposed to mortality risk in two different ways.

1. A permanent deterioration in the mortality experience on lines of business with mortality risk would lead to reduction in the shareholder value due to higher than expected claim payouts and increased reserve requirements.

2. A sudden, but temporary, increase in mortality claims due to some external event. Examples would be earthquakes and epidemics, where large numbers of insured lives are affected, leading to a high number of related claims. This ‘catastrophe risk’ is more likely to impact the group protection business, due to many of the lives being concentrated in the same location, or subject to the same event at one time. This would lead to reduction in shareholder value due to higher claims than expected.

   The Company manages mortality risk at a number of key stages, which are Product design, Underwriting at the proposal stage, Reinsurance, Reinsurance cover for catastrophic risks, Experience monitoring and Claims underwriting.

   The level of concentration of mortality risk is relatively low. There is no significant concentration by geographical region or industry for individual business. However, group protection business sold by the Company does have concentration risk. The Cat Re-cover has been put in place primarily to help mitigate this risk.

ii) Persistency Risk:

Persistency risk arises in all segments of the business. The risk arises due to the fact that the level of future premium and charge income is reduced from expected levels if actual persistency is not in line with that assumed. The Company is particularly exposed to this risk on the unit-linked business written from September 1, 2010, as the low surrender penalty in these policies results in the initial high acquisition costs not being recovered, if a policy lapses and the company does not get the expected future charges from renewal premiums. Adverse persistency experience is likely to affect the future income emerging from the business and result in potential loss/lower profits than expected.

The Company manages persistency risk in a number of ways; examples of these are Product design and Experience monitoring. The Company’s management has a strategy in place to limit the impact of persistency risk, as it is recognized as one of the key risks facing the industry.

iii) Expense Risk:

The nature of the Company’s operating model is that a large proportion of the costs are fixed in nature meaning that the risk can crystallize either through inadequate control of absolute expense levels or through sales volumes being significantly lower than expected, thus not covering the high fixed levels of expense. Failure to control expense levels could lead to adverse financial deviations from the forecasts which would lead to lower profits (or higher losses), higher capital requirements and reduction in new business profitability.

Strong controls have been implemented to reduce and contain costs which include exercising necessary caution in expenditure and exploring lower cost business model.

VII. Assumptions

The assumptions play vital role in calculating Insurance/Actuarial liabilities for the Group. Best estimate assumptions in use are based on historical and current experience, internal data and as per guidance notes/actuarial practice standards issued by the Institute of Actuaries of India. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MAD (Margin for Adverse Deviation). The Company keeps adequate MAD, as prescribed in APS 7 issued by the Institute of Actuaries of India, in all assumptions over the best estimate value.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions used for calculating the liability are provided below:

A) Mortality:

Assumptions are based on historical experience and for new products based on industry/re-insurers data.

Assumptions may vary by type of product, distribution channel, gender, etc.

Particulars	**Expressed as a % of IALM 2012-14, unless otherwise stated**		Expressed as a % of IALM 2006-08, unless otherwise stated	
	As at 31 March 2020		As at 31 March 2019	
	Minimum	**Maximum**	Minimum	Maximum
a) Individual business				
Participating policies	**48%**	**246%**	42%	264%
Non participating policies	**24%**	**384%**	24%	960%
Annuities	**32%**	**48%**	26%	36%
Unit linked	**24%**	**126%**	29%	138%
Health Insurance	**48%**	**83%**	120%	144%
b) Group Business (unit linked)	**42%**	**438%**	77%	480%

B) Expense and Inflation:

The values of future expenses have been determined on prudent assumptions to allow for-

i. All future maintenance expenses on an on-going basis

ii. The future expenses that are likely to be incurred if the company were to close to new business within 12 months of the valuation date.

The future maintenance expenses are provisioned using servicing costs per policy, claim expenses and investment expenses.

The per policy costs vary by premium frequency.

The claim expense assumption is specified as fixed amount per claim.

The per policy costs and claim expenses are increased at an inflation rate of 6.5% per annum.

In addition, investment expense of 0.036% of the fund is also reserved for.

The provision for future expenses likely to be incurred if the company were to close to new business is held as an aggregate reserve at a company level.

C) Lapse, Surrender and Partial withdrawal Rates:

The lapse, surrender and partial withdrawal rates are based on current experience of the Company. Assumptions may vary by type of product, distribution channel, duration for which policy has been in force, etc.

a) **Individual Business (Unit linked)**

The lapse/surrender, paid up or partial withdrawal rates are based on best estimate assumptions with a 20% MAD.

b) **Individual Business (non-Unit linked)**

- For the participating and non-participating savings contracts, the valuation bases incorporates lapse assumptions till the policy acquires a Guaranteed Surrender Value.

- For the non-participating protection contracts, lapse assumptions are incorporated throughout the policy term.
- The lapse assumptions are based on best estimate assumptions with a 20% MAD.

D) Valuation Interest Rate:

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. The valuation interest rates are set by adjusting the derived weighted average return in compliance with minimum MAD requirements.

Assumptions on future bonus rates for participating business have been set to be consistent with valuation interest rate assumptions.

Particulars	As at March 31, 2020		As at March 31, 2019	
Individual Business	**Minimum**	**Maximum**	Minimum	Maximum
Life - Participating policies	**6.50%**	**5.80%**	5.80%	7.00%
Life - Non participating policies	**6.50%**	**5.20%**	5.20%	5.80%
Annuities – Participating policies	**N/A**	**N/A**	N/A	N/A
Annuities - Non participating policies	**6.70%**	**6.70%**	6.90%	6.90%
Annuities – Individual pension plan	**N/A**	**N/A**	N/A	N/A
Unit linked	**5.20%**	**5.20%**	5.20%	5.20%
Health Insurance	**6.50%**	**5.90%**	5.80%	5.80%
Group Business	**Minimum**	**Maximum**	Minimum	Maximum
Life – Non participating policies (exclude one year term policies)	**6.55%**	**5.95%**	5.80%	5.80%
Unit Linked	**5.20%**	**5.20%**	5.20%	5.20%

VIII. **Following tables present the movement in insurance and investment contract liabilities, reinsurance assets and deferred origination cost:**

I. Insurance Contracts Liabilities

₹ in Crore

Particulars	Change in Liabilities					
	As at March 31, 2020			As at March 31, 2019		
	With DPF	**Linked Business**	**Others**	With DPF	Linked Business	Others
Gross Liability at the beginning of the year	**28,619.41**	**53,609.07**	**17,299.02**	25,762.66	47,166.74	10,911.90
Add/(Less)						
Premium	**5,151.19**	**9,919.37**	**11,222.84**	5,342.41	10,261.32	7,591.65
Unwinding of the discount /Interest credited	**1,763.69**	**(9,480.01)**	**941.80**	1,596.17	2,808.90	275.14
Changes in valuation for expected future benefits	**-**	**30.49**	**-**	-	(4.80)	-
Insurance liabilities released	**(5,385.38)**	**(8,343.97)**	**(2,729.72)**	(4,081.82)	(6,623.09)	(1,479.66)
Gross Liability at the end of the year	**30,148.91**	**45,734.95**	**26,733.94**	28,619.41	53,609.07	17,299.02
Recoverable from Reinsurance	**68.31**	**0.08**	**3,890.49**	13.22	0.20	2,357.17
Net Liability	**30,080.60**	**45,734.87**	**22,843.45**	28,606.19	53,608.87	14,941.85

II. Investment Contract

₹ in Crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	With DPF	**Linked Business**	**Total**	With DPF	Linked Business	Total
At the beginning of the year	**9,761.35**	**10,093.87**	**19,855.21**	7,244.30	10,352.99	17,597.29
Additions						
Premium	**3,427.21**	**1,037.18**	**4,464.39**	3,022.96	782.62	3,805.57
Interest and Bonus credited to policyholders	**875.06**	**(702.65)**	**172.41**	657.98	551.78	1,209.75
Deductions						
Withdrawals / Claims	-	-	-	(1,163.89)	(1,503.67)	(2,667.56)
Fee Income and Other Expenses	**(2,093.52)**	**(1,509.99)**	**(3,603.51)**	-	(89.85)	(89.85)
Others Profit and loss	-	**(94.54)**	**(94.54)**	-	-	-
At the end of the year	**11,970.10**	**8,823.87**	**20,793.96**	9,761.35	10,093.87	19,855.21

III. Reinsurance Assets

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	**2,421.93**	1,965.88
Add/(Less)		
Premium	**483.29**	262.02
Unwinding of the discount /Interest credited	**154.01**	112.14
Change in valuation for expected future benefits	**1,434.27**	324.53
Insurance liabilities released	**(459.48)**	(220.30)
Others (experience variations)	**(73.44)**	(22.34)
At the end of the year	**3,960.58**	2,421.93
Expected credit loss	**3.91**	2.26
Net reinsurance assets	**3,956.67**	2,419.66

IV. Deferred Acquisition Cost

Particulars	₹ in Crore
As at 31 March 2018	9.96
Expenses deferred	-
Amortisation	(3.06)
As at 31 March 2019	6.90
Expenses deferred	
Amortisation	(2.00)
As at 31 March 2020	**4.90**

49.3 Risk disclosures pertaining to General Insurance Business

49.3.1 Risk Management Framework

The Company recognizes the criticality of having robust risk management practices to meet its objectives. The Company is committed to an effective and robust Risk Management Framework, which addresses various risks faced by it. The Company has therefore formulated a comprehensive Risk Management Framework (RMF) across all operating processes for identification, management and monitoring of Entity Level Risk, Insurance Risk, Asset Risk, Operational Risk, Financial Risk and Information Security Risk.

Risk Management is a concurrent process within the Company.

Under the Risk Management Framework, risks associated with the operations of the Company are identified and prioritized based on impact and likelihood of its occurrence. Risk owners are identified for each risk for monitoring and reviewing the risk mitigation. The Company has constituted a Risk Management Committee (RMC) comprising members of the Board of Directors which is responsible for monitoring the Risk Management Framework of the Company and implementation of the Risk Management Strategy. The RMC is assisted by its Sub-Committee in the discharge of its responsibilities.

All key risks are reviewed quarterly by the Senior Management and the Sub-Committee of the Risk Management Committee of the Board at the Executive Management level.

The Risk Management Committee *inter-alia*:

a. Assists the Board in effective operation of the risk management system by ensuring performance of specialized analysis and quality reviews;
b. Advise the Board with regard to risk management decisions in relation to strategic and operational matters;
c. Reports to the Board on a quarterly basis, details of the risk exposures and the actions taken to manage the exposures; and
d. Reviews and monitors risks pertaining to the operations on a regular basis.

a. **Insurance Risk**

The risk of loss due to either inadequate pricing or inadequate claims handling or inadequate reinsurance protection or inadequate reserving. As a nature of business, there are inherent uncertainties as to occurrence, amount and timing of insurance liabilities which arises due to adverse experience in amount or frequency of claims or in their aggregation from a single occurrence or series of occurrences arising from a single originating cause.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Control Measures

The Company has a Board approved risk management policy covering underwriting, claims and reserving for policy liabilities. The company has a detailed claims processing manual in place.

Accumulation of risk is monitored at various levels – geographically, line of business wise, channel wise, etc. This approach aids the Company to adopt an enterprise level risk management approach; thus benefiting from diversification and internal price management of the risks accepted for insurance.

The Company's reserving guidelines is reviewed on a periodic basis to minimize the risks of under or over provisioning and enable the Company to proactively adjust strategy in a timely manner.

Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently.

The reinsurance risk model is used to estimate and monitor the variation between the annual contracted reinsurance program vis-à-vis the optimal arrangement as measured by the model.

Optimal protection is ensured through well designed Reinsurance program arrangements with financially sound reinsurers.

The Company has taken Catastrophe (CAT) protection in order to mitigate the risks of large losses arising from probable catastrophic events.

b. **Operational Risk**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Control Measures

Operational risks are governed through Risk Management Policy.

The Company has also initiated a Risk Control Self Assessment process to embed the control testing as a part of day to day operations.

Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and periodic assessment processes.

a) **Concentration of Insurance Risk**

The Company uses different proprietary models to estimate the Company's accumulation exposure to potential natural disasters (e.g. earthquakes, tropical storms, floods etc.) and other man-made catastrophes (e.g. industrial accidents and building fires). The aggregation of losses on account of a single event constitutes the largest individual potential financial loss to the Company and potentially material year-to-year fluctuations in the results of operations and financial position. The Company actively monitors and limits the aggregate exposure to catastrophe losses in regions that are subject to high levels of natural perils.

The Company mitigates its exposure to concentrations of insurance risk by holding a portfolio diversified into many classes of business across different regions and by the utilisation of reinsurance, taking into account it's risk tolerance, cost of reinsurance and capital efficiency. The reinsurance cover limits the Company's financial exposure to a single event with a given probability and also protects capital.

In terms of exposure, Motor aggregates are monitored and given that the underlying risks are not necessarily static to a particular region, their accumulations cannot be accurately known. Similarly, in respect of Health class of business, the biggest catastrophic exposure is in respect of Pandemic loss. The Company looks at the overall concentration of the risks in each geography and given the low levels of insurance penetration, this is not considered as a significant risk to the Company. The Company continues to monitor the ongoing COVID-19 pandemic situation in the country and its potential impact on the portfolio. Currently, the measures implemented by the Government of India, i.e. nationwide lockdown, tracking, testing and treating COVID-19 infected patients in designated hospitals, should alleviate the spread of infections amongst individuals. The accumulation risk is evaluated on an ongoing basis and adequate risk mitigation strategies e.g. Reinsurance would be employed by the Company as it becomes significant.

b) **Claims Development Table**

Insurance Companies are required to establish reserves in their accounts for the unpaid portion of ultimate claims costs (including loss adjustment expenses) that have been 'incurred but not reported' (IBNR) and 'incurred but not enough reported' (IBNER) as at the end of each reporting period. The process of establishing this reserves is complex, as it takes into consideration many variables that are subject to the outcome of future events. Reserves do not represent an exact calculation of liability but rather represent estimates, generally involving actuarial projections at a given time, of what the Company expects the ultimate settlement of claims will cost.

Notes forming part of the Consolidated Financial Statements (Continued)

The table provides an overview of development of Company's estimates of total claim amounts payable in relation to a given Accident year over time. A significant proportion of the Company's reserves are for motor third party liability, which tend to involve longer periods of time for the reporting and settlement of claims and are affected by economic inflation, unpredictability of court decisions, risks inherent in major litigation and legislative changes etc. This may increase the inherent risk and uncertainty associated with loss reserve estimates.

Gross Paid Losses and Loss Adjustment Expenses ₹ in Crore

As at March 31, 2020	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20
Estimated Ultimate Incurred liability at the of:	741.00	770.00	1,065.00	1,785.00	2,183.00	2,313.00	4,258.00	4,700.00	5,850.00	6,604.00
End of First year	411.00	424.00	548.00	924.00	1,020.00	1,300.00	1,430.00	1,962.00	2,913.00	2,465.00
One year later	597.00	637.00	840.00	1,416.00	1,590.00	1,806.00	3,055.00	3,307.00	4,171.00	
Two years later	641.00	705.00	903.00	1,541.00	1,754.00	2,011.00	3,496.00	3,484.00		
Three years later	663.00	725.00	948.00	1,613.00	1,845.00	2,141.00	3,578.00			
Four years later	677.00	739.00	973.00	1,666.00	1,916.00	2,223.00				
Five years later	692.00	749.00	1,006.00	1,710.00	1,963.00					
Six years later	702.00	762.00	1,025.00	1,744.00						
Seven years later	713.00	771.00	1,071.00							
Eight years later	722.00	777.00								
Nine years later	726.00									

Gross Unpaid Losses and Loss Adjustment Expenses ₹ in Crore

As at March 31, 2020	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20
End of First year	331.00	346.00	516.00	860.00	1,163.00	1,012.00	2,828.00	2,739.00	2,937.00	4,138.00
One year later	137.00	210.00	264.00	519.00	523.00	584.00	998.00	1,125.00	1,605.00	
Two years later	106.00	128.00	146.00	363.00	345.00	513.00	644.00	903.00		
Three years later	90.00	56.00	168.00	288.00	358.00	392.00	548.00			
Four years later	77.00	62.00	107.00	308.00	285.00	310.00				
Five years later	75.00	57.00	138.00	270.00	222.00					
Six years later	66.00	48.00	125.00	242.00						
Seven years later	66.00	47.00	78.00							
Eight years later	55.00	41.00								
Nine years later	57.00									

Gross Incurred Losses and Allocated Expenses (Ultimate Movement) ₹ in Crore

As at March 31, 2020	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20
End of First year	741.00	770.00	1,065.00	1,785.00	2,183.00	2,313.00	4,258.00	4,700.00	5,850.00	6,604.00
One year later	734.00	846.00	1,103.00	1,935.00	2,113.00	2,391.00	4,053.00	4,432.00	5,776.00	
Two years later	747.00	833.00	1,050.00	1,904.00	2,099.00	2,525.00	4,140.00	4,386.00		
Three years later	753.00	781.00	1,116.00	1,901.00	2,203.00	2,533.00	4,126.00			
Four years later	754.00	801.00	1,080.00	1,974.00	2,201.00	2,533.00				
Five years later	767.00	806.00	1,144.00	1,981.00	2,185.00					
Six years later	768.00	810.00	1,150.00	1,987.00						
Seven years later	779.00	819.00	1,149.00							
Eight years later	777.00	818.00								
Nine years later	783.00									

Notes:

1. Pool claims are excluded from the above table.
2. For Crop and Weather Insurance class of business, Accident Year corresponds to the year in which Premium is received.
3. The impact on the unpaid claims liability of the Company on account of landmark judgements issued by Supreme Court of India and various High Courts e.g. PranaySethi (October 2017) and other legislative changes e.g. U/s 163(A) of The Motor Vehicle Act, 1988 has been allowed for in the claims ultimate.

c. **Sensitivities**

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Assumptions	Change in Assumption	Increase/ (Decrease) on Gross Liabilities		Increase/ (Decrease) on Net Liabilities	
		2019-2020	2018-2019	2019-2020	2018-2019
Increase					
Average claim cost	10%	10.02%	10.02%	10.43%	10.43%
Average number of claims	10%	2.48%	2.48%	2.48%	2.48%
Decrease					
Average claim cost	(10%)	(9.99%)	(9.99%)	(10.40%)	(10.40%)
Average number of claims	(10%)	(2.48%)	(2.48%)	(2.48%)	(2.48%)

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Control Measures

Operational risks are governed through Risk Management Policy. The Company has also initiated a Risk Control Self Assessment process to embed the control testing as a part of day to day operations. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and periodic assessment processes.

Insurance Liabilities		₹ in Crore
Particulars	**March 31, 2020**	March 31, 2019
Opening balance	**11,174.31**	10,094.05
Claims O/S including IBNR (net)	**2,596.85**	695.32
Reserve for Unexpired Risk	**1663.79**	562.76
Unallocated premium	**164.33**	(174.51)
Premium received in advance	**402.11**	300.03
Due to other insurance companies	**1,417.85**	(307.23)
Due to Policyholders	**4.07**	3.89
Closing balance	**17,423.31**	11,174.31

Reinsurance Assets		₹ in Crore
Particulars	**March 31, 2020**	March 31, 2019
Opening balance	**4,229.64**	3,750.75
Outstanding premium	**233.46**	168.07
Due from other insurance companies	**(46.96)**	9.31
RI Recovery on Claims Outstanding	**1,397.46**	39.36
Other accruals / receivables	**322.81**	262.15
Closing balance	**6,136.41**	4,229.64

d. **Financial Risk Management Objectives**

The Company is exposed to market risk (other price risk), credit risk and liquidity risk.

(i) **Market Risk (Other Price Risk)**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. The Company is exposed to financial and capital market risk-the risk that the fair value of future cash flows of financial instrument will change because of changes or volatility in market prices.

The Company is exposed to equity price risks arising from equity investments. Certain equity investments of the Company are held for strategic as well as trading purposes.

Equity Price Sensitivity Analysis

The company has analysed, at scrip level, the sensitivity to changes in the equity prices, based on the movement of each scrip during the year. Had the equity prices moved in the range of 2% profit for the year ended March 31, 2020, would have deviated by ₹ **2.73 Crore** (Previous Year ₹ 5.35 Crore).

e. **COVID - 19**

In light of the COVID-19 outbreak and the information available upto the date of approval of these financial statements, the Company has assessed the impact of COVID-19 and the subsequent lock-down announced by the Central Government, on its operations and its financial statements. The assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of the Company as at March 31, 2020. Further, there have been no material changes in the controls or processes followed (except for the accounting of premium in relation to Motor third party liability cases as directed by IRDAI and as mentioned below) in the financial closing process of the Company. The Company continues to closely monitor the implications of COVID-19 on its operations and financial statements, which are dependent on emerging uncertain developments.

The IRDAI vide Circular No. IRDAI/NL/CIR/MOT/081/04/2020 dated April 3, 2020 has provided clarifications on its Circular No. IRDAI/NL/CIR/MOT/079/04/2020 dated April 2, 2020 issued in relation to accounting of premium on the Motor third party liability cases falling due for renewal during the lockdown period (March 25, 2020 to April 14, 2020) (subsequently extended to May 3, 2020) as a result of COVID-19 pandemic.

50. Business Combinations

50.1 **Summary of Acquisition**

Pursuant to receipt of approvals from Reserve Bank of India, Insurance Regulatory and Development Authority of India and Competition Commission of India, the Corporation has, on January 9, 2020, acquired 51.16% of the equity share capital of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited).

HDFC ERGO Health Insurance Ltd. is a public company registered under the Companies Act, 2013 and with the IRDAI to carry on the business of general insurace in India and be a standalone health insurance company.

Further, the Corporation has initiated necessary steps of merger of HDFC ERGO Health Insurance Ltd. (HDFC ERGO Health) and HDFC ERGO General Insurance Company Ltd (HDFC ERGO), subsidiary of the Corporation, subject to approval of the National Company Law Tribunal, Mumbai.

The Scheme *inter alia* envisages amalgamation of the HDFC ERGO Health into and with HDFC ERGO and dissolution of the HDFC ERGO Health without winding up. This merger will result in the shareholders holding shares in a single company carrying on the business of general insurance, leading to synergy in operations, greater financial strength, and improve the position of the merged entity by offering unified yet comprehensive services.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase Consideration	₹ in Crore
Paid in cash and cash equivalent	1,495.81
Contingent Consideration	-
Total Consideration	**1,495.81**

The Assets and Liabilities recognised as a result of the acquisition are as follows:

Purchase Consideration	₹ in Crore
Cash and Bank Balances	96.80
Investments	1,632.94
Other Financial Assets	557.28
Non-Financial Assets	130.16
Customer relationships (Incl. Value of In Force Policies) (Useful life - 10 years)	334.50
Distribution Network -Bancassurance (Useful life - 3 years)	40.60
Distribution Network -Agency (Useful life - 5 years)	296.00
Non-Compete Agreement (Useful life - 3 years)	36.30
Financial Liabilities	(1,889.96)
Non-Financial Liabilities	(217.15)
Net Identified Assets Acquired	**1,017.47**

Calculation of Goodwill	₹ in Crore
Consideration transferred	1,495.81
Non-Controlling Interest in Acquired Entity	496.93
Less: Net Identified Assets Acquired	(1,017.47)
Goodwill	**975.27**

Accounting Policy for Non-Controlling Interests

The Corporation has recognised Non-Controlling Interest in an HDFC ERGO Health at its proportionate share of the acquired Net Identified Assets.

50.2 **Purchase Consideration - Cash Outflow**

Outflow of cash to acquire subsidiary, net of cash acquired	₹ in Crore
Cash Consideration paid	1,495.81
Less: Cash and Bank Balances acquired	96.80
Net outflow of cash - Investing Activities	**1,399.01**

Since the acquisition date, the Corporation has recognised net revenue of ₹ **774.89 Crore** and loss of ₹ **56.21 Crore** included in the consolidated statement of profit and loss for the reporting period. Had the acquisition happened on the first day of the reporting period, the Corporation would have recognised net revenue of ₹ **2,732 Crore** and loss of ₹ **431.72 Crore.**

50.3 Detail of the sale of shares of subsidiary i.e. GRUH Finance Limited and amalgamation thereafter

In view of the scheme of amalgamation filed by GRUH Finance Limited ("GRUH"), a Subsidiary of the Corporation, and Bandhan Bank Limited ("Bandhan") and the subsequent directive by the Reserve Bank of India to the Corporation to hold not more than 9.9% of the share capital of Bandhan post merger, the Corporarion sold the shares of the GRUH during the period, and the Corporation's shareholding in GRUH was reduced to 38% on August 30, 2019, accordingly the same was classified as an associate company. The effective date of the merger of GRUH into and with Bandhan Bank Limited (Bandhan Bank) was October 17, 2019. The Corporation was allotted 15,93,63,149 shares aggregating 9.90% of the total issued share capital of Bandhan.

₹ in Crore

Particulars	Derecognition of		Total
	Subsidiary	Associate	
Consideration Received			
Cash	1,647.52	-	1,647.52
Fair value of the shares of GRUH	7,249.90	-	7,249.90
Fair value of the shares of Bandhan Bank	-	9,059.80	9,059.80
	8,897.42	9,059.80	17,957.22
Carrying amount of net assets sold	897.13	7,260.99	8,158.12
Gain on sale before Income tax	**8,000.29**	**1,798.81**	**9,799.10**
Income tax expense on gain			782.69
Gain on sale after Income tax	**8,000.29**	**1,798.81**	**9,016.41**

51. Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 (As on/for the year ended March 31, 2020)

₹ in Crore

Name of the Entity	Share of Profit / (Loss)		Share of Other Comprehensive Income		Share of Total Comprehensive Income	
	As % of consolidated Profit or loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Parent						
Housing Development Finance Corporation Limited		17,769.65		(6,652.31)		11,117.34
Less: Inter Company eliminations		3,704.18		-		3,704.18
Net of eliminations	**65.61%**	**14,065.47**	**104.37%**	**(6,652.31)**	**49.24%**	**7,413.16**
Subsidiaries - Indian						
1. GRUH Finance Ltd.	0.81%	174.11	0.01%	(0.51)	1.15%	173.60
2. HDFC Life Insurance Co. Ltd.	6.23%	1,335.25	(1.46%)	92.90	9.48%	1,428.15
3. HDFC ERGO General Insurance Co. Ltd.	2.27%	486.15	(3.22%)	205.43	4.59%	691.58

₹ in Crore

Name of the Entity	Share of Profit / (Loss)		Share of Other Comprehensive Income		Share of Total Comprehensive Income	
	As % of consolidated Profit or loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
4. HDFC ERGO Health Insurance Ltd.	(0.26%)	(56.21)	(0.51%)	32.38	(0.16%)	(23.83)
5. HDFC Asset Management Co. Ltd.	5.97%	1,279.32	0.05%	(3.08)	8.47%	1,276.24
6. HDFC Trustee Co. Ltd.	0.00%	0.59	0.00%	-	0.00%	0.59
7. HDFC Investment Trust	(0.08%)	(16.34)	0.00%	-	(0.11%)	(16.34)
8. HDFC Investment Trust - II	0.15%	31.83	0.00%	-	0.21%	31.83
9. HDFC Venture Capital Ltd.	0.00%	(0.23)	0.00%	-	0.00%	(0.23)
10. HDFC Ventures Trustee Co. Ltd.	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
11. HDFC Property Venture Ltd.	(0.11%)	(22.93)	0.01%	(0.39)	(0.15%)	(23.32)
12. HDFC Pension Management Co. Ltd.	0.00%	(0.76)	0.00%	(0.02)	(0.01%)	(0.78)
13. HDFC Capital Advisors Ltd	0.12%	26.17	0.01%	(0.46)	0.17%	25.71
14. HDFC Investments Ltd.	0.06%	13.52	(0.10%)	6.24	0.13%	19.76
15. HDFC Holdings Ltd.	0.02%	3.87	0.28%	(17.84)	(0.09%)	(13.97)
16. HDFC Sales Pvt. Ltd.	(2.35%)	(503.55)	0.05%	(3.45)	(3.37%)	(507.00)
17. HDFC Credila Financial Services Pvt. Ltd.	0.57%	122.62	0.26%	(16.84)	0.70%	105.78
18. HDFC Education and Development Services Pvt. Ltd.	0.00%	(0.98)	0.00%	(0.01)	(0.01%)	(0.99)
Subsidiaries - Foreign						
19. Griha Investments	0.00%	(0.64)	0.00%	-	0.00%	(0.64)
20. Griha Pte. Ltd.	0.07%	14.59	0.00%	-	0.10%	14.59
21. HDFC International Life and Re Company Ltd	(0.02%)	(4.91)	0.00%	-	(0.03%)	(4.91)
Share of Minorities	(6.49%)	(1,391.90)	2.52%	(160.82)	(10.31%)	(1,552.72)
Associates (Investment as per the equity method) - Indian						
1. HDFC Bank Limited	27.43%	5,879.83	(2.27%)	144.54	40.00%	6,024.37
2. True North Ventures Pvt. Ltd.	0.00%	0.14	0.00%	-	0.00%	0.14
3. Good Host Spaces Pvt. Ltd	0.00%	(0.42)	0.00%	-	0.00%	(0.42)
Total	**100.00%**	**21,434.57**	**100.00%**	**(6,374.24)**	**100.00%**	**15,060.33**

₹ in Crore

Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities	
	As % of consolidated net assets	Amount
Parent		
Housing Development Finance Corporation Limited		86,158.06
Less: Inter Company eliminations		16,282.26
Net of eliminations	**52.21%**	**69,875.80**
Subsidiaries - Indian		
1. HDFC Life Insurance Co. Ltd.	2.34%	3,129.36
2. HDFC ERGO General Insurance Co. Ltd.	0.68%	909.53
3. HDFC ERGO Health Insurance Ltd.	0.12%	157.57
4. HDFC Asset Management Co. Ltd.	1.97%	2,634.97
5. HDFC Trustee Co. Ltd.	0.00%	1.81
6. HDFC Investment Trust	0.00%	4.19
7. HDFC Investment Trust - II	0.05%	67.16
8. HDFC Venture Capital Ltd.	0.00%	(0.06)
9. HDFC Ventures Trustee Co. Ltd.	0.00%	1.17
10. HDFC Property Venture Ltd.	0.00%	0.59
11. HDFC Pension Management Co. Ltd.	0.00%	(1.46)
12. HDFC Capital Advisors Ltd	0.04%	50.73
13. HDFC Investments Ltd.	0.34%	451.16
14. HDFC Holdings Ltd.	0.08%	104.95
15. HDFC Sales Pvt. Ltd.	(0.02%)	(32.82)
16. HDFC Credila Financial Services Pvt. Ltd.	0.07%	98.59
17. HDFC Education and Development Services Pvt. Ltd.	(0.02%)	(20.64)
Subsidiaries - Foreign		
18. Griha Investments	0.08%	105.26
19. Griha Pte. Ltd.	0.04%	51.80
20. HDFC International Life and Re Company Ltd.	0.00%	5.74
Share of Minorities	5.50%	7,357.32
Associates (Investment as per the equity method) - Indian		
1. HDFC Bank Limited	36.40%	48,712.74
2. True North Ventures Pvt Ltd.	0.00%	1.62
3. Good Host Spaces Pvt. Ltd.	0.12%	154.17
4. Magnum Foundations Pvt. Ltd.	0.01%	15.23
Total	**100.00%**	**1,33,836.48**

52. Material partly-owned Subsidiaries

Financial information of subsidiaries that have material non-controlling interest is provided below:

(₹ in Crore)

Particulars (As at March 31, 2020)	HDFC Life Insurance Co. Ltd.	HDFC Ergo General Insurance Co. Ltd.	HDFC Asset Management Co. Ltd.
Proportion of interest held by non-controlling entities	**48.56%**	**49.52%**	**47.28%**
Accumulated balances of material non-controlling interest	**3,442.94**	**1,311.85**	**1,905.23**
Summarised Financial Information for the Balance Sheet			
Financial Assets	**1,39,085.69**	**18,401.99**	**4,066.14**
Non-Financial Assets	**1,140.87**	**588.19**	**242.46**
Financial Liabilities	**4,886.76**	**16,254.20**	**225.10**
Non-Financial Liabilities	**1,28,249.42**	**86.74**	**54.24**
Dividend paid to Non-controlling Interest net of Dividend Distribution tax	-	-	**145.41**
Summarised Financial Information for the Statement of Profit and Loss			
Revenue from Operations	**27,749.89**	**13,787.04**	**2,003.25**
Profit for the year	**1,141.24**	**409.31**	**1,262.41**
Other Comprehensive Income	**92.90**	**205.43**	**(3.08)**
Total Comprehensive Income	**1,234.14**	**614.74**	**1,259.33**
Summarised Financial Information for Cash Flows			
Net Cash inflows from Operating Activities	**7,360.98**	**2,086.83**	**1,284.84**
Net Cash inflows from Investing Activities	**(7,771.68)**	**(1,717.70)**	**(927.54)**
Net Cash inflows from Financing Activities	**39.52**	**(22.60)**	**(331.56)**
Net Cash inflow (Outflow)	**(371.18)**	**346.54**	**25.74**

(₹ in Crore)

Particulars (As at March 31, 2019)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Management Co. Ltd	GRUH Finance Ltd
Proportion of interest held by non-controlling entities	51.48%	50.49%	52.77%	56.09%
Accumulated balances of material non-controlling interest	2,316.27	872.34	931.82	645.68
Summarised Financial Information for the Balance Sheet				
Financial Assets	1,31,900.03	13,816.93	3,097.79	18,580.36
Non-Financial Assets	1,474.86	336.16	125.96	85.61
Financial Liabilities	4,863.58	12,115.38	113.05	16,724.79
Non-Financial Liabilities	1,22,057.50	13.78	39.98	49.74
Dividend paid to Non-controlling Interest net of Dividend Distribution tax	192.30	81.30	145.23	62.03
Summarised Financial Information for the Statement of Profit and Loss				
Revenue from Operations	37,921.19	12,066.73	2,096.78	2,026.65
Profit for the year	1,257.00	353.33	930.60	447.20
Other Comprehensive Income	(20.44)	40.09	(0.40)	(0.53)
Total Comprehensive Income	1,236.56	393.42	930.20	446.67
Summarised Financial Information for Cash Flows				
Net Cash inflows from Operating Activities	9,871.30	658.19	894.14	(1,432.15)
Net Cash inflows from Investing Activities	(10,186.58)	(524.95)	(776.55)	49.11
Net Cash inflows from Financing Activities	(336.49)	(188.31)	(118.64)	2,418.41
Net Cash inflow (Outflow)	(651.77)	(55.07)	(1.05)	1,035.37

HDFC Life Insurance Co. Ltd. and HDFC ERGO General Insurance Co. Ltd. for the purposes of its statutory compliance prepares and presents its financial statements/results under the historical cost convention and accrual basis of accounting in accordance with the acounting principles prescribed by the Insurance Regulatory Development Authority of India (IRDAI) (Preparation of Financial Statements and Auditors Report of Insurance companies) regulations, 2002, circulars and guidelines issued by the IRDAI from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to Insurance companies. These financial statements/results are largely referred to as the Indian GAAP ('IGAAP') financial statements/results. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('IND-AS'). The timelines for the said implementation have since been deferred.

HDFC Life Insurance Co. Ltd. and HDFC ERGO General Insurance Co. Ltd., being subsidiaries of Housing Development Finance Corporation Limited (the 'Corporation'), has prepared this consolidated financial information ('fit- for consolidation information'), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/results of the Corporation.

53. Events after the Reporting Period

There have been no events after the reporting date that require disclosure in these financial statements.

54. Approval of Financial Statements

The financial statements were approved by the Board of directors of the Corporation on May 25, 2020.

As per our report of even date attached.		**Directors**	
For **B S R & Co. LLP** Chartered Accountants Firms' Regst. No: 101248W/W-100022	**Deepak S. Parekh** Chairman (DIN: 00009078)	**J. J. Irani** (DIN: 00311104)	**Nasser Munjee** (DIN: 00010180)
Akeel Master Partner Membership No. 046768	**Keki M. Mistry** Vice Chairman & Chief Executive Officer (DIN: 00008886)	**U. K. Sinha** (DIN: 00010336) **Bhaskar Ghosh** (DIN: 06656458)	**Jalaj Dani** (DIN: 00019080) **Ireena Vittal** (DIN: 05195656)
MUMBAI, May 25, 2020	**Renu Sud Karnad** Managing Director (DIN: 00008064)	**V. Srinivasa Rangan** Executive Director & Chief Financial Officer (DIN: 00030248)	**Ajay Agarwal** Company Secretary (FCS: 9023)

Independent Auditor's Report

TO THE MEMBERS OF
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation'), which comprise the Standalone Balance Sheet as at 31 March 2019, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the audit of the standalone financial statements* section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Transition date accounting Refer to the accounting policies in the standalone financial statements: Significant accounting policies -Basis of preparation and Note 4 to the standalone financial statements: "First time adoption of Ind AS"	
Adoption of new accounting framework (Ind AS)	
Effective 1 April 2018, the Corporation adopted Ind AS notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Corporation upon transition: • Classification and measurement / valuation of financial instruments: - Determination of Expected Credit Loss (ECL) - Computation of Effective Interest Rate on financial assets and financial liabilities - Gain / loss on assignment of loans • Classification and measurement of investment in Subsidiaries and Associates	**We performed audit procedures set out below** **Design / controls** • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the Ind AS 101. **Substantive tests** • Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101; • Understood the approach and methodology adopted by management to implement the transition to Ind AS;

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>

- Accounting for employee stock options
- Accounting for derivative contracts
- Additional disclosures as per the requirements of the new financial reporting framework

Transition to the new financial reporting framework is an intricate process involving multiple decision points for management i.e: Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS at the transition date.

We identified the transition date accounting as a key audit matter because of the significant degree of management judgement in the first time application of Ind AS principles as at the transition date particularly in the areas noted above and the additional disclosures associated with Ind AS transition.

</td><td>

- Test checked the computations relating to transition adjustments;
- Assessed areas of significant estimates and management judgement on transition in line with Ind AS principles ;
- Compared the reasonableness of management assumptions in respect of recognition and measurement of financial instruments including determination of ECL provisioning, employee stock options, derivative contracts as at the date of transition etc.

</td></tr>
<tr><td>Expected Credit Loss</td><td></td></tr>
<tr><td colspan="2">Refer to the accounting policies in Note 3.2.3 to the standalone financial statements: Impairment and write-off; Note 2.4.1 to the standalone financial statements: use of estimates and judgements – determination of Expected Credit Loss and Note 9 to the standalone financial statements: Loans</td></tr>
<tr><td>Subjective estimate</td><td>We performed audit procedures set out below</td></tr>
<tr><td>

Recognition and measurement of impairment relating to loans and advances involves significant management judgement.

With the applicability of Ind AS 109 credit loss assessment is now based on ECL model. The Corporation's impairment allowance is computed based on estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:

- Segmentation of loan book
- Loan staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors.

There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model.

</td><td>

Design / controls

- Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice;
- Understood Corporation's new / revised processes, systems and controls implemented relating to impairment allowance process including governance controls over the development and implementation of the ECL model;
- Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge;
- Test checked management review controls over measurement of impairment allowances and disclosures in the standalone financial statements.

Substantive tests

- Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model;
- Reperformed calculation of ECL provision on a test check basis;
- Critically evaluated management's judgement in the determination of ECL;

</td></tr>
</table>

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used;
Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans;
Test checked the basis of collateral valuation in the determination of ECL provision.</td></tr>
<tr><td colspan="2">Valuation of Derivative Instruments and Hedge Accounting</td></tr>
<tr><td colspan="2">Refer to the accounting policies in Note 3.2.8 to the standalone financial statements: Derivative financial instruments; Note 7 to the standalone financial statements: Derivative financial instruments and Note 44.6.1 to the standalone financial statements– Foreign currency risk</td></tr>
<tr><td>The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged.

The application of hedge accounting and ensuring hedge effectiveness is complex and operationally cumbersome, and requires close monitoring from management.</td><td>We performed audit procedures set out below

Design / controls
Obtained an understanding of the risk management policies and tested key controls (i) at the time of designation of hedging relationship including authorisation by designated authority; documentation prepared by management at the inception of the hedge transaction; (ii) with regard to ongoing monitoring and review of the hedge relationship by management including test of hedge effectiveness.</td></tr>
<tr><td></td><td>Substantives tests
Checked that the recognition and measurement of derivative instruments, for selected samples, is as per Ind AS 109;
Examined hedge documentation on a sample basis to assess whether the documentation complies with Ind AS 109 requirements;
Test checked on a sample basis reconciliation of derivative instruments to third party confirmations;
Compared input data used in the Corporation's valuation models to independent sources and externally available market data on a sample basis;
Compared valuation of derivative instruments with market data or results from alternative independent valuation models on a sample basis;
Test checked on a sample basis the applicability and accuracy of hedge accounting;
Considered the appropriateness of disclosures in relation to financial risk management, derivative instruments and hedge accounting in the standalone financial statements.</td></tr>
</table>

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Valuation of Investments (other than investments in subsidiaries and associates)</td></tr>
<tr><td colspan="2">Refer to the accounting policies in Note 3.2 to the standalone financial statements: Financial instruments; Note 2.4.2 to the standalone financial statements: Use of estimates and judgements - fair valuation of investment (other than investment in Subsidiaries and Associates); and Note 10 to the standalone financial statements: Investments</td></tr>
<tr><td>Subjective estimate
Evaluation of business model is a subjective matter and impacts the classification of investments upon initial recognition and consequently the measurement of the same.
Investments carried at fair value comprise:
- Fair value through profit and loss (FVTPL) investments - ₹ 17,525 crore
- Fair value through other comprehensive income (FVOCI) investments - ₹ 579 crore
The effect of fair value adjustments may impact either the profit or loss or other comprehensive income.
The valuation of investments measured at fair value entails significant management estimates and is based on a combination of observable market data and / or valuation techniques which are often based on unobservable inputs.
We identified determination of fair value of investments as a key audit matter because of the degree of subjectivity and judgement exercised by management in determining the inputs used in the valuation techniques and methodologies.</td><td>We performed audit procedures set out below
Design / controls
• Test checked the design, implementation and operating effectiveness of management's key internal controls over the valuation process and inputs.
Substantives tests
• Read the investment agreements on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the classification and valuation of investments;
• Assessed the appropriateness of the valuation methodology and test key inputs used such as pricing inputs and discount factors;
• Checked that valuation methodology was consistently followed and critically evaluated any change in valuation technique;
• Assessed whether the disclosures appropriately reflected the Corporation's exposure to investment valuation risk with reference to the requirements of the prevailing accounting standards;
• Critically evaluated the reliability of inputs i.e. market observable / unobservable data to determine fair value of investments and checked the appropriateness of disclosures in accordance with Ind AS 107 on 'Financial Instruments: Disclosures'.</td></tr>
<tr><td>Information Technology ('IT')
IT systems and controls
The Corporation's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for its overall financial reporting.
We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the scale and complexity of the IT architecture.</td><td>We performed audit procedures set out below
• Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems);
• Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems;
• Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems;
• Understood IT application controls covering</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
	– user access and roles, segregation of duties, and – key interfaces, reports, reconciliations and system processing; • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches).

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Corporation's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion & Analysis (MD&A) report, but does not include the standalone financial statements and our auditor's report thereon. The Director's report and MD&A report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's responsibility for the standalone financial statements

The Corporation's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the 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 the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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

Other matters

1. The opening balance sheet as at 1 April 2017 ('transition date') included in these standalone financial statements, is based on the previously issued statutory standalone financial statements of the Corporation prepared in accordance with the applicable Accounting Standards as per section 133 of the Act read with relevant rules thereunder audited by the predecessor auditor whose report for the year ended 31 March 2017 dated 4 May 2017 expressed an unmodified opinion on those

standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

2. During the year ended 31 March 2018, Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited (collectively referred to as 'Transferor Companies') were amalgamated with the Corporation on 28 March 2018 with the appointed date of 1 April 2016. The transition date balance sheet of the Corporation includes financial information of the aforesaid Transferor Companies, which is based on the financial statements of such Transferor Companies prepared in accordance with the applicable Accounting Standards as per section 133 of the Act read with relevant rules thereunder, audited by the respective auditors of such Transferor Companies whose reports for the year ended 31 March 2017 dated 28 April 2017 respectively expressed unmodified opinions on the respective financial statements, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

3. The comparative financial information for the year ended 31 March 2018 forming part of these standalone financial statements, includes unaudited financial information of Transferor Companies. We did not audit the financial information of the aforesaid Transferor Companies whose financial information reflect total asset of ₹ 99 crores, total revenue of ₹ 30 crores and cashflows of ₹ 15 crores. We have been provided with the financial information of the aforesaid Transferor Companies for the period from 1 April 2017 to 28 March 2018 by management of the Corporation, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

Our opinion on the standalone financial statements is not modified in respect of the above matters.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books;

   c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;

   e) on the basis of the written representations received from the Directors and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2019 from being appointed as a Director in terms of Section 164 (2) of the Act; and

   f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Corporation and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B';

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

   i. the Corporation has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements – Refer note 40 to the standalone financial statements;

ii. the Corporation has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 7.1 to the standalone financial statements;

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation. Whilst the Corporation transferred the unclaimed dividend, 12 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant informed that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and

iv. the disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Corporation to its Directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Annexure "A" to the Independent Auditor's Report - 31 March 2019

(Referred to in our report of even date)

i. (a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Corporation has a regular programme of physical verification of property, plant and equipment by which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Corporation and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on test check examination of the records and registered sale deed / transfer deed / conveyance deed provided to us, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Corporation as at the balance sheet date, except the following shown as properties under the head of Investment properties:

Particulars of land and building		₹ in crore	Remarks
Freehold land and buildings (Two properties)	Gross block	114	The Corporation is in the process of transferring these asset in its name. The process will be concluded after the necessary regulatory clearances have been obtained.
	Net block	105	

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.

ii. The Corporation is engaged in providing financial services primarily into housing finance. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Corporation has granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Corporation's interest;

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations;

(c) There is no overdue amount remaining outstanding as at the year end.

iv. According to the information and explanations given to us and on the basis of our examination of the records of the Corporation, the Corporation has complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantee and security, as applicable.

v. As per the Ministry of Corporate Affairs notification dated 31 March 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation. Accordingly, reporting under Clause 3(v) of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Corporation. Accordingly paragraph 3(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 books of account, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues applicable to it have generally been regularly deposited by the Corporation with the appropriate authorities. As explained to us, the Corporation did not have any dues on account of Customs Duty and Excise Duty.

According to the information and explanations given to us and on the basis of our examination of the records, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, there are no dues of service tax, value added tax and goods and services tax that have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of wealth tax, interest on lease tax, employees' state insurance, income tax and service tax have not been deposited by the Corporation on account of disputes:

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
The Wealth Tax Act, 1957	Wealth Tax	0.12	1998-1999	Assistant Commissioner of Wealth Tax
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease tax	0.02	1999-2000	Commissioner of Sales Tax (Appeals)
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	0.01	2010-2011	Assistant/ Deputy Director– ESIC
The Income Tax Act, 1961	Penalty Levied	0.02	2012-2013	Commissioner of Income Tax (Appeal) (Mumbai)
The Finance Act, 1994	Service Tax	0.80	2007-2012	CESTAT West Zone, Mumbai

viii. According to the information and explanations given to us and on the basis of our examination of the records, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks or debenture holders. The Corporation has not taken loans or borrowings from government.

ix. According to the information and explanations given to us and based on our examination of the records, the Corporation has applied the money raised from term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised money by way of public offer during the year.

x. According to the information and explanations given to us, no material fraud by the Corporation or on the Corporation by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of the records, the Corporation has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Corporation is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Corporation, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records, the Corporation has not made any preferential allotment and private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records, the Corporation has not entered into any non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Annexure "B" to the Independent Auditor's Report - 31 March 2019

(Referred to in our report of even date)

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

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation') as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

In our opinion, the Corporation has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's responsibility for internal financial controls

The Corporation's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Corporation 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 Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

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

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

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

Meaning of internal financial controls with reference to financial statements

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

Inherent limitations of internal financial controls with reference to financial statements

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

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Balance Sheet as at March 31, 2019

₹ in Crore

		Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS					
(1)	**Financial Assets**				
(a)	Cash and Cash Equivalents	**5**	**360.80**	1,232.14	4,217.12
(b)	Bank Balances other than (a) above	**6**	**1,235.46**	252.93	2,352.11
(c)	Derivative Financial Instruments	**7**	**1,403.35**	456.25	332.71
(d)	Receivables				
	(i) Trade Receivables	**8**	**186.86**	103.45	105.97
	(ii) Other Receivables		**-**	-	-
(e)	Loans	**9**	**4,00,759.63**	3,57,380.86	2,95,691.98
(f)	Investments	**10**	**46,240.35**	30,716.73	20,181.23
(g)	Other Financial Assets	**11**	**3,894.34**	2,784.07	7,670.00
	Total Financial Assets		**4,54,080.79**	3,92,926.43	3,30,551.12
(2)	**Non-Financial Assets**				
(a)	Current Tax Assets (Net)	**12.1**	**2,750.18**	3,376.87	3,145.98
(b)	Deferred Tax Assets (Net)	**12.2**	**830.91**	1,279.50	280.10
(c)	Investment Property	**13**	**321.32**	395.13	399.53
(d)	Property, Plant and Equipment	**14**	**644.23**	639.71	638.24
(e)	Other Intangible Assets	**15**	**7.10**	4.79	4.13
(f)	Other Non-Financial Assets	**16**	**143.02**	117.07	170.11
(g)	Non-Current Assets held for sale		**-**	170.09	-
	Total Non-Financial Assets		**4,696.76**	5,983.16	4,638.09
	Total Assets		**4,58,777.55**	3,98,909.59	3,35,189.21

Balance Sheet as at March 31, 2019 (Continued)

₹ in Crore

		Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
LIABILITIES AND EQUITY					
LIABILITIES					
(1)	**Financial Liabilities**				
(a)	Derivative Financial Instruments	7	**1,113.46**	510.04	920.80
(b)	Payables	17			
	(A) Trade Payables				
	(i) Total outstanding dues of micro enterprises and small enterprises		**1.47**	0.19	0.18
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**188.70**	207.40	148.64
	(B) Other Payables				
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(c)	Debt Securities	18	**1,76,499.20**	1,76,144.55	1,51,013.95
(d)	Borrowings (Other than Debt Securities)	19	**77,667.54**	46,802.44	37,304.53
(e)	Deposits	20	**1,05,598.94**	91,268.70	85,536.00
(f)	Subordinated Liabilities	21	**5,500.00**	5,500.00	5,500.00
(g)	Other Financial Liabilities	22	**13,720.49**	12,277.14	10,437.45
	Total Financial Liabilities		**3,80,289.80**	3,32,710.46	2,90,861.55
(2)	**Non-Financial Liabilities**				
(a)	Current Tax Liabilities (Net)	23	**146.43**	91.84	59.46
(b)	Provisions	24	**209.55**	182.54	177.01
(c)	Other Non-Financial Liabilities	25	**776.30**	659.84	654.57
	Total Non-Financial Liabilities		**1,132.28**	934.22	891.04
	Total Liabilities		**3,81,422.08**	3,33,644.68	2,91,752.59
(3)	**Equity**				
(a)	Equity Share Capital	26	**344.29**	335.18	317.73
(b)	Other Equity	27	**77,011.18**	64,929.73	43,118.89
	Total Equity		**77,355.47**	65,264.91	43,436.62
	Total Liabilities and Equity		**4,58,777.55**	3,98,909.59	3,35,189.21

See accompanying notes forming part of the financial statement

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Statement of Profit and Loss for the year ended March 31, 2019

₹ in Crore

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE FROM OPERATIONS				
(i)	Interest Income	28	39,240.24	33,133.08
(ii)	Dividend Income	28.1	1,130.64	1,079.28
(iii)	Rental Income	28.2	65.07	61.80
(iv)	Fees and Commission Income	28.3 & 28.4	221.14	163.10
(v)	Net gain on fair value changes	29	552.11	109.25
(vi)	Profit on Sale of Investments	29.1	1,212.35	5,609.00
(vii)	Profit on Sale of Investments Properties		66.50	-
(viii)	Income on Derecognised (assigned) Loans	29.2	859.99	533.71
(I)	**Total Revenue from Operations**		43,348.04	40,689.22
(II)	**Other Income**		29.97	18.27
(III)	**Total Income (I + II)**		43,378.01	40,707.49
EXPENSES				
(i)	Finance costs	30	27,837.67	23,497.98
(ii)	Impairment on Financial Instruments (Expected Credit Loss)	31	935.00	2,115.00
(iii)	Employee Benefit Expenses	32	716.53	1,372.09
(iv)	Depreciation, Amortisation and Impairment	13,14 & 15	66.53	49.24
(v)	Establishment Expenses	33	107.57	100.02
(vi)	Other Expenses	34	595.94	383.52
(IV)	**Total Expenses (IV)**		30,259.24	27,517.85
(V)	**Profit Before Tax (III - IV)**		13,118.77	13,189.64
	Tax Expense			
	- Current Tax		3,307.11	3,212.65
	- Deferred Tax		179.20	(982.35)
(VI)	**Total Tax Expense**	12.3	3,486.31	2,230.30
(VII)	**Net Profit After Tax (V - VI)**		9,632.46	10,959.34

Statement of Profit and Loss for the year ended March 31, 2019 (Continued)

₹ in Crore

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
(VIII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or (loss)		**(186.41)**	(48.79)
	(ii) Income tax relating to items that will not be reclassified to profit or (loss)		**47.41**	25.38
	Sub Total (A)	**35**	**(139.00)**	(23.41)
	(B) (i) Items that will be reclassified to profit or (loss)		**11.48**	(74.64)
	(ii) Income tax relating to items that will be reclassified to profit or (loss)		**(4.01)**	26.08
	Sub Total (B)	**35**	**7.47**	(48.56)
	Other Comprehensive Income (A + B)		**(131.53)**	(71.97)
(IX)	**Total Comprehensive Income (VII + VIII)**		**9,500.93**	10,887.37
(X)	**Earnings per Equity Share**	**36**		
	Basic (₹)		**56.53**	67.31
	Diluted (₹)		**56.08**	66.48

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

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Vice Chairman & Chief Executive Officer
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Managing Director
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V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital

₹ in Crore

	Note	Amount
As at April 1, 2017	**26**	**317.73**
Equity share capital issued during the year		17.45
As at March 31, 2018	**26**	**335.18**
Equity share capital issued during the year		9.11
As at March 31, 2019	**26**	**344.29**

B. Other Equity (Refer Note 27)

₹ in Crore

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2017	0.04	10,240.49	5,295.72	13,473.41	51.23	9,811.95	3,849.42	193.20	(25.99)	(183.80)	-	-	362.12	51.10	43,118.89
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**0.04**	**10,240.49**	**5,295.72**	**13,473.41**	**51.23**	**9,811.95**	**3,849.42**	**193.20**	**(25.99)**	**(183.80)**	**-**	**-**	**362.12**	**51.10**	**43,118.89**
Profit for the year	-	-	10,959.34	-	-	-	-	-	-	-	-	-	-	-	10,959.34
Other Comprehensive Income for the year	-	-	(6.23)	-	-	-	-	-	(17.18)	(48.56)	-	-	-	-	(71.97)
Total Comprehensive Income for the year	**-**	**-**	**10,953.11**	**-**	**-**	**-**	**-**	**-**	**(17.18)**	**(48.56)**	**-**	**-**	**-**	**-**	**10,887.37**
Movement for the year	-	0.72	-	-	-	-	-	-	-	-	-	937.61	(412.84)	(0.72)	524.77
Dividends including tax on dividend	-	-	(3,454.49)	-	-	-	-	-	-	-	-	-	-	-	(3,454.49)
Transfer from retained earnings	-	-	(4,865.10)	2,432.10		1,355.00	1,078.00	-	-	-	-	-	-	-	-
Received during the year	-	14,035.65	-	-	-	-	-	-	-	-	-	-	-	-	14,035.65
Utilised during the year	-	(7.41)	-	-	-	-	-	(175.05)	-	-	-	-	-	-	(182.46)
Balance as at March 31, 2018	**0.04**	**24,269.45**	**7,929.24**	**15,905.51**	**51.23**	**11,166.95**	**4,927.42**	**18.15**	**(43.17)**	**(232.36)**	**-**	**937.61**	**(50.72)**	**50.38**	**64,929.73**

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2018	0.04	24,269.45	7,929.24	15,905.51	51.23	11,166.95	4,927.42	18.15	(43.17)	(232.36)	-	937.61	(50.72)	50.38	64,929.73
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**0.04**	**24,269.45**	**7,929.24**	**15,905.51**	**51.23**	**11,166.95**	**4,927.42**	**18.15**	**(43.17)**	**(232.36)**	**-**	**937.61**	**(50.72)**	**50.38**	**64,929.73**
Profit for the year	-	-	9,632.46	-	-	-	-	-	-	-	-	-	-	-	9,632.46
Other Comprehensive Income for the year	-	-	(11.94)	-	-	-	-	-	(127.06)	9.91	(2.44)	-	-	-	(131.53)
Total Comprehensive Income for the year	**-**	**-**	**9,620.52**	**-**	**-**	**-**	**-**	**-**	**(127.06)**	**9.91**	**(2.44)**	**-**	**-**	**-**	**9,500.93**
Movement for the year	-	101.02	-	-	-	-	-	-	-	-	-	160.45	58.15	(50.38)	269.24
Dividends including tax on dividend	-	-	(3,964.52)	-	-	-	-	-	-	-	-	-	-	-	(3,964.52)
Transfer from retained earnings	-	-	(1,950.00)	-		1,850.00	100.00	-	-	-	-	-	-	-	-
Received during the year	-	6,290.74	-	-	-	-	-	-	-	-	-	-	-	-	6,290.74
Utilised during the year	-	-	-	-	-	-	-	(14.94)	-	-	-	-	-	-	(14.94)
Balance as at March 31, 2019	**0.04**	**30,661.21**	**11,635.24**	**15,905.51**	**51.23**	**13,016.95**	**5,027.42**	**3.21**	**(170.23)**	**(222.45)**	**(2.44)**	**1,098.06**	**7.43**	**-**	**77,011.18**

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
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(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
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Managing Director
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Executive Director
(DIN: 00030248)

Jalaj Dani
(Din: 00019080)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Cash Flow Statement for the year ended March 31, 2019

₹ in Crore

			Year ended March 31, 2019	Year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**13,118.77**	13,189.64
	Adjustments for:			
	Depreciation, Amortisation and Impairment		**66.53**	49.24
	Impairment on Financial Instruments (Expected Credit Loss)		**935.00**	2,115.00
	Expense on Employee Stock Option Scheme		**211.09**	937.61
	Net gain on fair value changes		**(552.11)**	(109.25)
	Interest Expense		**27,672.04**	23,340.88
	Interest Income		**(39,240.24)**	(33,133.08)
	Dividend Income		**(1,130.64)**	(1,079.28)
	Profit on Sale of Investments		**(1,212.35)**	(5,609.00)
	(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)		**(66.97)**	(0.09)
	Net gain on derecognition of assigned loans		**(218.75)**	(3.08)
	Utilisation of Shelter Assistance Reserve		**(14.94)**	(175.05)
	MTM on Derivative Financial Assets and liabilities		**(332.20)**	(608.94)
	Operating Profit before Working Capital changes		**(764.77)**	(1,085.40)
	Adjustments for:			
	Investment in Cash Management Schemes of Mutual Funds (Net)		**(5,177.10)**	(7,195.00)
	(Increase) / Decrease in Financial Assets and Non Financial Assets		**(1,415.36)**	1,730.48
	Increase / (Decerease) in Financial and Non Financial Liabilities		**626.67**	(69.62)
	Cash generated from Operations		**(6,730.56)**	(6,619.54)
	Interest Received		**38,880.79**	32,624.16
	Interest Paid		**(26,731.53)**	(21,389.88)
	Dividend Received		**1,130.64**	1,079.28
	Taxes Paid		**(2,313.05)**	(3,376.76)
	Net cash from Operations		**4,236.29**	2,317.26
	Loans disbursed (net)		**(43,919.93)**	(63,366.30)
	Corporate Deposits (net)		**(412.08)**	5,145.09
	Net cash used in operating activities	A	**(40,095.72)**	(55,903.95)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(47.54)**	(43.47)
	Sale of Fixed Assets		**0.89**	0.68
	Net Cash used for Fixed Assets		**(46.65)**	(42.79)
	Purchase of Investment Properties		**(7.97)**	(4.09)
	Sale of Investment Properties		**122.04**	-
	Net Cash flow from/used for Investment Properties		**114.07**	(4.09)
	Investments			
	- in Subsidiary Companies		**(121.24)**	(192.00)
	- in Associates Companies		**(8,569.75)**	-
	Other Investments :			
	- Purchase of Investments		**(2,066.98)**	(4,646.51)
	- Sale of Investments		**738.75**	941.81
	Sale of Investments in subsidiaries		**-**	356.97
	Net cash used for investing activities	B	**(9,951.80)**	(3,586.61)

Cash Flow Statement for the year ended March 31, 2019 (Continued)

			Year ended March 31, 2019	₹ in Crore Year ended March 31, 2018
C CASH FLOW FROM FINANCING ACTIVITIES				
Share Capital - Equity			**9.11**	17.45
Securities Premium received			**6,290.74**	14,035.65
Securities Premium utilised			**-**	(7.41)
Sale proceeds of Investments in Subsidiary Companies			**1,248.87**	5,947.70
Borrowings and Deposits (Net)			**45,253.49**	14,817.76
Proceeds from Debt Securities and Subordinated Liabilities			**1,52,226.75**	1,26,425.24
Repayment of Debt Securities and Subordinated Liabilities			**(1,51,872.11)**	(1,01,294.63)
Dividend paid - Equity Shares			**(3,407.56)**	(2,957.60)
Tax paid on Dividend			**(573.10)**	(478.58)
Net cash from financing activities		**C**	**49,176.19**	56,505.58
Net Decrease in cash and cash equivalents	[A+B+C]		**(871.33)**	(2,984.98)
Add : Cash and cash equivalents as at the beginning of the year			**1,232.13**	4,217.12
Cash and cash equivalents as at the end of the year			**360.80**	1,232.14
Components of cash and cash equivalents				
Cash on hand			**0.44**	0.13
In Current Accounts			**277.71**	111.14
In Deposit accounts with original maturity of 3 months or less			**-**	1,000.47
Cheques on hand			**82.65**	120.40
Total			**360.80**	1,232.14

Note: Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ 45,550.00 Crore (Previous year ₹ 40,361.21 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes forming part of the financial statement

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
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MUMBAI, May 13, 2019

Deepak S. Parekh
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Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the standalone financial statements

1. Corporation Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation' or 'the Company') was incorporated in 1977 as the first specialised Mortgage Company domiciled in India as a limited company having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange.

2. Basis of Preparation and Presentation

2.1 **Statement of Compliance and basis of preparation and presentation**

The standalone financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") to the extent applicable.

Effective April 1, 2018, the Corporation has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended ("IGAAP"), which was the previous generally accepted accounting principles.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 39.

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

2.2 **Functional and Presentation Currency**

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Corporation and all values are rounded to the nearest crore with two decimals, except when otherwise indicated.

2.3 **Basis of Measurement**

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Corporation.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can access on measurement date.
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with Indian Accounting Standards (“Ind AS”) requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 Determination of Expected Credit Loss (“ECL”)

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement.

In particular, the estimation of the amount and timing of future cash flows based on Corporation’s historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Corporation’s criteria for assessing if there has been a significant increase in credit risk. (Refer Note 3.2.3.2)
- Development of ECL models, including choice of inputs / assumptions used.

The various inputs used and process followed by the Corporation in measurement of ECL has been detailed in Note 3.2.3.1

2.4.2 Fair Valuation of Investments (other than Investment in Subsidiaries and Associates)

Some of the Corporation’s Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 44.3.2.

2.4.3 **Income Taxes**

The Corporation's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.4 **Evaluation of Business Model**

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") (Refer Note 1.5) and the business model test (Refer Note 1.4). The Corporation determines the business model at a level that reflects how the Corporation financial instruments are managed together to achieve a particular business objective.

The Corporation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

2.4.5 **Share-Based Payments**

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 3.9.1.

2.4.6 **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3. Significant Accounting Policies

3.1 Revenue Recognition

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

3.1.1 **Interest**

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate (“EIR”)

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at Fair Value Through Profit and Loss (“FVTPL”), transaction costs are recognised in the statement of profit and loss at initial recognition.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

3.1.2 **Dividend Income**

Dividend income is recognised when the Corporation’s right to receive dividend is established by the reporting date.

3.1.3 **Fee and Commission Income**

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

3.1.4 **Rental Income**

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

3.1.5 **Other Income**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

3.2 **Financial Instruments**

3.2.1 **Recognition and Initial Measurement**

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Corporation recognises debt securities, deposits and borrowings when funds are received by the Corporation.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Corporation will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be recognised in the statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.2 **Classification and Subsequent Measurement of Financial Assets and Liabilities**

3.2.2.1 ***Financial Assets***

The Corporation classifies and measures all its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair Value through Other Comprehensive Income
- Fair Value through Profit and Loss

3.2.2.1.1 Amortised Cost

The Corporation classifies and measures Cash and Bank balances, Loans, Trade Receivable, certain debt investments and other financial assets at amortised cost if following condition is met:

- Financial Assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortised cost.

3.2.2.1.2 Fair Value through Other Comprehensive Income ("FVOCI")

The Corporation classifies and measures certain debt instruments at FVOCI when the investments are held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the SPPI test.

The Corporation measures all equity investments at fair value through profit or loss, unless the investments is not for trading and Corporation's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.2.1.3 Fair Value through Profit and Loss ("FVTPL")

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; and/or

- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the statement of profit and loss.

3.2.2.1.4 **Business Model Test**

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Corporation determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Corporation's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Corporation considers all relevant information and evidence available when making the business model assessment such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Corporation's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Corporation determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Corporation reassesses it's business model at each reporting period to determine whether the business model has changed since the preceding period. For the current and prior reporting period the Corporation has not identified a change in its business model.

The Corporation recognises certain loans which are sourced by a third party and measured at amortised cost. The third party has the contractual right to acquire a fixed percentage of value of the loans at predetermined price. The loans assigned are substituted by newly sourced loans which approximate the contractual cash flows to be collected by the Corporation.

3.2.2.1.5 Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that meet SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

3.2.2.1.6 **Subsequent Measurement and Gain and Losses**

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Equity Instrument at FVOCI

Gains and losses on equity instruments at FVOCI are never recycled to the statement of profit and loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Corporation benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.2.2.1.7 **Reclassifications**

If the business model under which the Corporation holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Corporation's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Corporation holds financial assets and therefore no reclassifications were made.

3.2.2.2 **Financial Liabilities and Equity Instruments**

3.2.2.2.1 ***Classification as Debt or Equity***

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Corporation or a contract that will or may be settled in the Corporation's own equity instruments and is a non-derivative contract for which the Corporation is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Corporation's own equity instruments.

3.2.2.2.2 ***Equity Instruments***

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

3.2.2.2.3 ***Subsequent Measurement and Gain and Losses***

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

3.2.3 **Impairment and Write-off**

The Corporation recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Other financial assets;
- Debt instruments measured at amortised cost and at FVOCI;
- Loan commitments; and
- Financial guarantees.

Equity instruments are measured at fair value and not subject to impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Corporation has established policy to perform an assessment at the end of each reporting period 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 instruments.

Based on the above process, the Corporation categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Corporation recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Corporation records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans are considered credit-impaired, the Corporation records an allowance for the life time expected credit losses.

For financial assets for which the Corporation has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3.2.3.1 ***Measurement of Expected Credit Losses***

The Corporation calculates ECL based on probability-weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is the difference between the cash flows that are due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive.

When estimating ECL for undrawn loan commitments, the Corporation 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. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Corporation's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

The Corporation measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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 after considering the credit conversion factor (for Stage 1 and Stage 2 assets), and accrued interest from missed payments.

Probability of Default (PD) is the probability of whether borrowers will default on their obligations which is calculated based on historical default rate summary of past years using origination vintage analysis.

Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using a "Workout approach" based on the Corporation's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.2.3.2 ***Significant Increase in Credit Risk***

The Corporation monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to 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 Corporation measures the loss allowance based on lifetime rather than 12-month ECL. The Corporation's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Corporation monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation 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 Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessement for watch list accounts is done on a case by case approach after considering the probability of weighted average in different recovery scenario. For individual loans the Corporation considers the expectation of forbearance, payment holidays and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is 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 a financial asset becomes 30 days past due, the Corporation considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

3.2.3.3 ***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 Corporation 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 Corporation 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.

3.2.3.4 ***Definition of Default***

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

The Corporation considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Corporation; or
- the borrower is unlikely to pay its credit obligations to the Corporation in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Corporation takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

3.2.3.5 ***Write-off***

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains.

3.2.4 **Modification and Derecognition of Financial Assets**

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. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Corporation renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

Qualitative factors, such as contractual cash flows after modification, are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants, if these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If there is a significant difference in present value, the Corporation deems the arrangement substantially different, leading to 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 revised 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. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance is continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Corporation calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit and loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the statement of profit and loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

3.2.5 Derecognition of Financial Liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.2.6 Collateral Valuation and Repossession

To mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial

Assets and Enforcement of Securities Interest Act, 2002 (“SARFAESI”). The Corporation provides fully secured, partially secured and unsecured loans to individuals and Corporates.

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail 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.

3.2.7 **Transfer and Servicing of Assets**

The Corporation transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Corporation transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

The Corporation recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Corporation adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in the Statement of Profit and Loss.

3.2.8 **Derivative Financial Instruments**

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Corporation designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

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

3.2.8.1 ***Hedge Accounting***

The Corporation makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Corporation applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Corporation’s risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Corporation would assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

3.2.8.2 ***Fair Value Hedges***

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Corporation classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

3.2.8.3 ***Cash Flow Hedges***

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.2.9 **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Corporation's revenue recognition policies.

The Corporation has not designated any financial guarantee contracts as FVTPL.

3.3 **Property, Plant and Equipment ("PPE")**

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Corporation and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

3.4 **Investment Property**

Investment properties are properties held to earn rentals and/or capital appreciation and are measured and reported at cost, including transaction costs.

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of investment property as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 **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 Corporation and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of Intangible assets measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of April 1, 2017.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, 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.

3.6 **Capital work-in-progress**

Capital work-in-progress includes assets not ready for the intended use and is carried at cost, comprising direct cost and related incidental expenses.

3.7 **Depreciation and Amortisation**

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is recognised on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease. The useful life of the property, plant and equipment held by the Corporation is as follows:

Class of assets	Useful life
Buildings	60 years
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Vehicles*	5 years
Computer Software*	4 years

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

Intangible assets are amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

3.8 **Impairment of Assets other than Financial Instruments**

As at the end of each accounting year, the Corporation reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 **Employee Benefits**

3.9.1 **Share-based payment arrangements**

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

3.9.2 **Defined Contribution Plans**

3.9.2.1 ***Superannuation Fund***

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

3.9.3 **Defined Benefit Plans**

3.9.3.1 ***Provident Fund***

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by the trust. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability, if any is recognised.

3.9.3.2 ***Gratuity and Other Post Retirement Benefits***

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

3.9.3.3 ***Short-term Employee Benefits***

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.9.3.4 ***Long-term Employee Benefits***

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

3.10 **Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

3.10.1 **Operating Leases**

A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the Corporation's expected inflationary cost increases.

3.11 **Dividends on ordinary shares**

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

3.12 **Cash and Cash Equivalents**

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.13 **Securities Premium Account**

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 and issue expenses of securities which qualify as equity instruments.

3.14 **Borrowing Costs**

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

3.15 **Foreign Currencies**

(i) Functional currency of the Corporation and foreign operations has been determined based on the primary economic environment in which the Corporation and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Corporation'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 except for Long Term Monetery Items outstanding as at March 31, 2018, for which differences are recognised in FCMITDA and amortised in Statement of Profit and Loss.

3.16 **Segments**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

3.17 **Investments in Subsidiaries, Joint Ventures and Associates**

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

3.18 **Earnings per share**

Basic earnings per share are computed by dividing profit or loss attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.19 **Taxes on Income**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside statement of profit and loss.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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 based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

3.20 **Goods and Services Input Tax Credit**

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.21 **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised only when:

(i) The Corporation has a present obligation (legal or constructive) as a result of a past event; and

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

Contingent liability is disclosed in case of:

(i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or

(ii) 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:

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.

3.22 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.

3.23 Non-Current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.24 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. Changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and

iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3.25 **Standards issued but not effective**

3.25.1 **Ind AS 116 Leases**

Ind AS 116 Leases was notified on 28th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Corporation is currently evaluating the impact of Ind AS 116 on its financial statements.

3.25.2 **Amendment to Ind AS 12 Income Taxes**

Income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised.

The income tax consequences should be recognised in the Statement of Profit and Loss, Other Comprehensive Income or equity according to where the past transactions or events that generated distributable profits were originally recognised.

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatments that are yet to be accepted by tax authorities and to reflect it in the measurement of current and deferred taxes.

3.25.3 **Amendments to Ind AS 109 Financial Instruments**

A financial asset would be classified and measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) if its contractual cash flows are solely in the nature of principal and interest on the principal amount outstanding (SPPI criterion).

An exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

- Have a prepayment feature which results in a negative compensation.
- Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and
- The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

Such financial assets could be measured at amortised cost or at FVOCI based on the business model within which they are held.

3.25.4 **Amendments to Ind AS 19 Employee Benefits**

When a defined benefit plan is amended, curtailed or settled, entities would be required to use updated actuarial assumptions to determine its current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement).

The effect of the asset ceiling would not be considered while calculating the gain or loss on any settlement of the plan. Subsequently, it would be recognised in Other Comprehensive Income.

3.25.5 **Amendments to Ind AS 23 Borrowing Costs**

While computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity.

3.25.6 **Amendments to Ind AS 28 Investments in Associate and Joint Ventures**

An entity's net investment in its associate or joint ventures includes investment in ordinary shares, other interests that are accounted using the equity method, and other long-term interests, which are governed by the principles of Ind AS 109.

As per the equity method, the carrying amount of an entity's investment in its associate and joint ventures increases or decreases to recognize the entity's share of profit or loss of its investee associates and joint ventures.

Where the losses exceed the entity's investment in ordinary shares, they are applied to other components of the entity's interest in the associate or joint venture in the reverse order of their superiority. In this context, MCA clarified that the accounting for losses allocated to long-term interests (governed by principles of Ind AS 109, Financial Instruments) would involve the dual application of Ind AS 28 and Ind AS 109. The annual sequence in which both standards are to be applied can be explained in a three step process:

- Apply Ind AS 109 (Expected Credit Loss (ECL), fair value adjustments, etc.) independently
- True-up past allocations on carrying amount of long-term investment
- Book current year profits/losses.

3.25.7 **Amendments to Ind AS 103 Business Combinations**

When an entity obtains control of a business that is a joint operation, then the acquirer considers such an acquisition as a business combination achieved in stages and accounts for it accordingly.

3.25.8 **Amendments to Ind AS 111 Joint Arrangements**

If a party that participates in a joint operation (but does not have joint control) obtains joint control over the joint operation (which constitutes a business as defined in Ind AS 103), it would not be required to re-measure its previously held interests in the joint operation.

4. First Time Adoption of Ind AS (Ind AS 101)

The Corporation has prepared financial statements for the year ended March 31, 2019, in accordance with Ind AS for the first time. For the periods upto and including the year ended March 31, 2018, the Corporation prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and NHB guidelines. Accordingly, the Corporation has prepared its financial statements to comply with Ind AS for the year ending March 31, 2019, together with comparative information as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Corporation's opening Balance Sheet was prepared as at April 1, 2017 i.e. the transition date to Ind AS for the Corporation.

This note explains the principal adjustments made by the Corporation in restating its Previous GAAP financial statements, including the Balance Sheet as at April 1, 2017, and the financial statements as at and for the year ended March 31, 2018.

4.1 **Exemptions availed**

4.1.1 **Deemed Cost for Property, Plant and Equipment, Investment Property and Intangible Assets**

The Corporation has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS.

4.1.2 **Share-Based Payments**

The Corporation has not applied Ind AS 102 to equity instruments that vested before the date of transition to Ind AS.

4.1.3 **Investments in Subsidiaries and Associates**

The Corporation has elected to apply Previous GAAP carrying amount of its investments in Subsidiaries and Associates as deemed cost as on the date of transition to Ind AS.

4.1.4 **Classification and Measurement of Financial Assets**

The Corporation has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

4.1.5 **Fair Value of Financials Assets and Liabilities**

As per Ind AS exemption, the Corporation has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

4.1.6 **Derecognition of Financial Assets**

As per Ind AS exemption, the Corporation has not reassessed the securitisation / assignment transactions entered before the transition date and the same is continued to be derecognised.

4.1.7 **Long Term Foreign Currency Monetary Items**

As per Ind AS exemption, the Corporation has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the effective date as per the previous GAAP.

4.1.8 **Business Combinations**

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before 1st April, 2017. The carrying amounts of assets and liabilities in accordance with previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS.

4.1.9 **Estimates**

On assessment of the estimates made under the previous GAAP financial statements, the Corporation has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under

Previous GAAP are made by the Corporation for the relevant reporting dates reflecting conditions existing as at that date.

4.1.10 **Classification and measurement of financial assets**

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

4.2 **Reconciliation of Equity as at April 1, 2017 and March 31, 2018 and Total Comprehensive income for the year ended March 31, 2018**

Reconciliation of Equity as at April 1, 2017 and March 31, 2018

₹ in Crore

Particulars	Notes	Opening Balance Sheet as at April 1, 2017			Balance Sheet as at March 31, 2018		
		Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS							
Financial Assets							
Cash and Cash Equivalents		4,217.12	-	4,217.12	1,232.14	-	1,232.14
Bank Balances other than above		2,352.11	-	2,352.11	252.93	-	252.93
Derivative Financial Instruments		276.35	56.36	332.71	238.09	218.16	456.25
Receivables					-		
(i) Trade Receivables		105.97	-	105.97	103.45	-	103.45
(ii) Other Receivables		-	-	-	-	-	-
Loans	4.2.1	2,95,174.77	516.96	2,95,691.98	3,56,707.44	673.42	3,57,380.86
Investments	4.2.2	19,842.72	338.51	20,181.23	30,343.30	373.43	30,716.73
Other Financial Assets	4.2.6	7,286.30	383.95	7,670.00	2,513.29	270.78	2,784.07
Total Financial Assets		**3,29,255.34**	**1,295.78**	**3,30,551.12**	**3,91,390.64**	**1,535.79**	**3,92,926.43**
Non-Financial Assets							
Current Tax Assets (Net)		3,145.98	-	3,145.98	3,349.78	27.09	3,376.87
Deferred Tax Assets	4.2.3	(2,388.58)	2,668.68	280.10	(2,022.58)	3,302.08	1,279.50
Investment Properties	4.2.4	399.53	-	399.53	395.13	-	395.13
Property, Plant and Equipment		638.24	-	638.24	639.71	-	639.71
Other Intangible Assets		4.13	-	4.13	4.79	-	4.79
Other Non-Financial Assets		168.85	1.26	170.11	117.65	-0.58	117.07
Non-current Assets Held for Sale		-	-	-	170.09	-	170.09
Total Non-Financial Assets		**1,968.15**	**2,669.94**	**4,638.09**	**2,654.57**	**3,328.59**	**5,983.16**
Total Assets		**3,31,223.49**	**3,965.72**	**3,35,189.21**	**3,94,045.21**	**4,864.38**	**3,98,909.59**

₹ in Crore

Particulars	Notes	Opening Balance Sheet as at April 1, 2017			Balance Sheet as at March 31, 2018		
		Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
LIABILITIES							
Financial Liabilities							
Derivative Financial Instruments		1,024.56	(103.76)	920.80	378.32	131.72	510.04
Payables							
(A) Trade Payables							
(i) total outstanding dues of micro enterprises and small enterprises		0.18	-	0.18	0.19	-	0.19
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		148.64	-	148.64	207.40	-	207.40
(B) Other Payables							
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-	-	-	-
Debt Securities	4.2.5	1,51,120.49	(106.54)	1,51,013.95	1,76,098.21	46.34	1,76,144.55
Borrowings (Other than Debt Securities)	4.2.5	37,269.50	35.03	37,304.53	46,766.97	35.47	46,802.44
Deposits	4.2.5	85,545.22	(9.22)	85,536.00	91,279.37	(10.67)	91,268.70
Subordinated Liabilities		5,500.00	-	5,500.00	5,500.00	-	5,500.00
Other Financial Liabilities		10,413.22	24.23	10,437.45	11,477.98	799.16	12,277.14
Total Financial Liabilities		**2,91,021.81**	**(160.26)**	**2,90,861.55**	**3,31,708.44**	**1,002.02**	**3,32,710.46**
Non-Financial Liabilities							
Current Tax Liabilities (Net)		59.46	-	59.46	91.84	-	91.84
Provisions		177.01	-	177.01	182.54	-	182.54
Other Non-Financial Liabilities		654.57	-	654.57	659.84	-	659.84
Total Non-Financial Liabilities		**891.04**	**0.00**	**891.04**	**934.22**	**-**	**934.22**
Total Liabilities		**2,91,912.85**	**(160.26)**	**2,91,752.59**	**3,32,642.66**	**1,002.02**	**3,33,644.68**
EQUITY							
Equity		317.73	-	317.73	335.18	-	335.18
Other Equity		38,992.91	4,125.98	43,118.89	61,067.37	3,862.36	64,929.73
Total Equity		**39,310.64**	**4,125.98**	**43,436.62**	**61,402.55**	**3,862.36**	**65,264.91**
Total Equity and Liabilities		**3,31,223.49**	**3,965.72**	**3,35,189.21**	**3,94,045.21**	**4,864.38**	**3,98,909.59**

Reconciliation of Total Comprehensive Income for the year ended March 31, 2018

₹ in Crore

Particulars	Notes	Year ended March 31, 2018		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from Operations				
Interest Income	4.2.1 & 4.2.5	32,939.81	193.27	33,133.08
Dividend Income		1,079.28	-	1,079.28
Rental Income		61.80	-	61.80
Fees and commission Income		163.10	-	163.10
Net gain on fair value changes	4.2.2	58.73	50.52	109.25
Profit on Sale of Investments		5,634.86	(25.86)	5,609.00
Net gain on derecognition of assigned loans	4.2.6	530.63	3.08	533.71
Total Revenue from Operations		**40,468.21**	**221.01**	**40,689.22**
Other Income		18.27	-	18.27
Expenses				
Finance costs	4.2.5	22,235.00	1,262.98	23,497.98
Impairment on financial instruments (Expected Credit Loss)	4.2.1	2,030.00	85.00	2,115.00
Employee benefit expense	4.2.7 & 4.2.8	425.47	946.62	1,372.09
Depreciation and amortisation expense		49.24	-	49.24
Establishment Expenses		100.02	-	100.02
Other Expenses		383.06	0.46	383.52
Total Expenses		**25,222.79**	**2,295.06**	**27,517.85**
Profit Before Tax		**15,263.69**	**(2,074.05)**	**13,189.64**
Tax expense				
- Current tax (MAT)		3,466.00	(253.35)	3,212.65
- Deferred tax	4.2.3	(366.00)	(616.35)	(982.35)
Total Tax Expense		**3,100.00**	**(869.70)**	**2,230.30**
Net Profit After Tax		**12,163.69**	**(1,204.35)**	**10,959.34**
Other Comprehensive Income (OCI)				
(A) (i) Items that will not be reclassified to profit or loss	4.2.8 & 4.2.9	-	(48.79)	(48.79)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4.2.8 & 4.2.9	-	25.38	25.38
Subtotal (A)		-	**(23.41)**	**(23.41)**
(B) (i) Items that will be reclassified to profit or loss		-	(74.64)	(74.64)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	26.08	26.08
Sub Total (B)		**-**	**(48.56)**	**(48.56)**
Other Comprehensive Income (A + B)		-	(71.97)	(71.97)
Total Comprehensive Income		**12,163.69**	**(1,276.32)**	**10,887.37**

* The previous GAAP figures have been reclassified to confirm Ind AS presentation requirements for the purposes of this note.

4.2.A. **Amalgamation of Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited with the Corporation**

During the year ended March 31, 2018, Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited (collectively referred to as 'Transferor Companies' primarily engaged in holding properties) were amalgamated with the Corporation on March 28, 2018 with the appointed date of April 1, 2016, as per the Order issued by the National Company Law Tribunal, Mumbai Bench on the Scheme of Amalgamation. The transition date balance sheet of the Corporation has been adjusted by net liabilities aggregating INR 334.74 crore representing the financial information of the aforesaid Transferor Companies, which is based on the financial statements of such Transferor Companies prepared in accordance with Previous GAAP, as adjusted for the differences arising from transition to Ind AS to give effect to the amalgamation from the beginning of the preceding period in the financial statements and based on "pooling of interest" method as per Ind AS 103 Business Combinations.

4.2.1 **Impairment on Financial Instruments (Reversal of provision of Standard / Non-Performing Assets (NPA) and Provision for Expected Credit Losses (ECL)**

Under the Previous GAAP, provision for standard asset and NPA, were presented under provisions. However, under Ind AS financial assets measured at amortised cost are presented net of provision for Expected Credit Losses. Consequently, the Corporation has reversed provisions for standard assets / NPA's amounting to ₹ 3,011.00 crore and ₹ 4,944.15 crore as on April 1, 2017 and March 31, 2018 respectively and provision for ECL has been recognised amounting to ₹ 3,277 crore and ₹ 5,448.83 crore as on April 1, 2017 and March 31, 2018. The Corporation has reinstated interest income on credit impaired instruments amounting to ₹ 133.18 crore.

Above has led to increase in profit before tax of ₹ 48.18 crore and profit after tax of ₹ 30.59 crore for the year ended March 31, 2018.

4.2.2 **Fair Valuation of Investments [other than Investments in Subsidiaries and Associates]:**

Under Previous GAAP, long-term investments were measured at cost less diminution in value other than temporary. Under Ind AS, these financial assets have been classified as FVTPL or FVOCI and consequently the provisons for diminution on Investments held as per previous GAAP have been reversed as on the date of transition to Ind As.

On transitioning to Ind AS, these financial assets have been measured at their fair values. As a result there has been:

₹ in Crore

Particulars	**As at March 31, 2018**	As at April 1, 2017
Increase in Carrying Amount of Investments (Equities and Mutual Fund)	498.42	500.85
Decrease in Carrying Amount of Investments (Other Investments)	(519.26)	(517.34)
Increase in Carrying Amount of Investments (Net)	(20.84)	(16.49)

Above has led to increase in profit before tax of ₹ 24.66 crore and profit after tax of ₹ 14.07 crore for the year ended March 31, 2018.

4.2.3 **Deferred Tax**

The Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base.

The application of 'Ind AS 12 Income Taxes' approach has resulted in the various transitional adjustments being temporary differences. Accordingly, the Corporation has accounted for such differences. These adjustments are recognised in co-relation to the underlying transaction either in retained earnings, OCI or the statement of profit and loss respectively.

The major change in Deferred Tax is on account of below:

As required by the NHB, the Corporation had recognised deferred tax liability (DTL) in respect of the balance in the Special Reserve (created under section 36(1)(viii) of the Income-tax Act, 1961) amounting to ₹ 3,413.45 crore as at April 1, 2017. The Corporation believes that the Special Reserve will not be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has been reversed to comply with Ind AS 12 on Income Taxes.

4.2.4 **Investment Property**

Under the Previous GAAP, there was no requirement to present investment property separately and the same was included under non-current investments and measured at cost less provision for diminution other than temporary. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of the investment property net of depreciation and Impairment as at April 1, 2017 of ₹ 399.53 crore and as at March 31, 2018 of ₹ 395.13 crore under the Previous GAAP has been reclassified to a separate line item on the face of the balance sheet and the depreciation provided based on estimated useful life.

4.2.5 **Effective Interest Rate (EIR)**

a. Under Previous GAAP, transaction costs charged to customers and incurred by the Corporation was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset/financial liability and recognised as interest income/interest expense using the effective interest method. Consequently loan to customers on date of transition date have increased by ₹ 253.91 crore and interest income for the year ended March 31, 2018 has increased by ₹ 29.71 crore.

b. Under Previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the effective interest method. Consequently, Debt Securities on date of transition date have decreased by ₹ 106.54 crore and interest expense for the year ended March 31, 2018 has increased by ₹ 1,262.98 crore.

4.2.6 **Derecognition of Assigned Loans**

Under the Previous GAAP, retained interest receivable and servicing fees on loan assignment transaction were recognised over the period of such assigned loans. However, under Ind AS, on transfer of substantially all risks and rewards without retention of any residual interest, gain arising on said transactions are recorded in the Statement of Profit and Loss by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values. The Corporation recognises a servicing asset, as the fee to be received is expected to be more than adequate compensation for the servicing activities. Corresponding amount is recognised in the statement of profit and loss. These loans is derecognised from the Balance Sheet immediately on assignment of the loan. The Corporation has recorded gain of ₹ 3.08 crore for the year ended March 31, 2018 on account of assignment of loans.

4.2.7 **Share-Based Payments**

Under Previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as profit after tax for the year ended March 31, 2018 by ₹ 937.61 crore.

4.2.8 **Defined Benefit Obligation**

Both under Previous GAAP and Ind AS, the Corporation recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gain and losses, were charged to the statement profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of assets ceiling, excluding amounts included in net interest on the net defined benefit liability and return on plan assets excluding amount included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income (OCI). Thus, employee benefit expense is adjusted by ₹ 9.58 crore and is recognised in OCI for the year ended March 31, 2018.

Current tax amounting to ₹ 3.35 crore is also regrouped from the statement of profit and loss to OCI for the year ended March 31, 2018. The above change does not affect total equity as at March 31, 2018. However, profit before tax and profit after tax for the year ended March 31, 2018, is increased by ₹ 9.58 crore and ₹ 6.23 crore respectively.

4.2.9 **Other Comprehensive Income (OCI)**

Under Previous GAAP, there was no concept of OCI. Under Ind AS, for equity instruments other than held for trading, the Corporation has exercised irrevocable option to recognise in other comprehensive income subsequent changes in the fair value.

Fair valuation of Bonds and re-measurement of defined benefit plan liability are recognised in OCI.

4.2.10 The Corporation designates certain Currency swaps and Interest rate swaps as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

On a standalone basis, ₹ 48.56 crore is regrouped from profit or loss to OCI (net of tax) for the year ended March 31, 2018.

5. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Cash on hand	**0.44**	0.13	0.47
(ii) Balances with banks:			
- In Current Accounts	**277.71**	111.14	114.85
- In Deposit accounts with original maturity of 3 months or less	**-**	1,000.47	4,001.96
(iii) Cheques, drafts on hand	**82.65**	120.40	99.84
Total	**360.80**	**1,232.14**	**4,217.12**

5.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Corporation, and earn interest at the respective short-term deposit rates.

6. Bank Balances other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) In other Deposit accounts			
- Original maturity more than 3 months	**1,094.20**	75.85	2,169.33
(ii) Earmarked balances with banks			
- Unclaimed Dividend Account	**26.91**	43.05	24.74
- Towards Guarantees Issued by Banks	**0.59**	0.49	0.30
- Other - Against Foreign Currency Loans [Refer Note 19.2]	**113.76**	133.54	157.74
Total	**1,235.46**	**252.93**	**2,352.11**

6.1 Fixed deposit placed with banks earns interest at fixed rate or floating rates.

7. Derivative Financial Instruments

The Corporation enters into derivatives for risk management purposes. Derivatives held for risk management purposes as of these reporting dates, meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I									
(i) Currency derivatives:									
- Forwards	3,176.82	7.42	100.71	7,721.12	39.61	22.06	8,236.00	-	460.87
- Currency swaps - Principal Only Swaps	12,826.93	311.73	63.93	7,980.03	78.79	209.86	9,287.00	80.85	284.99
- Options purchased (net)	6,757.73	122.20	0.11	-	-	-	-	-	-
Subtotal (i)	**22,761.48**	**441.35**	**164.75**	**15,701.15**	**118.40**	**231.92**	**17,523.00**	**80.85**	**745.86**
(ii) Interest rate derivatives									
- Interest Rate Swaps	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
- Options purchased (net)	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.12**	**30,809.00**	**251.86**	**174.94**
Total Derivative Financial Instruments (i)+(ii)	**78,411.48**	**1,403.35**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**
Part II									
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:									
(i) Fair value hedging:									
- Currency derivatives	-	-	-	-	-	-	-	-	-
- Interest rate derivatives	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
Subtotal (i)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.12**	**30,809.00**	**251.86**	**174.94**
(ii) Cash flow hedging:									
- Currency derivatives	22,761.48	441.35	164.75	8,106.60	80.51	208.50	8,333.00	80.85	155.86
- Interest rate derivatives	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**22,761.48**	**441.35**	**164.75**	**8,106.60**	**80.51**	**208.50**	**8,333.00**	**80.85**	**155.86**
(iii) Undesignated Derivatives									
- Currency Swaps	-	-	-	100.00	-	2.19	954.00	-	129.14
- Forwards *	-	-	-	7,494.55	37.89	21.23	8,236.00	-	460.87
Subtotal (iii)	**-**	**-**	**-**	**7,594.55**	**37.89**	**23.42**	**9,190.00**	**-**	**590.00**
Total Derivative Financial Instruments (i)+(ii)+(iii)	**78,411.48**	**1,403.35**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**

* Forward contracts were taken on underlying FCNR loans, for which AS - 11, para 46 A (previous GAAP) was applied.

7.1 The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under Ind AS for material forseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7.2 Refer note 44.6 For Foreign currency risk.

8. Trade Receivables

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Receivables considered good - Unsecured	**186.87**	103.45	105.98
Receivables which have significant increase in Credit Risk	-	-	-
	186.87	103.45	105.98
Less: Provision for Expected Credit Loss	**0.01**	0.00	0.01
Total	**186.86**	103.45	105.97

8.1 Trade Receivables includes amounts due from the related parties ₹ **122.04 crore** (As at March 31, 2018 of ₹ 74.80 crore and as at April 01, 2017 of ₹ 57.73 crore) [Refer Note 43].

No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

Reconciliation of impairment allowance on trade and other receivables:

	₹ in Crore
Impairment allowance as on April 1, 2017	-
Add/(less): asset originated or acquired	0.00
Impairment allowance as on April 1, 2018	0.00
Add/(less): asset originated or acquired	0.01
Impairment allowance as on March 31, 2019	0.01

9. Loans - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Loans			
Individual Loans	**2,88,788.92**	2,53,788.45	2,06,384.56
Corporate Bodies	**1,10,915.00**	1,03,324.78	87,842.57
Others	**6,873.17**	5,670.17	4,698.09
Staff Loans	**29.97**	28.01	23.56
Total – Gross (A)	**4,06,607.06**	3,62,811.41	2,98,948.78
Less: Impairment loss allowance (Expected Credit Loss)	**5,847.43**	5,430.55	3,256.80
Total – Net (A)	**4,00,759.63**	3,57,380.86	2,95,691.98
(a) Secured by tangible assets	**3,90,099.06**	3,48,612.45	2,86,428.64
(b) Secured by intangible assets	**9,079.19**	7,388.42	6,155.17
(c) Covered by bank and government guarantee	**1,169.59**	1,226.06	717.68
(d) Unsecured	**6,259.22**	5,584.48	5,647.29
Total – Gross (B)	**4,06,607.06**	3,62,811.41	2,98,948.78
Less: Impairment loss allowance (Expected Credit Loss)	**5,847.43**	5,430.55	3,256.80
Total – Net (B)	**4,00,759.63**	3,57,380.86	2,95,691.98
(I) Loans in India			
(i) Public Sector	**1,385.99**	1,228.74	717.24
(ii) Other than Public Sector	**4,05,221.07**	3,61,582.67	2,98,231.54
Total – Gross (C) (1)	**4,06,607.06**	3,62,811.41	2,98,948.78
Less: Impairment loss allowance (Expected Credit Loss)	**5,847.43**	5,430.55	3,256.80
Total – Net (C) (I)	**4,00,759.63**	3,57,380.86	2,95,691.98
(II) Loans outside India	**0.00**	0.00	0.00
Less: Impairment loss allowance (Expected Credit Loss)	**0.00**	0.00	0.00
Total – Net (C) (II)	**0.00**	0.00	0.00
Total (C) (I) and (II)	**4,00,759.63**	3,57,380.86	2,95,691.98

9 (a) Loans details

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at 31 March 2019				
Individual Loans	2,86,073.48	1,477.04	1,238.40	2,88,788.92
Corporate Bodies	1,09,768.46	1,743.51	(596.97)	1,10,915.00
Others	6,746.49	126.68	-	6,873.17
Staff Loans	29.97	-	-	29.97
Total	**4,02,618.40**	**3,347.23**	**641.43**	**4,06,607.06**
As at 31 March 2018				
Individual Loans	2,51,456.75	1,344.85	986.85	2,53,788.45
Corporate Bodies	1,02,363.85	1,542.16	(581.23)	1,03,324.78
Others	5,621.41	48.76	-	5,670.17
Staff Loans	28.01	-	-	28.01
Total	**3,59,470.02**	**2,935.77**	**405.62**	**3,62,811.41**

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at 1 April, 2017				
Individual Loans	2,04,436.19	1,183.30	765.07	2,06,384.56
Corporate Bodies	87,346.13	1,007.60	(511.16)	87,842.57
Others	4,658.44	39.65	-	4,698.09
Staff Loans	23.56	-	-	23.56
Total	**2,96,464.32**	**2,230.55**	**253.91**	**2,98,948.78**

9 (b) Loans granted by the Corporation are secured or partly secured by one or a combination of the following securities:

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

9 (c) Loans including Installment and Interest outstanding due from the directors amounts to ₹ **0.04 crore** (As at March 31, 2018 of ₹ 0.05 crore and As at April 1, 2017 of ₹ 0.06 crore) and other related parties ₹ 112.79 crore (As at March 31, 2018 of ₹ 113.82 crore and As at April 1, 2017 of ₹ 115.01 crore) [Refer Note 43].

9 (d) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is **Nil** (As at March 31, 2018 is Nil crore and As at April 1, 2017 is Nil).

9 (e) Loans including Installment and Interest outstanding amounts to ₹ **447.20 crore** (As at March 31, 2018 of ₹ 228.32 crore and April 1, 2017 of ₹ 130.46 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

9 (f) **Expected Credit Loss**

Expected Credit loss is a calculation of the present value of the amount expected not to be recover on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are:

- Probability of Default (PD): represents the likelihood of default over a defined time horizon.
- Exposure at Default (EAD): represents the gross exposure at the time of default.
- Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others.

Delinquency buckets have been considered as the basis for the staging of all loans with:

- 0-30 days past due loans classified as stage 1,
- 31-90 days past due loans classified as stage 2 and
- > 90 days past due loans classified as stage 3

EAD is the total amount outstanding including accrued interest as on the reporting date.

The ECL is computed as a product of PD, LGD and EAD.

9 (g) **Macro Economic Factors**

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, Inflation, Housing price index. Lending rate (repo rate) and the equity indices were analysed for their correlations. The correlation was minimal and the same was not considered in the ECL framework.

9.1 **Individual Loans**

9.1.1 **Credit quality of assets**

The Corporation has classified all individual loans as amortized cost and has assessed it at the collective pool level.

The individual loan book has been divided into the housing and non-housing sub portfolios.

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans).

The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The housing and non-housing portfolio has been considered together for the LGD computation.

9.2 **Corporate Lending**

9.2.1 **Credit Quality of Assets**

Measurement of ECL for stage 1 and certain stage 2 non individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into:

i) Corporate Finance

ii) Construction Finance

iii) Lease Rental Discounting

iv) Inter-Corporate Deposits.

Certain loans classified as stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The 12 month PD has been applied on stage 1 loans. The PD term structure i.e Lifetime PD has been applied on the stage 2 loans according to the repayment schedule for stage 2 loans and PD is considered to be 100% for stage 3 loans. PD has been separately calculated for each segment as described above.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Corporation has identified certain non individual accounts as Watch List under Stage 2 based on the following criteria.

- Builder's Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrower's operational cashflows are insufficient indicating possibility of further delayed payments
- Security cover is insufficient for repayment of loans
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

9.3 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is, as follows:

₹ in Crore

Particulars	**2018-19**				2017-18			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,41,842.52	16,273.85	4,695.04	**3,62,811.41**	2,85,575.49	10,711.88	2,661.41	**2,98,948.78**
Increase in EAD - new assets originated or purchased / further increase in existing assets [Net]	1,36,924.98	675.82	444.92	**1,38,045.72**	1,29,172.10	337.42	290.64	**1,29,800.16**
Assets repaid in part or full (excluding write offs) [Net]	(63,966.62)	(2,919.41)	(1,556.59)	**(68,442.62)**	(57,448.61)	(1,096.95)	(882.80)	**(59,428.36)**
Assets Derecognised (Loans Assigned)	(25,150.00)	-	-	**(25,150.00)**	(6,453.00)	-	-	**(6,453.00)**
Assets written off	-	-	(657.45)	**(657.45)**	-	-	(56.17)	**(56.17)**
Transfers to Stage 1	3,854.84	(3,632.75)	(222.09)	-	2,818.40	(2,625.87)	(192.53)	-
Transfers to Stage 2 *	(9,136.67)	9,673.65	(536.98)	-	(10,709.50)	10,809.26	(99.76)	-
Transfers to Stage 3	(1,108.50)	(2,432.93)	3,541.43	-	(1,112.36)	(1,861.89)	2,974.25	-
Gross carrying amount closing balance	**3,83,260.55**	**17,638.23**	**5,708.28**	**4,06,607.06**	**3,41,842.52**	**16,273.85**	**4,695.04**	**3,62,811.41**

* Transfers from Stage 1 to Stage 2 of current year include ₹ 600 Crore of EAD towards modified loans.

9.4 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2018-19				2017-18			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	181.10	3,293.73	1,955.72	**5,430.55**	185.74	2,079.06	992.00	**3,256.80**
ECL Remeasurements due to changes in EAD / assumptions (Net)	(147.25)	866.86	354.72	**1,074.33**	(58.81)	1,989.67	299.06	**2,229.92**
Assets written off	-	-	(657.45)	**(657.45)**	-	-	(56.17)	**(56.17)**
Transfers to Stage 1	832.30	(808.96)	(23.34)	-	505.84	(481.42)	(24.42)	-
Transfers to Stage 2	(621.73)	705.72	(83.99)	-	(446.44)	456.69	(10.25)	-
Transfers to Stage 3	(3.53)	(922.51)	926.04	-	(5.23)	(750.27)	755.50	-
ECL closing balance	**240.89**	**3,134.84**	**2,471.70**	**5,847.43**	**181.10**	**3,293.73**	**1,955.72**	**5,430.55**

The increase in ECL in terms of value is the combined effect of increase in size of the loan book and stepup of ECL allowances where necessary. Overall ECL as a percentage of EAD stood at 1.44% as on 31 March 2019 as compared to 1.50% as on 31 March 2018.

The Expected Credit Loss (ECL) shown above is computed on the Exposure At Default (EAD) which comprises of the Gross Carrying Amount adjusted for the following amounts:

₹ in Crore

Particulars	**As on March 31, 2019**	As on March 31, 2018	As on April 1, 2017
EMI / Interest Amounts Received in Advance	**(180.58)**	(154.35)	(167.23)
Undisbursed Loan Component (after applying credit commission fee for)	**19,695.60**	17,312.14	15,144.34
Financial Guarantees	**534.98**	511.88	628.09

9.5 **Summary of Impairment loss allowance (Expected Credit Loss)**

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2019	240.89	3,134.84	2,471.70	5,847.43
March 31, 2018	181.10	3,293.73	1,955.72	5,430.55
April 1, 2017	185.74	2,079.06	992.00	3,256.80

Stage 1 - Loss allowance measured at 12 month expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

9.6 **Concentration of Exposure**

₹ in Crore

Particulars	**As on March 31, 2019**	As on March 31, 2018	As on April 1, 2017
Total Loans to twenty largest borrowers *	**41,041.96**	36,208.64	33,178.85
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**9.59%**	9.50%	10.35%

* Loans (principal outstanding, accured interest, undrawn loan commitement, financial guarantees and inter corporate deposits) outstanding as on date has been considered for the computation of concentration of exposure.

10. INVESTMENTS

₹ in Crore

Investments	As at March 31, 2019						
	Amortised cost	At Fair Value			Sub Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	15,425.81	-	15,425.81	-	15,425.81
Government Securities $	10,457.45	-	-	-	-	-	10,457.45
Equity Shares	-	221.93	1,145.99	-	1,367.92	-	1,367.92
Preference Shares	-	-	0.45	-	0.45	-	0.45
Debentures	396.31	356.98	19.96	-	376.94	-	773.25
Subsidiaries - Equity Shares	-	-	-	-	-	2,745.12	2,745.12
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Venture Fund	-	-	-		-	323.95	323.95
Associates - Equity Shares	-	-	-	-	-	14,119.50	14,119.50
Pass-through Certificates	27.32	-	-	-	-	-	27.32
Security Receipts	-	-	221.69	-	221.69	-	221.69
Investment in Units of Venture Capital Fund	-	-	711.42	-	711.42	-	711.42
Total – Gross (A)	**10,881.08**	**578.91**	**17,525.32**	-	**18,104.23**	**17,255.57**	**46,240.88**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	10,881.08	578.91	17,525.32	-	18,104.23	17,255.57	46,240.88
Total (B)	**10,881.08**	**578.91**	**17,525.32**	-	**18,104.23**	**17,255.57**	**46,240.88**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.53	-	-	-	-	-	0.53
Total – Net (D)= (A)-(C)	**10,880.55**	**578.91**	**17,525.32**	-	**18,104.23**	**17,255.57**	**46,240.35**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.
* Others includes Investment in subsidiaries and associates which have been carried at Cost.

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Investments	As at March 31, 2018						
	Amortised cost	At Fair Value			Sub Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	10,224.81		10,224.81	-	10,224.81
Government Securities $	9,434.73	-	-		-	-	9,434.73
Equity Shares	-	426.18	840.80	-	1,266.98	-	1,266.98
Preference Shares	-	-	42.70	-	42.70	-	42.70
Debentures	162.67	356.98	19.96	-	376.94	-	539.61
Subsidiaries - Equity Shares	-	-	-	-	-	2,552.40	2,552.40
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Debentures	-	-	-	-	-	90.00	90.00
Subsidiaries - Venture Fund	-	-	-	-	-	293.52	293.52
Associates - Equity Shares	-	-	-	-	-	5,549.74	5,549.74
Pass-through Certificates	33.02	-	-	-	-	-	33.02
Security Receipts	-	-	224.35	-	224.35	-	224.35
Investment in Units of Venture Capital Fund	-	-	397.88	-	397.88	-	397.88
Total – Gross (A)	**9,630.42**	**783.16**	**11,750.50**	**-**	**12,533.66**	**8,552.66**	**30,716.73**
(i) Investments outside India	-	-	-		-		-
(ii) Investments in India	9,630.42	783.16	11,750.50	-	12,533.66	8,552.66	30,716.73
Total (B)	**9,630.42**	**783.16**	**11,750.50**	**-**	**12,533.66**	**8,552.66**	**30,716.73**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.00	-	-	-	-	-	0.00
Total – Net (D) = (A) - (C)	**9,630.42**	**783.16**	**11,750.50**	**-**	**12,533.66**	**8,552.66**	**30,716.73**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.
* Others includes Investment in subsidiaries and associates which have been carried at Cost.

₹ in Crore

Investments	As at April 1, 2017						
	Amortised cost	At Fair Value			Sub Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual funds	-	-	3,020.97	-	3,020.97	-	3,020.97
Government securities $	6,484.97	-			-	-	6,484.97
Equity Shares	-	464.45	796.29	-	1,260.74	-	1,260.74
Debentures	151.30	-	-	-	-	-	151.30
Subsidiaries - Equity Shares	-	-	-	-	-	2,671.10	2,671.10
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Debentures	-	-	-	-	-	118.00	118.00
Subsidiaries - Venture Fund	-	-	-	-	-	296.24	296.24
Associates - Equity Shares	-	-	-	-	-	5,549.74	5,549.74
Pass-through Certificates	39.48	-	-	-	-	-	39.48
Security Receipts	-	-	229.20	-	229.20	-	229.20
Investment in Units of Venture Capital Fund	-	-	292.51	-	292.51	-	292.51
Total – Gross (A)	**6,675.75**	**464.45**	**4,338.97**	**-**	**4,803.42**	**8,702.08**	**20,181.25**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	6,675.75	464.45	4,338.97	-	4,803.42	8,702.08	20,181.25
Total (B)	**6,675.75**	**464.45**	**4,338.97**	**-**	**4,803.42**	**8,702.08**	**20,181.25**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.02	-	-	-	-	-	0.02
Total – Net (D) = (A) - (C)	**6,675.73**	**464.45**	**4,338.97**	**-**	**4,803.42**	**8,702.08**	**20,181.23**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.
* Others includes Investment in subsidiaries and associates which have been carried at Cost.

10.1 The Board of Directors of Gruh Finance Limited (‘GRUH’) a listed Subsidiary of the Corporation, at its meeting held on 7 January 2019, approved a Scheme of Amalgamation between GRUH and Bandhan Bank Limited (Bandhan) with effect from proposed Appointed Date of 1 January 2019 under section 230 and 232 of the Companies Act, 2013. In this regards, Competition Commission of India, BSE and NSE have approved proposed scheme of merger. The Scheme reimains, subject to receipt of approval of National Company Law Tribunal and the respective Shareholders and Creditors of GRUH and Bandhan.

11. Other Financial Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Security Deposits	**36.78**	33.19	30.25
Receivables on Assigned Loans*	**1,105.84**	887.08	908.42
Amounts Receivable on swaps and other derivatives	**1,428.88**	1,255.25	979.59
Inter Corporate Deposits	**1,038.32**	626.24	5,771.33
Receivables on Sale of Investments	**316.00**	-	-
Total Gross	**3,925.82**	**2,801.76**	**7,689.59**
Less: Impariment Loss Allowance (Expected Credit Loss)	**31.48**	17.69	19.59
Total Net of Expected Credit Loss	**3,894.34**	**2,784.07**	**7,670.00**

* Retained Interest and Servicing Assets.

11.1 Inter Corporate Deposits

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Secured by tangible assets	-	12.00	4,585.23
(b) Secured by intangible assets	**891.22**	400.00	500.27
(c) Covered by bank and government guarantee	-	-	-
(d) Unsecured	**147.10**	214.24	685.83
Total Gross	**1,038.32**	**626.24**	**5,771.33**
Less: Impariment Loss Allowance (Expected Credit Loss)	**27.82**	15.15	17.14
Total Net of Expected Credit Loss	**1,010.50**	**611.09**	**5,754.19**

11.2 Inter Corporate Deposits are secured or partly secured by one or a combination of the following securities:

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

11.3 Inter Corporate Deposits include amounts due from related parties ₹ Nil (As at March 31, 2018 of ₹ Nil crore and As at April 1, 2017 of ₹ 13.30 crore) [Refer Note 43].

12. Taxes on Income

12.1 Current Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance Tax (Net of Provision)	**2,750.18**	3,376.87	3,145.98
Total	**2,750.18**	3,376.87	3,145.98

12.2 Deferred Tax Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deferred Tax Assets (Net)	**830.91**	968.50	280.10
MAT Credit Entitlement	-	311.00	-
Net Deferred Tax Asset	**830.91**	1,279.50	280.10

12.2.1 **Movement in Deferred Tax Assets / Liabilities**

₹ in Crore

Particulars	As at April 1, 2018	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2019
Property, plant and equipment	(51.71)	1.04	-	1.04	(50.67)
Expected credit losses	1,649.70	150.80	-	150.80	1,800.50
Provisions other than those pertaining to Expected credit loss	63.58	9.11	-	9.11	72.69
Financial assets at fair value through profit or loss	(43.71)	(56.93)	-	(56.93)	(100.64)
Financial assets at FVOCI	22.41	-	40.99	40.99	63.40
Remeasurements of employee benefits through OCI	0.38	-	0.62	0.62	1.00
Adjustments pertaining to Income and expense recognition based on Expected Interest rate*	(291.48)	(283.22)	-	(283.22)	(574.70)
Effect of foreign exchange transactions and translations	(115.23)	-	-	-	(115.23)
Income recognition on NPA cases	(265.44)	-	-	-	(265.44)
Total	**968.50**	**(179.20)**	**41.61**	**(137.59)**	**830.91**

* Including ₹ 5.36 crore routed through other equity in previous year

Movements in Deferred Tax Assets / Liabilities (Previous Year)

₹ in Crore

Particulars	As at April 1, 2017	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2018
Property, plant and equipment	(54.76)	3.05	-	3.05	(51.71)
Expected credit losses	1,093.59	556.11	-	556.11	1,649.70
Provisions other than those pertaining to Expected credit loss	56.02	7.56	-	7.56	63.58
Financial assets at fair value through profit or loss	(29.16)	(14.55)	-	(14.55)	(43.71)
Financial assets at FVOCI	0.37	-	22.04	22.04	22.41
Remeasurements of employee benefits through OCI	-	-	0.38	0.38	0.38
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(532.47)	246.35	-	246.35	(286.12)
Effect of foreign exchange transactions and translations	(86.00)	(29.23)	-	(29.23)	(115.23)
Income recognition on NPA cases	(177.69)	(87.75)	-	(87.75)	(265.44)
Others	10.20	(10.20)	-	(10.20)	-
Sub Total	**280.10**	**671.34**	**22.42**	**693.76**	**973.86**
Routed through other equity	-	-	-	-	(5.36)
Total	**280.10**	**671.34**	**22.42**	**693.76**	**968.50**

12.3 Income Tax recognised in profit or loss

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax		
In respect of the current year	**3,307.11**	3,212.65
In respect of prior years	**-**	-
Deferred Tax		
In respect of the current year	**179.20**	(671.35)
Deferred tax reclassified from equity to profit or loss	**-**	-
MAT Credit in respect of the current year	**-**	(311.00)
Total Income tax expense recognised in the current year relating to continuing operations	**3,486.31**	2,230.30

12.3.1 Reconciliation of income tax expense of the year can be reconcilied to the accounting profit as follows:

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Standalone Profit before tax	**13,118.77**	13,189.64
Income tax expense calculated at 34.944% (Previous Year 34.608%)	**4,584.22**	4,564.67
Effect of expenses that are not deductible in determining taxable profit	**127.63**	375.49
Effect of incomes which are taxed at different rates	**(387.10)**	297.00
MAT credit entitlement	**0.00**	(311.00)
Effect of incomes which are exempt from tax	**(395.09)**	(2,215.52)
Effect on deferred tax balances due to the changes in income tax rate	**0.00**	2.85
Deduction under section 36(1)(viii) of the Income tax Act, 1961	**(443.44)**	(473.49)
Others	**0.09**	(9.70)
Income tax expense recognised in statement of profit and loss	**3,486.31**	2,230.30

The tax rate used for the reconciliations above is the corporate tax rate of 34.944% for the year 2018-19 and 2017-18 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

13. Investment Property

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Gross carrying amount			
Opening gross carrying amount (Deemed cost)	**403.62**	399.53	399.53
Additions	**7.97**	174.18	-
Disposal	**(57.61)**	-	-
Asset held for sale	**-**	(170.09)	-
Transfer to Fixed Assets	**(5.50)**	-	-
Closing gross carrying amount	**348.48**	403.62	399.53
Accumulated Depreciation			
Opening accumulated depreciation	**8.49**	-	-
Depreciation charge	**7.83**	8.49	-
Depreciation on Sale	**(2.07)**	-	-
Transfer to Fixed Assets	**(0.09)**	-	-
Closing Accumulated Depreciation	**14.16**	8.49	-
Accumulated Impairment			
Opening accumulated Impairment	**-**	-	-
Impairment charge	**13.00**	-	-
Closing Accumulated Impairment	**13.00**	-	-
Net carrying amount	**321.32**	395.13	399.53

13.1 Fair Value

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment properties	**698.31**	816.60	812.51

The fair value of the Corporation's investment properties as at March 31, 2019, March 31, 2018 and April 1, 2017 has been arrived at on the basis of a Internal Valuation (Level 3).

13.2 Leasing Arrangements

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **39.69 crore** (Previous Year ₹ 6.30 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
Within one year	**36.89**	3.44
Later than one year but not later than 5 years	**75.60**	2.46
Later than 5 years	**8.72**	0.59

14. Property, Plant and Equipment

Current Year ended March 31, 2019

₹ in crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2018	Additions	Adjustment	Deductions	As at March 31, 2019	As at March 31, 2018	For the Year	Adjustment	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Land :												
Freehold	15.67	-	-	-	**15.67**	-	-	-	-	**-**	**15.67**	15.67
Leasehold	349.55	-	-	-	**349.55**	8.88	8.88	-	-	**17.76**	**331.79**	340.67
Buildings :												
Own Use	192.76	0.76	5.50	0.01	**199.28**	4.56	4.64	0.09	0.01	**9.55**	**189.73**	188.20
Leasehold Improvements	19.43	10.36	-	0.89	**28.90**	4.08	5.53	-	0.87	**8.74**	**20.16**	15.35
Computer Hardware	29.30	14.42	-	2.39	**41.33**	7.46	11.37	-	2.39	**16.44**	**24.89**	21.84
Furniture and Fittings												
Own Use	24.92	5.73	-	1.56	**29.09**	2.97	4.08	-	1.47	**5.58**	**23.51**	21.95
Office Equipment etc.:												
Own Use	28.86	6.48	-	2.58	**32.76**	2.94	5.04	-	2.45	**5.53**	**27.23**	25.92
Vehicles	11.65	4.87	-	2.86	**13.66**	1.54	3.55	-	2.68	**2.41**	**11.25**	10.11
	672.14	42.62	5.50	10.29	**710.24**	32.43	43.09	0.09	9.87	**66.01**	**644.23**	639.71

Previous Year ended March 31, 2018

₹ in crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost As at April 1, 2017	Additions	Adjustment	Deductions	As at March 31, 2018	As at April 1, 2017	For the Year	Adjustment	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Land :												
Freehold	15.67	-	-	-	15.67	-	-		-	-	15.67	15.67
Leasehold	349.55	-	-	-	349.55	-	8.88		-	8.88	340.67	349.55
Buildings :												
Own Use	191.51	1.35	-	0.10	192.76	-	4.59		0.03	4.56	188.20	191.51
Leasehold Improvements	11.96	7.98	-	0.51	19.43	-	4.49		0.41	4.08	15.35	11.96
Computer Hardware	17.04	14.12	-	1.86	29.30	-	9.32		1.86	7.46	21.84	17.04
Furniture and Fittings												
Own Use	22.04	3.70	-	0.82	24.92	-	3.77		0.80	2.97	21.95	22.04
Office Equipment etc.:												
Own Use	23.07	7.71	-	1.92	28.86	-	4.67		1.73	2.94	25.92	23.07
Vehicles	7.40	5.73	-	1.48	11.65	-	2.81		1.27	1.54	10.11	7.40
	638.24	40.59	-	6.69	672.14	-	38.53		6.10	32.43	639.71	638.24

14.1 The Corporation has elected to continue with the carrying value of all of its property, plant and equipment, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS, accordingly accumulated depreciation as per the previous GAAP as on April 1, 2017, is not carried forward for Ind AS financial statements.

15. Other Intangible Assets

Current Year ended March 31, 2019

₹ in crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2018	Additions	Adjustment	Deductions	As at March 31, 2019	As at March 31, 2018	For the Year	Adjustment	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computer Software	7.01	4.92	-	-	**11.93**	2.22	2.61	-	-	**4.83**	**7.10**	4.79
	7.01	4.92	-	-	**11.93**	2.22	2.61	-	-	**4.83**	**7.10**	4.79

Previous Year ended March 31, 2018

₹ in crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost As at April 1, 2017	Additions	Adjustment	Deductions	As at March 31, 2018	As at April 1, 2017	For the Year	Adjustment	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Computer Software	4.13	2.88	-	-	7.01	-	2.22	-	-	2.22	4.79	4.13
	4.13	2.88	-	-	7.01	-	2.22	-	-	2.22	4.79	4.13

15.1 The Corporation has elected to continue with the carrying value of intangible assets, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS, accordingly accumulated depreciation as per the previous GAAP as on April 1, 2017, is not carried forward for Ind AS financial statements.

16. Other Non-Financial Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital Advances - Unsecured; considered good	**59.06**	54.93	16.39
Other Advances - Unsecured; Considered good	**70.67**	57.60	33.30
Prepaid Expenses - Unsecured; considered good	**14.23**	5.12	7.82
Advance against Investment in Properties	-	-	113.18
Total Gross	**143.96**	**117.65**	**170.69**
Less: Provision for Expected Credit Loss (ECL)	**0.94**	0.58	0.58
Total Net of ECL	**143.02**	**117.07**	**170.11**

16.1 Other Advances includes amounts due from the related parties ₹ **11.31 crore** (As at March 31, 2018 ₹ 9.82 crore and As at April 1, 2017 ₹ 9.52 crore) [Refer Note 43].

17. Payables

17.1 Trade Payables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	**1.47**	0.19	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	**188.70**	207.40	148.64

17.1.1 The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Corporation. The amount of principal and interest outstanding during the year is given below.

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) Principal amount and the interest due thereon	**1.47**	0.19	0.18
b) The amount of interest paid	-	-	-
c) Amounts paid after appointed date during the year	-	-	-
d) Amount of interest accrued and unpaid as at year end	-	-	-
e) The amount of further interest due and payable even in the succeeding year	-	-	-
	1.47	0.19	0.18

17.1.2 Trade Payables includes ₹ **62.21 crore** (As at March 31, 2018 ₹ 92.96 crore and As at April 1, 2017 ₹ 52.83 crore) due to related parties [Refer Note 43].

17.2 **Other Payables**

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-

18. Debt Securities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Bonds - Secured	**27.35**	34.20	40.50
Non-Convertible Debentures - Secured	**1,28,341.75**	1,23,719.20	1,05,407.70
Synthetic Rupee Denominated Bonds - Unsecured	**11,100.00**	9,600.00	8,300.00
Commercial Papers - Unsecured	**37,185.70**	42,913.52	37,443.28
Total of Debt Securities (A)	**1,76,654.80**	**1,76,266.92**	**1,51,191.48**
Less: Unamortised borrowing cost	**(155.60)**	(122.37)	(177.53)
Debt Securities net of unamortised cost	**1,76,499.20**	1,76,144.55	1,51,013.95
Debt securities in India	**1,65,554.80**	1,66,666.92	1,42,891.48
Debt securities outside India	**11,100.00**	9,600.00	8,300.00
Total of Debt Securities (B)	**1,76,654.80**	**1,76,266.92**	**1,51,191.48**
Less: Unamortised borrowing cost	**(155.60)**	(122.37)	(177.53)
Total of Debt. Securities net of unamortised borrowing cost	**1,76,499.20**	**1,76,144.55**	**1,51,013.95**

18.1 All secured debts are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirements under section 29B of the National Housing Bank Act, 1987.

18.2 Non-Convertible Debentures includes ₹ **1,901.80 crore** (As at March 31, 2018 ₹ 2,995 crore and As at April 1, 2017 ₹ 1,257 crore) from related parties [Refer Note.43].

18.3 The Corporation has raised ₹ **11,100 crore** through Rupee Denominated Bonds to overseas investors till date. The Corporation was the first Indian corporate issuer of such bonds.

The Corporation had established a Medium Term Note Programme (MTN Programme) for **USD 2,800** mn so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approval.

During the year, the Corporation raised ₹ **1,500 crore** through issue of Rupee Denominated Bonds under the MTN Programme through the approval route. The Corporation shall finance eligible projects and borrowers as permitted by the external commercial borrowing guidelines issued by Reserve Bank of India (RBI) regulations.

The Corporation has raised ₹ **6,100 crore** till date under the MTN Programme in accordance with the RBI guidelines.

The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

18.4 Terms of redemption of bonds and debentures and repayment terms as at March 31, 2019

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	**-**	**14.95**	**12.40**	**-**	**27.35**
Non-Convertible Debentures					
6.96% - 8.00%	**15,023.00**	**8,500.00**	**720.00**	**3,000.00**	**27,243.00**
8.01% - 10.00%	**13,640.00**	**32,629.00**	**4,600.00**	**32,376.75**	**83,245.75**
10.01% - 11.95%	**2,893.00**	**10,660.00**	**-**		**13,553.00**
Zero Coupon Bonds	**3,800.00**	**500.00**	**-**	**-**	**4,300.00**
Total	**35,356.00**	**52,289.00**	**5,320.00**	**35,376.75**	**1,28,341.75**
Synthetic Rupee Denominated Bonds					
6.73% - 8.75%	**5,000.00**	**4,300.00**	**1,800.00**	**-**	**11,100.00**
Debt Securities					
Commercial Papers					
7.01% - 8.00%	**7,281.47**	**-**	**-**	**-**	**7,281.47**
8.01% - 9.00%	**29,904.23**	**-**	**-**	**-**	**29,904.23**
Total	**37,185.70**	**-**	**-**	**-**	**37,185.70**
Total Debt Securities	**77,541.70**	**56,603.95**	**7,132.40**	**35,376.75**	**1,76,654.80**

Terms of redemption of bonds and debentures and repayment terms as at March 31, 2018

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.85	14.95	12.40	-	34.20
Non-Convertible Debentures					
6.96% - 8.00%	22,170.00	37,276.00	720.00	3,000.00	63,166.00
8.01% - 10.00%	15,339.20	20,199.00	4,755.00	10,115.00	50,408.20
10.01% - 11.95%	4,195.00	-	-	-	4,195.00
Zero Coupon Bonds	2,150.00	3,800.00	-	-	5,950.00
Total	**43,854.20**	**61,275.00**	**5,475.00**	**13,115.00**	**1,23,719.20**
Synthetic Rupee Denominated Bonds					
6.73% - 7.875%	-	8,300.00	1,300.00	-	9,600.00
Commercial Papers					
6.50% - 7.00%	7,307.08	-	-	-	7,307.08
7.01% - 8.00%	35,606.44	-	-	-	35,606.44
Total	**42,913.52**	**-**	**-**	**-**	**42,913.52**
Total Debt Securities	**86,774.57**	**69,589.95**	**6,787.40**	**13,115.00**	**1,76,266.92**

Terms of redemption of bonds and debentures and repayment terms as at April 1, 2017

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.30	14.10	15.90	4.20	40.50
Non-Convertible Debentures					
6.96% - 8.00%	4,840.00	17,866.00	1,000.00	3,000.00	26,706.00
8.01% - 10.00%	16,786.00	29,239.70	13,146.00	7,500.00	66,671.70
10.01% - 11.95%	1,120.00	4,200.00	-	-	5,320.00
Zero Coupon Bonds	1,460.00	5,250.00	-	-	6,710.00
Total	**24,206.00**	**56,555.70**	**14,146.00**	**10,500.00**	**1,05,407.70**
Synthetic Rupee Denominated Bonds					
6.875% - 7.875%	-	5,000.00	3,300.00	-	8,300.00
Commercial Papers					
6.50% - 7.00%	12,524.05	-	-	-	12,524.05
7.01% - 8.00%	20,196.29	-	-	-	20,196.29
8.01% - 9.00%	4,722.94	-	-	-	4,722.94
Total	**37,443.28**	**-**	**-**	**-**	**37,443.28**
Total Debt Securities	**61,655.58**	**61,569.80**	**17,461.90**	**10,504.20**	**1,51,191.48**

19. Borrowings (Other Than Debt Securities) - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Term Loans from Banks - Secured			
Scheduled Banks	**47,162.72**	24,006.24	20,018.11
Term Loans from other parties - Secured			
Asian Development Bank	**255.79**	296.37	343.98
National Housing Bank	**9,119.38**	8,680.65	5,086.62
	56,537.89	32,983.26	25,448.71
Term Loans from Banks - Unsecured			
Scheduled Banks	**6,543.10**	6,161.70	4,235.95
External Commercial Borrowing - Low Cost Affordable Housing	**14,586.55**	7,657.48	7,619.87
Total Borrowings (A)	**77,667.54**	46,802.44	37,304.53
Borrowings in India	**62,825.20**	38,848.59	29,340.68
Borrowings outside India	**14,842.34**	7,953.85	7,963.85
Total (B)	**77,667.54**	**46,802.44**	**37,304.53**

19.1 All secured borrowings are secured by negative lien on the assets of the Corporation, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29B of the National Housing Bank Act, 1987.

19.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

19.3 The Corporation had availed External Commercial Borrowing (ECBs) of USD 1,625 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity of five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts for part of foreign currency borrowings.

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

19.4 As on March 31, 2019, the Corporation has foreign currency borrowings of **USD 2,797.36 million** and **JPY 53,200 million** (Previous Year USD 3,029.15 million and JPY Nil). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of **USD 2,670.00 million** and **JPY 53,200 million** (Previous Year USD 2,325 million and JPY Nil) and dollar denominated assets and foreign currency arrangements of **USD 111.12 million** (PY USD 367.39 million) to hedge the foreign currency risk. As on March 31, 2019, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD 16.24 million** (Previous Year USD 336.76 million).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **55,650 crore** (Previous Year ₹ 48,270 crore) and Cross Currency Interest rate swaps of a notional amount of ₹ **Nil** (Previous Year ₹ 100 crore) as on March 31, 2019 for varying maturities into floating rate liabilities linked to various benchmarks.

19.5 **Terms of borrowings and repayment as at March 31, 2019**

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks-Secured					
8.01% - 9.00%	**27,270.00**	**700.00**	-	-	**27,970.00**
9.01% - 9.50%	**9,930.00**	**2,020.00**	-	-	**11,950.00**
Fixed 2.68% - 5.01%	**7,242.72**	-	-	-	**7,242.72**
Total	**44,442.72**	**2,720.00**	-	-	**47,162.72**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 months USD LIBOR + 40 bps	**30.05**	**225.74**	-	-	**255.79**
National Housing Bank					
4.00% - 6.00%	**285.55**	**761.46**	**761.46**	**763.37**	**2,571.84**
6.01% - 8.00%	**61.55**	**161.09**	**139.77**	**110.40**	**472.81**
8.01% - 10.00%	**622.92**	**1,660.96**	**1,240.00**	**2,550.85**	**6,074.73**
Total	**970.02**	**2,583.51**	**2,141.23**	**3,424.62**	**9,119.38**
Term Loans from Banks - Unsecured					
8.01% - 9.00%	**3,100.00**	**1,000.00**	**250.00**	-	**4,350.00**
9.01% - 9.50%	**1,500.00**	-	-	-	**1,500.00**
Variable USD LIBOR + 72 bps - 225 bps	**693.10**	-	-	-	**693.10**
Total	**5,293.10**	**1,000.00**	**250.00**	-	**6,543.10**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 50 bps to 126 bps	-	**6,064.62**	**8,521.93**	-	**14,586.55**
Total Borrowings	**50,735.89**	**12,593.87**	**10,913.16**	**3,424.62**	**77,667.54**

Terms of borrowings and repayment as at March 31, 2018

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	10,532.00	-	-	265.00	10,797.00
8.01% - 9.00%	2,000.00	-	-	-	2,000.00
9.01% - 9.50%	-	-	-	-	-
USD LIBOR + 72 bps - 225 bps	11,209.24	-	-	-	11,209.24
Total	**23,741.24**	-	-	**265.00**	**24,006.24**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 months USD LIBOR + 40 bps	26.57	58.29	211.51	-	296.37
National Housing Bank - Secured					
4.00% - 6.00%	136.73	364.63	364.63	645.18	1,511.17
6.01% - 8.00%	664.89	1,731.72	1,357.35	1,873.52	5,627.48
8.01% - 10.00%	437.45	386.70	205.20	512.65	1,542.00
Total	**1,239.07**	**2,483.05**	**1,927.18**	**3,031.35**	**8,680.65**

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks- Unsecured					
6.65% - 7.00%	-	-	1,000.00	250.00	1,250.00
7.01% - 8.00%	3,260.00	-	-	-	3,260.00
8.01% - 9.00%	1,000.00	-	-	-	1,000.00
USD LIBOR + 72 bps - 225 bps	651.70	-	-	-	651.70
Total	**4,911.70**	**-**	**1,000.00**	**250.00**	**6,161.70**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 100 bps to 126 bps	1,955.10	3,258.50	2,443.88	-	7,657.48
Total Borrowings	**31,873.68**	**5,799.84**	**5,582.57**	**3,546.35**	**46,802.44**

Terms of borrowings and repayment as at April 1, 2017

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	225.00	-	-	-	225.00
8.01% - 9.00%	8,500.00	132.00	1,000.00	300.00	9,932.00
9.01%-9.50%	400.00	-	-	-	400.00
Fixed 2.68%-5.01%	311.28	-	-	-	311.28
Variable USD LIBOR + 72 bps - 225 bps	9,149.83	-	-	-	9,149.83
Total	**18,586.11**	**132.00**	**1,000.00**	**300.00**	**20,018.11**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	24.86	54.55	78.33	186.24	343.98
National Housing Bank - Secured					
4.00%-6.00%	0.11	-	-	-	0.11
6.01%-8.00%	665.65	1,687.72	1,260.95	250.18	3,864.50
8.01%-10.00%	535.28	663.92	22.81	-	1,222.01
Total	**1,201.04**	**2,351.64**	**1,283.76**	**250.18**	**5,086.62**
Term Loans from Banks - Unsecured					
7.01% - 8.00%	1,200.00	-	1,000.00	-	2,200.00
8.01% - 9.0%	285.00	-	-	-	285.00
9.01%-9.50%	-	-	-	-	-
Variable USD LIBOR + 72 bps - 225 bps	1,750.95	-	-	-	1,750.95
Total	**3,235.95**	**-**	**1,000.00**	**-**	**4,235.95**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 100 bps to 126 bps	-	1,945.50	5,674.37	-	7,619.87
Total Borrowings	**23,047.96**	**4,483.69**	**9,036.46**	**736.42**	**37,304.53**

20. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deposits			
(i) Public Deposits	**75,591.50**	62,461.89	59,465.53
(ii) From Banks	**115.00**	323.00	582.00
(iii) From Others	**30,174.13**	28,714.40	25,725.31
Total	**105,880.63**	**91,499.29**	**85,772.84**
Less: Unamortised transaction cost	**(281.69)**	(230.59)	(236.84)
Borrowings net of unamortised cost	**105,598.94**	**91,268.70**	**85,536.00**

20.1 Deposits includes ₹ **220 crore** (As at March 31, 2018 ₹ 156.51 crore and As at April 1, 2017 ₹ 118.55 crore) from related parties [Refer Note 43].

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

21. Subordinated Liabilities - At Amortised Cost

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Non Convertible Subordinated Debentures	**5,500.00**	5,500.00	5,500.00
Total	**5,500.00**	**5,500.00**	**5,500.00**
Subordinated Liabilities in India	**5,500.00**	5,500.00	5,500.00
Subordinated Liabilities outside India	**-**	-	-
Total	**5,500.00**	**5,500.00**	**5,500.00**

21.1 Terms of borrowings and repayment:

As at March 31, 2019

₹ in Crore

Particulars	**0-1 years**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
8.65% - 9.60%	500.00	2,000.00	-	3,000.00	5,500.00

As at March 31, 2018

₹ in Crore

Particulars	**0-1 years**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
8.65% - 9.60%	-	1,500.00	1,000.00	3,000.00	5,500.00

As at April 1, 2017

₹ in Crore

Particulars	**0-1 years**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
8.65% - 9.60%	-	500.00	2,000.00	3,000.00	5,500.00

21.2 These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2019, **65.45%** (Previous Year 74.55%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

22. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued	**11,790.37**	10,869.92	8,897.55
Amounts payable on Assigned/Securitised Loans	**535.35**	490.55	574.60
Security and other deposits received	**33.33**	29.64	24.20
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78	7.78
Unclaimed dividend	**26.91**	43.05	24.74
Unclaimed matured deposits	**1,018.06**	743.34	801.39
Interest accrued and due on matured deposits	**105.90**	85.84	107.19
Others	**202.79**	7.02	0.00
Total	**13,720.49**	**12,277.14**	**10,437.45**

22.1 As required under Section 125 of the Companies Act 2013, the Corporation has transferred ₹ **3.18 crore** (Previous Year ₹ 2.76 crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2019, no amount was due for transfer to the IEPF. Further, in compliance with the said section, during the year the Corporation transferred 73,237 equity shares of ₹ 2 each (Previous Year 14,15,471) Corresponding to the said unclaimed dividend in the name of IEPF. However, 12 equity shares could not be transferred as the depositories informed that the aforesaid shares were not available in the demat accounts of the respective shareholders.

23. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Tax (Net of Advance Tax)	**146.43**	91.84	59.46
Total	**146.43**	**91.84**	**59.46**

24. Provisions

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Employee Benefits	**209.55**	182.54	177.01
Total	**209.55**	**182.54**	**177.01**

25. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Revenue received in advance	**494.27**	379.81	416.14
Statutory Remittances	**233.80**	226.14	175.23
Others	**48.23**	53.89	63.20
Total	**776.30**	**659.84**	**654.57**

26. Equity Share Capital

₹ in Crore

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
AUTHORISED			
228,80,50,000 (As at March 31, 2018 228,80,50,000 & As at April 1, 2017 175,00,00,000) Equity Shares of ₹ 2 each	**457.61**	457.61	350.00
	457.61	457.61	350.00
ISSUED, SUBSCRIBED AND FULLY PAID UP			
172,14,37,390 (As at March 31, 2018 167,58,79,893 & As at April 1, 2017 158,86,72,140) Equity Shares of ₹ 2 each	**344.29**	335.18	317.73
	344.29	335.18	317.73

26.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2019**		As at March 31, 2018		As at April 1, 2017	
	Number	**₹ in Crore**	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**1,67,58,79,893**	**335.18**	1,58,86,72,140	317.73	1,58,86,72,140	317.73
Shares allotted pursuant to exercise of stock options	**95,72,626**	**1.91**	1,19,74,230	2.40	-	-
Shares allotted pursuant to issue of shares under Conversion of Warrants into equity shares (Previous year allotment of shares under QIP, preferential basis and Conversion of Warrants into equity shares)	**3,59,84,871**	**7.20**	7,52,33,523	15.05	-	-
Equity shares outstanding as at the end of the year	**1,72,14,37,390**	**344.29**	1,67,58,79,893	335.18	1,58,86,72,140	317.73

26.2 Details of shareholders holding more than 5 percent shares in the Corporation are given below:

Particulars	**As at March 31, 2019**		As at March 31, 2018		As at April 1, 2017	
	Number	**₹ in Crore**	Number	₹ in Crore	Number	₹ in Crore
Life Insurance Corporation of India (All accounts)	-	-	-	-	8,60,26,344	5.41%

26.3 Terms and rights attached to equity shares:

The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

As at March 31, 2019 **6,48,95,193 shares** (As at March 31, 2018 11,04,53,219 shares and As at April 1, 2017 12,29,51,224 shares) were reserved for issuance as follows:

a) **6,48,95,193 shares** of ₹ 2 each (As at March 31, 2018 7,44,67,819 and As at April 1, 2017 8,64,51,224 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 42].

b) **Nil shares** of ₹ 2 each (As at March 31, 2018 3,59,85,400 and As at April 1, 2017 365,00,000 shares of ₹ 2 each) towards outstanding share warrants [Refer Note 26.5].

26.4 **Dividend**

The Board of Directors of the Corporation at its meeting held on March 6, 2019, inter alia, has approved the payment of an interim dividend of ₹ 3.50 per equity share (Previous Year ₹ 3.50 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2018-19.

The Corporation has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders (including Foreign Portfolio Investors) are as under:

Particulars	**Current Year**		**Previous Year**	
	Interim	**Final**	**Interim**	**Final**
Year to which the dividend relates	**2018-19**	**2017-18**	2017-18	2016-17
Number of non-resident shareholders	**9,621**	**8,775**	8,191	6,825
Number of shares held by them	**1,27,73,15,174**	**1,27,49,34,974**	1,28,68,40,792	1,23,96,74,145
Gross amount of dividend (in ₹)	**4,47,06,03,109**	**21,03,64,27,071**	4,50,39,42,772	18,59,51,12,175

26.5 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at an exercise price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The said warrants were exercisable at any time on or before October 5, 2018. During the year, 3,59,84,871 warrants were exchanged with 3,59,84,871 equity shares of ₹ 2 each and realised an amount of ₹ 5,307.77 crore. 529 warrants were not submitted for exchange with equity shares of the Corporation and the said warrants has lapsed and ceased to be valid. The amount of ₹ 14 per Warrant paid on 529 warrants stands forfeited.

26.6 The Corporation has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

27. OTHER EQUITY

₹ in Crore

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital Reserve	27.1	**0.04**	0.04	0.04
Securities Premium	27.2	**30,661.21**	24,269.45	10,240.49
Retained Earnings		**11,635.24**	7,929.24	5,295.72
General Reserve	27.3	**15,905.51**	15,905.51	13,473.41
Special Reserve I	27.4	**51.23**	51.23	51.23
Special Reserve II	27.4 & 27.5	**13,016.95**	11,166.95	9,811.95
Statutory Reserve	27.5	**5,027.42**	4,927.42	3,849.42
Shelter Assistance Reserve	27.6	**3.21**	18.15	193.20
Equity Instruments through Other Comprehensive Income		**(170.23)**	(43.17)	(25.99)
Effective portion of Cash Flow Hedges	27.7	**(222.45)**	(232.36)	(183.80)
Cost of Cash Flow Hedges	27.7	**(2.44)**	-	-
Employee Stock Options Reserve	27.8	**1,098.06**	937.61	-
Foreign Currency Monetary Item Translation	27.9	**7.43**	(50.71)	362.12
Money received against Share Warrants		**-**	50.38	51.10
TOTAL		**77,011.18**	64,929.73	43,118.89

27.1 **Capital Reserve:** It has been created during the Business Combinations in earlier periods.

27.2 **Securities Premium:** 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.

27.3 **General Reserve:** It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

27.4 **Special Reserve** has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation.

Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97

Special Reserve No. II relates to the amounts transferred thereafter.

27.5 **Statutory Reserve:** As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation 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 Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **1,850 crore** (Previous Year ₹ 1,355 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **100 crore** (Previous Year ₹ 1,078 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

27.6 **Shelter Assistance Reserve:** It represents funding various development and grassroot level organisations for the purposes as mentioned in Schedule VI to the Companies Act, 2013 and in accordance with the Corporation's Policy.

27.7 **Other Comprehensive Income:**

Effective portion of Cash Flow Hedge: It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Cost of Hedge: It represent the cumulative charge for the derivative instrument, in the form of premium amortisation and changes in time value on option contracts, designated as cash flow hedges through OCI.

Reconcilisation of movements in Cash flow hedge/Cost of hedge reserve:

Particulars	₹ in Crore
(i) Cash flow hedging reserve	
As at April 1, 2017	183.80
Add: Changes in fair value of forward / currency swap contracts	36.60
Add: Changes in intrinsic value of foreign currency options	-
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	38.04
Less: Deferred tax relating to above (net)	(26.08)
As at March 31, 2018	**232.36**
Add: Changes in fair value of forward / currency swap contracts	(298.11)
Add: Changes in intrinsic value of foreign currency options	-
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	282.88
Less: Deferred tax relating to above (net)	5.32
As at March 31, 2019	**222.45**
(ii) Cost of hedge reserve	
As at April 1, 2017	-
Deferred time value of foreign currency option contracts	-
Less: Deferred tax relating to above (net)	-
As at March 31, 2018	**-**
Deferred time value of foreign currency option contracts	3.75
Less: Deferred tax relating to above (net)	(1.31)
As at March 31, 2019	**2.44**

27.8 **Employee Share Option Outstanding:**

The Corporation has stock option schemes under which options to subscribe for the Corporation's shares have been granted to eligible employees and key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments.

27.9 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Further the Corporation has availed the exemption as per para D13AA of Ind AS 101 and has continued the policy adopted for recognising exchange differences arising from translation of long-term foreign currency monetory items recognised in the financial statements for the period ending immediately before the effective date as per the previous GAAP. Consequently, an amount of ₹ 7.43 crore (without considering future tax benefit of ₹ Nil) [(Previous Year net debit of ₹ 50.71 crore) (without considering future tax benefits of ₹ 17.72 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2019. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 1 year.

During the year, there was a net reduction of ₹ **58.14 crore** (Previous Year net addition of ₹ 412.84 crore) in the Foreign Currency Monetary Items Translation Difference Account.

28. Interest Income

₹ in Crore

Particulars	**2018-19**			2017-18		
	On Financial Assets measured at Amortised Cost	**Income on Financial Assets classified at fair value through profit or loss**	**Total**	On Financial Assets measured at Amortised Cost	Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans	**37,270.55**	**-**	**37,270.55**	31,680.70	-	31,680.70
Interest income from investments	**733.44**	**-**	**733.44**	568.75	-	568.75
Interest on deposits	**149.95**	**-**	**149.95**	185.26	-	185.26
Other interest Income (net)*	**142.51**	**-**	**142.51**	264.46	-	264.46
Surplus from deployment in Cash Management Schemes of Mutual Funds	**-**	**943.79**	**943.79**	-	433.91	433.91
Total	**38,296.45**	**943.79**	**39,240.24**	32,699.17	433.91	33,133.08

* Other Interest includes interest on income tax refund ₹ **143.70 crore** (Previous Year ₹ 192.65 crore).

28.1 Dividend Income includes ₹ **603.35 crore** (Previous Year ₹ 625.04 crore) received from subsidiary companies and ₹ **0.05 crore** (Previous year ₹ 0.05 crore) received from Investment in Equity shares classified as fair value through other comprehensive income.

28.2 Income from lease rental includes ₹ **39.69 crore** (previous year ₹ 35.35 crore) from Investment properties.

28.3 Fees and Commission Income includes brokerage of ₹ **0.06 crore** (Previous Year ₹ 0.05 crore) received in respect of insurance/agency business undertaken by the Corporation.

28.4 Fees and Commission Income includes ₹ **155.04 crore** (Previous Year ₹ 102.61 crore) received from related parties.

28.5 Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance). Accordingly the total Interest Income is net of such interest on Credit Impaired Assets amounting to ₹ 154 crore (Previous Year ₹ 113 crore).

29. Net Gain/(Loss) on Fair Value Changes

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	**552.11**	109.25
- Derivatives	-	-
- Others	-	-
Total Net gain/(loss) on fair value changes	**552.11**	109.25
Fair Value changes:		
- Realised	**214.18**	80.81
- Unrealised	**337.93**	28.44
Total Net gain/(loss) on fair value changes	**552.11**	109.25

29.1 Profit on sale of Investment in subsidiaries

29.1.1 Profit on Sale of Investments during the year ended 31 March 2019 include profit of ₹ **895.71 crore** on offering of up to 85,92,970 equity shares of ₹ 5 each of equity shares of its subsidiary, HDFC Asset Management Company Limited (HDFC AMC) by way of offer for sale in the Initial Public Offering (IPO) of HDFC AMC.

29.1.2 Profit on Sale of Investments during the year ended 31 March 2019 include profit of ₹ **314.27 crore** on sale of investment in GRUH Finance Ltd (subsidiary).

29.1.3 Previous year Profit on Sale of Investments includes ₹ 265.46 crore on account of sale of equity shares of HDFC Developers Limited and HDFC Realty Limited (Subsidiary Companies).

29.1.4 During the previous year, the Corporation has offered 19,12,46,050 equity shares of ₹ 10 each of HDFC Standard Life Insurance Company Limited (HDFC Life), a material subsidiary representing 9.52% of its issued and paidup share capital in the initial public offering of HDFC Life, resulting in a profit of ₹ 5,256.59 crore (Net of expenses).

29.2 The Corporation has derecognised loans on account of assignment transactions resulting in a gains of ₹ **859.99 crore** (Previous year ₹ 533.71 crore)

30. Finance Costs

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial Liabilities measured at FVTPL	On Financial Liabilities measured at Amortised Cost	On Financial Liabilities measured at FVTPL	On Financial Liabilities measured at Amortised Cost
Interest on debt securities	-	**14,017.89**	-	13,196.31
Interest on borrowings	-	**5,014.57**	-	2,308.51
Interest on deposits	-	**8,128.47**	-	7,324.91
Interest on subordinated liabilities	-	**511.12**	-	511.15
Other charges	-	**165.62**	-	157.10
Sub Total	-	**27,837.67**	-	23,497.98
Total Finance Costs		**27,837.67**		23,497.98

30.1 The Finance cost for the year include foreign currency exchange loss of ₹ **445.99 crore** (Previous year ₹ 310.26 crore)

31. Impairment on Financial Instruments

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost
Loans	-	**920.33**	-	2,116.91
Investments	-	**0.53**	-	-
Others	-	**14.14**	-	(1.91)
Total	-	**935.00**	-	2,115.00

31.1 The details relating to movement in Impairment on Loans (Expected credit loss) is disclosed in note 9.4

31.2 The above amounts are net of the interest on Credit Impaired Assets mentioned in Note 28.5.

32. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and Bonus	**430.33**	367.37
Contribution to Provident Fund and Other Funds	**49.29**	45.55
Staff Training and Welfare Expenses	**25.82**	21.56
Share Based Payments to employees	**211.09**	937.61
Total	**716.53**	1,372.09

32.1 There has been a Supreme Court (SC) judgement dated 28 February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Corporation will continue to assess any further developments in this matter for the implications on financial statements, if any.

33. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	**71.08**	63.29
Rates and Taxes	**5.22**	5.06
Repairs and Maintenance - Buildings	**9.33**	11.07
General Office Expenses	**3.22**	3.20
Electricity Charges	**17.31**	16.45
Insurance Charges	**1.42**	0.95
Total	**107.58**	100.02

33.1 Direct operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1. Direct operating expenses arising from investment property that generated rental income	**2.94**	1.61
2. Direct operating expenses arising from investment property that did not generate rental income	**1.51**	1.90
Total	**4.45**	3.51

33.2 Operating Leases

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **0.33 crore** (Previous Year ₹ 0.29 crore).

₹ in Crore

Period	For the year ended March 31, 2019	For the year ended March 31, 2018
Not later than one year	**0.27**	0.24
Later than one year but not later than five years	-	-
Later than five years	-	-

34. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Travelling and Conveyance	**18.25**	17.11
Printing and Stationery	**11.60**	9.98
Postage, Telephone and Fax	**32.55**	29.03
Advertising	**35.02**	42.05
Business Development Expenses	**44.98**	43.09
Loan Processing Expenses	**59.02**	45.76
Manpower Outsourcing	**57.53**	47.28
Repairs and Maintenance - Other than Buildings	**10.47**	9.97
Office Maintenance	**41.16**	35.15
Legal Expenses	**21.59**	17.39
Computer Expenses	**31.08**	24.69
Directors' Fees and Commission	**5.16**	4.76
Miscellaneous Expenses (Refer note 34.2)	**222.59**	52.54
Auditors' Remuneration	**4.94**	4.72
Total	**595.94**	383.52

34.1 **Payments to auditors**

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit Fees	**1.67**	1.74
ICFR Fees	**0.30**	0.30
Limited Reviews	**0.95**	1.20
Tax Matters	**0.75**	1.00
Other Matters and Certification	**1.20**	0.45
Reimbursement of Expenses	**0.07**	0.03
Total	**4.94**	4.72

Auditors' Remuneration for the year ended March 31, 2018 comprises of remuneration of ₹ 1.00 crore paid to the previous auditor.

Audit Fees in the previous year include ₹ 0.04 crore paid to Branch Auditors.

Auditors' Remuneration above is excluding Goods and Service Tax.

34.2 Expenditure incurred for corporate social responsibility is ₹ 173.52 crore. The amount required to be spend is ₹ 166.81 crore

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above *	173.52	-	173.52

* Out of the above ₹ 14.61 crore was spent from the Shelter Assistance Reserve.

35. Other Comprehensive Income

₹ in Crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(168.06)**	(39.21)
Remeasurements of post-employment benefit obligations	**(18.35)**	(9.58)
Total	**(186.41)**	(48.79)
Income tax relating to these items	**47.41**	25.38
Items that may be reclassified to profit or loss		
Changes in fair value of FVOCI debt instruments		
Deferred gains/(losses) on cash flow hedges	**15.23**	(74.64)
Deferred costs of hedging	**(3.75)**	0.00
Total	**11.48**	(74.64)
Income tax relating to these items	**(4.01)**	26.08
Other comprehensive income for the year, net of tax	**(131.53)**	(71.97)

35.1 During the year, the Corporation has sold Investment in Equity share classified as fair value through other comprehensive income amounting to ₹ **78.44 crore** (Previous year ₹ 7.27 Crore) and incurred a loss of ₹ **10.17 crore** (Previous year profit of ₹ 2.41 crore).

36. Earnings Per Share

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **9,632.46 crore** (Previous Year ₹ 10,959.34 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **14.94 crore** (Previous Year ₹ 175.05 crore).

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**56.53**	67.31
Effect of outstanding Stock Options	**(0.44)**	(0.83)
Diluted Earnings Per Share	**56.08**	66.48

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows :

Numbers in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**170.15**	160.22
Diluted effect of outstanding Stock Options	**1.34**	1.99
Weighted average number of shares for computation of Diluted Earnings Per Share	**171.48**	162.21

37. Segment Reporting

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'. Segment reporting is done in the Consolidated financial statements as prescribed by Ind AS 108.

38. Employee Benefit Plan

38.1 Defined Contribution Plans

The Corporation recognised ₹ **14.35 crore** (Previous Year ₹ 13.54 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

38.2 Defined Benefit Plans

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **441.38 crore** and ₹ **440.06 crore** respectively (Previous Year ₹ 382.06 crore and ₹ 379.49 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65%. The actuarial assumptions include discount rate of **7.77%** (Previous Year 7.73%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.80%** (Previous Year 8.77%).

The Corporation recognised ₹ **21.49 crore** (Previous Year ₹ 18.29 crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Characteristics of defined benefit plan

The Corporation has a defined benefit gratuity plan in India for its employees (funded). The Corporation's gratuity plan requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Corporation is exposed to the following risks:

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities Rate, will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching (ALM) Risk: The plan faces the ALM risk as to the matching cash flow.

Mortality Risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Other Post Retirement Benefit Plan

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

The Principal Assumptions used for the purpose of the actuarial valuation were as follows.

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Discount Rate	**7.77%**	7.73%	7.27%
Return on Plan Assets	**7.77%**	7.73%	7.27%
Salary Escalation	**6.00%**	6.00%	6.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows.

₹ in Crore

Particulars	Current Year	Previous Year
Service Cost:		
Current Service Cost	**10.74**	10.13
Interest Cost	**4.05**	4.41
Components of defined benefit costs recognised in profit or loss	**14.79**	14.54
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**12.17**	6.61
Return on Plan Assets, Excluding Interest Income	**6.18**	2.97
Components of defined benefit costs recognised in other comprehensive income	**18.35**	9.58
Total	**33.14**	24.12

The current service cost and the net interest expense for the year are included in the 'Employee Benefits Expenses' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Corporation's obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Present value of funded defined benefit obligation	**284.65**	256.02	237.11
Fair value of plan assets	**213.48**	203.90	176.50
Net Liability arising from defined benefit obligation	**71.17**	52.12	60.61

Movement in the present value of the defined benefit obligation are as follows.

₹ in Crore

Particulars	Current Year	Previous Year
Opening defined benefit obligation	**256.02**	237.12
Current Service Cost	**10.74**	10.13
Interest Cost	**19.81**	17.24
Benefits Paid	**(14.10)**	(15.08)
Actuarial Gains - Due to change in Financials Assumptions	**(0.46)**	(7.61)
Actuarial Losses - Due to Experience	**12.64**	14.22
Closing defined benefit obligation	**284.65**	256.02
The Liability at the end of the year ₹ **284.65 crore** (Previous Year ₹ 256.02 crore) includes ₹ **63.19 crore** (Previous Year ₹ 57.49 crore) in respect of an un-funded plan.		

Movement in the fair value of the plan assets are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening fair value of plan assets	**203.90**	176.50
Expected Return on Plan Assets	**15.76**	12.83
Contributions	-	17.54
Actuarial loss on Plan Assets	**(6.18)**	(2.97)
Closing fair value of plan assets	**213.48**	203.90

Investment Pattern:

% Invested

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Central Government securities	**1.14**	1.24	1.86
State Government securities/securities guaranteed by State/Central Government	**24.75**	24.30	24.04
Public Sector / Financial Institutional Bonds	**4.07**	4.51	4.65
Private Sector Bonds	**18.46**	17.12	16.15
Special Deposit Scheme	**1.03**	1.08	1.25
Insurance Fund	**44.48**	46.08	47.04
Others (including bank balances)	**6.07**	5.67	5.01
Total	**100.00**	100.00	100.00

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **115.87 crore** (Previous Year ₹ 104.80 crore).

Sensitivity Analysis - Gratuity Fund

₹ in Crore

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	**221.46**	198.52
Delta Effect of +1% Change in Rate of Discounting	**(12.01)**	(10.51)
Delta Effect of -1% Change in Rate of Discounting	**13.74**	12.04
Delta Effect of +1% Change in Rate of Salary Increase	**13.85**	12.13
Delta Effect of -1% Change in Rate of Salary Increase	**(12.31)**	(10.77)
Delta Effect of +1% Change in Rate of Employee Turnover	**1.66**	1.44
Delta Effect of -1% Change in Rate of Employee Turnover	**(18.69)**	(1.63)

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.

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	**52.49**	52.99
2nd Following Year	**14.51**	13.89
3rd Following Year	**24.20**	17.08
4th Following Year	**26.78**	21.30
5th Following Year	**16.67**	15.00
Sum of Years 6 To 10	**70.34**	67.15
Sum of Years 11 and above	**207.52**	177.28

39. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled after factoring in rollover and prepayment assumptions.

₹ in Crore

	March 31, 2019			March 31, 2018			April 1, 2017		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets									
Cash and cash equivalents	360.80	-	360.80	1,232.14	-	1,232.14	4,217.12	-	4,217.12
Bank Balance other than (a) above	1,151.05	84.41	1,235.46	145.98	106.95	252.93	2,342.11	10.00	2,352.11
Derivative Financial Instruments	190.35	1,213.00	1,403.35	115.25	341.00	456.25	90.33	242.38	332.71
Trade Receivables	186.86	-	186.86	103.45	-	103.45	105.97	-	105.97
Loans	64,341.11	3,36,418.52	4,00,759.63	57,780.86	2,99,600.00	3,57,380.86	53,117.87	2,42,574.11	2,95,691.98
Investments	26,843.00	19,397.35	46,240.35	18,269.21	12,447.52	30,716.73	4,793.23	15,388.00	20,181.23
Other Financial Assets	3,041.62	852.72	3,894.34	2,099.78	684.29	2,784.07	6,971.11	698.89	7,670.00
Non-Financial Assets									
Current Tax Asset	-	2,750.18	2,750.18	-	3,376.87	3,376.87	-	3,145.98	3,145.98
Deferred Tax Assets (Net)	-	830.91	830.91	-	1,279.50	1,279.50	-	280.10	280.10
Investment Property	-	321.32	321.32	-	395.13	395.13	-	399.53	399.53
Property, Plant and Equipment	-	644.23	644.23	-	639.71	639.71	-	638.24	638.24
Other Intangible Assets	-	7.10	7.10	0.01	4.78	4.79	-	4.13	4.13
Other Non-Financial Assets	143.02	-	143.02	117.07	-	117.07	170.11	-	170.11
Non-Current Assets Held for Sale	-	-	-	170.09	-	170.09	-	-	-
Total Assets	**96,257.81**	**3,62,519.74**	**4,58,777.55**	**80,033.84**	**3,18,875.75**	**3,98,909.59**	**71,807.85**	**2,63,381.36**	**3,35,189.21**
LIABILITIES									
Financial Liabilities									
Derivative Financial Instruments	143.06	970.40	1,113.46	47.11	462.93	510.04	665.55	255.25	920.80
Trade Payables	-	-							
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	190.17	-	190.17	207.59	-	207.59	148.82	-	148.82
Debt Securities	33,544.40	1,42,954.80	1,76,499.20	23,829.62	1,52,314.93	1,76,144.55	19,619.45	1,31,394.50	1,51,013.95
Borrowings (Other than debt securities)	15,987.63	61,679.91	77,667.54	16,175.37	30,627.07	46,802.44	11,104.68	26,199.85	37,304.53
Deposits	30,387.44	75,211.50	1,05,598.94	23,457.91	67,810.79	91,268.70	22,424.88	63,111.12	85,536.00
Subordinated Liabilities	250.00	5,250.00	5,500.00	-	5,500.00	5,500.00	-	5,500.00	5,500.00
Other Financial Liabilities	11,902.90	1,817.59	13,720.49	9,897.03	2,380.11	12,277.14	8,435.94	2,001.51	10,437.45
Non-Financial Liabilities									
Current Tax Liabilities (Net)	146.43	-	146.43	91.84	-	91.84	59.46	-	59.46
Provisions	113.82	95.73	209.55	37.28	145.26	182.54	116.29	60.72	177.01
Other Non-Financial Liabilities	776.30	-	776.30	659.84	-	659.84	654.57	-	654.57
Total Liabilities	**93,442.15**	**2,87,979.93**	**3,81,422.08**	**74,403.59**	**2,59,241.09**	**3,33,644.68**	**63,229.64**	**2,28,522.95**	**2,91,752.59**
Net	**2,815.66**	**74,539.81**	**77,355.47**	**5,630.25**	**59,634.66**	**65,264.91**	**8,578.21**	**34,858.41**	**43,436.62**

40. Contingent Liabilities and Commitments

40.1 The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

40.2 Given below are amounts in respect of claims asserted by revenue authorities and others:

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,806.08 crore** (As at 31 March 2018 ₹ 1,528.78 crore and As at 1 April 2017 ₹ 1,241.88 crore). The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employer's contribution to ESIC not provided for by the Corporation amounts to ₹ **0.13 crore** (As at 31 March 2018 ₹ 0.15 crore and As at 1 April 2017 ₹ 0.15 crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

40.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **534.98 crore** (As at 31 March 2018 ₹ 511.88 crore and As at 1 April 2017 ₹ 628.09 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,838.13 crore** (As at 31 March 2018 ₹ 1,838.21 crore and As at 1 April 2017 ₹ 1,838.21 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

40.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **890.45 crore** (As at 31 March 2018 ₹ 1,066.99 crore and as at 1 April 2017 ₹ 580.63 crore).

40.5 **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ 17.50 per share at their meeting held on 13 May 2019. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

41. Movement in Impairment Loss Allowance (Expected Credit Loss)

Particulars	₹ in crore
At April 1, 2017	**3,277.00**
Arising during the year	2,228.00
Utilised	(56.17)
At March 31, 2018	**5,448.83**
Arising during the year	1,089.00
Utilised	(657.45)
At March 31, 2019	**5,880.38**

The Corporation has made provision towards other loans and advances unsecured considered doubtful.

42. Share-Based Payments

42.1 Under Employees Stock Option Scheme - 2017 (ESOS - 17), the Corporation had granted 4,28,45,977 options at an exercise price ranging between ₹ 1,569.85 and ₹ 1908.30 per option representing 4,28,45,977 equity shares of ₹ 2 each to the employees and directors of the Corporation. The options were granted at an excercise price ranging between ₹ 1,569.85 and ₹ 1908.30 per option being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-17, the options would vest over a period of 1-3 years from the date of grant, but not later than March 16, 2021, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, **4,04,56,804 options** (Previous Year Nil options) were vested. In the current year **1,55,680 options** (Previous Year 4,03,871 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted **62,73,064 options** at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **Nil options** (Previous Year 49,902 options) were vested. In the current year **150 options** (Previous Year 1,799 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted **61,02,475 options** at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **998 options** (Previous Year 27 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted **57,90,000 options** at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted **54,56,835 options** at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

42.2 **Method used for accounting for share based payment plan:**

The stock options granted to employees pursuant to the Corporation's Stock options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

42.3 **Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:**

Number of options
(Previous Year figures are in brackets)

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**4,24,42,106**	**42,64,210**	**4,35,254**	**4,874**	**5,287**
	-	*(54,08,364)*	*(16,87,772)*	*(4,874)*	*(5,287)*
Granted during the year	**-**	**-**	**-**	**-**	**-**
	(4,28,45,977)	-	-	-	-
Vested during the year	**4,04,56,804**	**-**	**-**	**-**	**-**
	-	*(49,902)*	-	-	-
Exercised during the year	**18,41,716**	**11,16,519**	**4,29,663**	**-**	**-**
	-	*(11,42,355)*	*(12,52,491)*	-	-
Lapsed during the year	**1,55,680**	**150**	**998**	**-**	**-**
	(4,03,871)	*(1,799)*	*(27)*	-	-
Outstanding at the end of the year	**4,04,44,710**	**31,47,541**	**4,593**	**4,874**	**5,287**
	(4,24,42,106)	*(42,64,210)*	*(4,35,254)*	*(4,874)*	*(5,287)*
Unvested at the end of the year	**18,56,556**	**-**	**-**	**-**	**-**
	(4,24,42,106)	-	-	-	-
Exercisable at the end of the year	**3,85,88,154**	**31,47,541**	**4,593**	**4,874**	**5,287**
	-	*(42,64,210)*	*(4,35,254)*	*(4,874)*	*(5,287)*
Weighted average price per option	**1,571.33**	**5,073.25**	**3,177.50**	**1,350.60**	**2,149.00**

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

42.4 **Fair Value Methodology:**

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows:

Particulars	ESOS-2017*	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

*The stock based compensation expense determined under fair value based method and charged to statement profit and loss is ₹ 211.09 crore (Previous Year ₹ 937.61 crore).

43. Related Party Disclosures

Group structure

Subsidiary Companies

HDFC Life Insurance Company Ltd.
(erstwhile HDFC Standard Life Insurance Company Ltd.)
HDFC Pension Management Company Ltd.
(Subsidiary of HDFC Life Insurance Company Ltd.)
HDFC International Life and Re Company Limited
(Subsidiary of HDFC Life Insurance Company Ltd.)
HDFC ERGO General Insurance Company Ltd.
Gruh Finance Ltd.
HDFC Asset Management Company Ltd.
HDFC Credila Financial Services Private Ltd.
HDFC Trustee Company Ltd.
HDFC Capital Advisors Ltd.
HDFC Holdings Ltd.
HDFC Investment Ltd.
HDFC Sales Pvt. Ltd.
HDFC Education & Development Services Pvt. Ltd.
HDFC Property Ventures Ltd.
HDFC Venture Capital Ltd.
HDFC Venture Trustee Company Ltd.
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)
Griha Investments (Subsidiary of HDFC Holdings Ltd.)
HDFC Developers Ltd. (till January 24, 2018)
HDFC Realty Ltd. (till January 24, 2018)
HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT - II)

Associates Companies

HDFC Bank Ltd.
True North Ventures Private Ltd.
Good Host Spaces Pvt Ltd (w.e.f. August 24, 2018)
HDB Financial Services Ltd.
(Subsidiary of HDFC Bank Ltd.)
HDFC Securities Ltd.
(Subsidiary of HDFC Bank Ltd.)
Magnum Foundations Private Ltd. (Associate of HDFC Property Ventures Ltd.)

Entities over which control is exercised	H T Parekh Foundation HDFC Employees Welfare Trust HDFC Employees Welfare Trust 2
Key Management Personnel	Mr. Keki M. Mistry (Vice Chairman & CEO) Ms. Renu Sud Karnad (Managing Director) Mr. V. Srinivasa Rangan (Executive Director) Mr. Deepak S Parekh Mr. B. S. Mehta (ceased to be related party effective July 30, 2018) Mr. Nasser Munjee Dr. Bimal Jalan (ceased to be related party effective July 30, 2018) Dr. J. J. Irani Mr. D. N. Ghosh (ceased to be related party effective April 30, 2018) Mr. D. M. Sukthankar (ceased to be related party effective April 30, 2018) Mr. U. K. Sinha (appointed w.e.f April 30, 2018) Ms. Ireena Vittal (appointed w.e.f January 30, 2019) Dr. Bhaskar Ghosh (appointed w.e.f September 27, 2018) Mr. Jalaj Dani (appointed w.e.f April 30, 2018)
Relatives of Key Management Personnel (Whole-time Directors) *(where their are transactions)*	Mr. Singhal Nikhil Mr. Ashok Sud Mr. Bharat Karnad
Relatives of Key Management Personnel (Non-executive directors) *(where there are transactions)*	Mr. Aditya Parekh Mr. Siddharth D. Parekh Ms. Harsha Shantilal Parekh Ms. Hasyalata Bansidhar Mehta (ceased to be related party effective July 30, 2018) Ms. Tapasi Ghosh (ceased to be related party effective April 30, 2018) Chandrakant Mahadev Sukthankar (HUF) (ceased to be related party effective April 30, 2018) Ms. Niamat Munjee Ms. Sarita Yeshwant Keni (ceased to be related party effective April 30, 2018) Ms. Smita D Parekh Adv Wadhwa Darpan (ceased to be related party effective July 30, 2018)
Post Employment Benefit Plans	Housing Development Finance Corporation Ltd. Provident Fund Superannuation Fund of Housing Development Finance Corporation Ltd. Gratuity Fund of Housing Development Finance Corporation Ltd. Gruh Finance Limited Officers Superannation Fund

Compensation of key management personnel of the Corporation

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Corporation and its employees. The Corporation includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

Transactions with key management personnel of the Corporation

The Corporation enters into transactions, arrangements and agreements involving directors, senior management and their business associates, or close family members, in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

The Corporations's related party balances and transactions are summarised as follows:

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
Subsidiary	Dividend Income	603.35	625.05	-
	Interest Income	38.15	75.81	-
	Consultancy, Fees & Other Income	155.04	102.61	-
	Rent Income	22.89	25.05	-
	Support cost recovered	4.52	5.27	-
	Other Income	0.36	26.69	-
	Interest Expense	131.97	75.23	-
	Other Expenses/ Payments	438.17	330.10	-
	Investments made	259.66	272.64	-
	Investments sold / Redeemed	126.52	333.53	-
	Investments closing balance	3,136.06	3,002.92	3,152.34
	Loans given	108.70	168.00	-
	Loans repaid	108.50	169.50	-
	Loans closing balance	108.70	108.50	110.00
	Corporate Deposits placed	57.70	25.00	-
	Corporate Deposits Redeemed / withdrawn	57.70	38.30	-
	Corporate Deposits closing balance	-	-	13.30
	Trade Receivable	75.88	42.43	53.62
	Other Advances / Receivables	15.00	13.16	12.38
	Purchase of Fixed Assets	0.28	-	-
	Deposits Received	89.60	23.85	-
	Deposits repaid / matured	70.85	37.00	-
	Deposits closing balance	21.00	2.25	15.40

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
	Non-Convertible Debentures - Redemption	55.00	127.00	-
	Non-Convertible Debentures closing balance	1,900.00	1,385.00	1,257.00
	Other Liabilities / Payables	130.86	102.04	68.27
	Commercial Paper- Redemption	-	25.00	-
Associates	Dividend Income	511.17	432.53	-
	Interest Income	5.48	5.66	-
	Rent Income	1.48	2.13	-
	Support cost recovered	0.70	0.41	-
	Other Income	387.05	329.97	-
	Interest Expense	3.88	34.02	-
	Bank & Other Charges	0.61	3.33	-
	Other Expenses / Payments	265.13	248.20	-
	Investments made	8,569.75	-	-
	Investments sold / Redeemed	2.50	-	-
	Investments closing balance	14,119.52	5,552.27	5,552.27
	Loans Sold	23,982.42	5,623.94	-
	Bank Deposits placed	70.00	1,060.41	-
	Bank Deposits matured / withdrawn	1,070.00	60.16	-
	Bank Balance and Deposits closing balance	351.05	1,233.13	199.33
	Trade Receivable	46.16	32.37	4.10
	Other Advances / Receivables	87.27	34.39	4.51
	Non-Convertible Debentures (Allotments under Primary Market)	685.00	2,105.00	-
	Non-Convertible Debentures - Redemption	428.00	65.00	-
	Non-Convertible Debentures closing balance	-	1,610.00	-
	Other Liabilities / Payables	29.50	52.47	25.69
	Amounts payable - Securitised Loans	452.01	419.22	508.64
	Dividend Paid	0.18	0.33	-
	Issuance of Letter of Comfort	6.00	-	-

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
Entities over which control is exercised	Support cost recovered	0.41	0.36	-
	Interest Expense	9.45	4.99	-
	Donation @	130.77	-	-
	Deposits Received	112.26	60.00	-
	Deposits repaid / matured	70.00	-	-
	Deposits closing balance	172.26	130.00	70.00
	Other Liabilities / Payables	0.07	24.97	17.85
	Donation @	12.00	169.97	-
Post employment benefit plans of the Corporation or its related entities	Interest Expense	0.28	0.01	-
	Contribution To PF & Other Funds	46.17	-	-
	Non-Convertible Debentures - Redemption	0.10	-	-
	Non-Convertible Debentures closing balance	1.80	0.10	0.10
	Other Liabilities / Payables	8.15	-	-
Key Management Personnel (Whole-time Directors)	Interest Income	-	-	-
	Interest Expense	0.27	0.24	-
	Remuneration #	34.68	30.22	-
	Share based payments **	16.91	84.27	-
	Loans repaid	0.01	0.01	-
	Loans closing balance	0.04	0.05	0.06
	Deposits Received	3.27	0.02	-
	Deposits repaid / matured	2.85	0.01	-
	Deposits closing balance	3.28	2.86	2.85
	Other Liabilities / Payables	0.13	0.33	0.11
	Dividend Paid	7.91	6.66	-
Key Management Personnel (Non whole-time Directors)	Interest Expense	0.09	0.58	-
	Sitting Fees	0.89	0.75	-
	Commission ^^	4.27	3.99	-
	Share based payments **	3.77	18.78	-

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
	Deposits Received	-	0.50	-
	Deposits repaid / matured	-	9.40	-
	Deposits closing balance	-	3.25	12.15
	Other Liabilities / Payables	-	-	0.34
	Dividend Paid	2.36	2.93	-
Relatives of Key Management Personnel (Whole-time Directors)	Interest Income	0.03	0.03	-
	Interest Expense	0.01	0.01	-
	Other Expenses / Payments	-	0.10	-
	Loans repaid	0.03	0.02	-
	Loans closing balance	0.35	0.37	0.40
	Other Advances / Receivables	-	0.03	0.06
	Deposits Received	0.50	-	-
	Deposits repaid / matured	0.11	0.11	-
	Deposits closing balance	0.50	-	0.11
	Other Liabilities / Payables	0.01	0.02	0.01
	Dividend Paid	1.32	1.22	-
Relatives of Key Management Personnel (Non whole-time Directors)	Interest Income	0.05	0.16	-
	Interest Expense	1.76	1.52	-
	Loans repaid	0.04	0.10	-
	Loans closing balance	-	1.58	1.69
	Deposits Received	21.40	1.47	-
	Deposits repaid / matured	16.09	1.36	-
	Deposits closing balance	22.95	18.15	18.04
	Other Liabilities / Payables	1.07	1.90	0.83
	Dividend Paid	3.22	2.54	-

Notes:-

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Company basis at the end each year and, accordingly, have not been considered in the above information.

** Pursuant to receipt of shareholders approval by way of postal ballot, the Nomination and Remuneration Committee of Directors at its meeting held on June 1, 2017 granted 4,28,45,977 stock options under Employees Stock Option Scheme – 2017. Stock options are always granted at the prevailing market prices and as such the intrinsic value of the options is nil. However, effective from April 1, 2018, the Company has converged to Ind AS and in compliance with Ind AS 102, the same has been charged to the Statement of Profit and Loss Account with a corresponding credit to the Reserves.

^^ Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Corporation and will be paid post adoption of annual accounts by the shareholders.

@ Donations includes ₹ 12 crore, utilised out of Shelter Assistance Reserve during the year 2018-19.

"0" denotes amount less than ₹ Fifty thousand.

44. Financial instruments

44.1 Capital Management

The Corporation maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The adequacy of the Corporation's capital is monitored using, among other measures, the regulations issued by NHB.

The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Net debt	**3,64,904.89**	3,18,483.55	2,75,137.36
Total equity	**77,355.47**	65,264.91	43,436.62
Net debt to equity ratio	**4.72:1**	**4.88:1**	**6.33:1**

Loan covenants

Under the terms of the major borrowing facilities, the Corporation has complied with the covenants throughout the reporting period.

44.2 Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include credit risk, liquidity risk, foreign exchange risk, interest rate risk and counterparty risk.

The Financial Risk management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Interest rate risks is mitigated by entering into interest rate swaps. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts and dollar denominated assets. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to various benchmarks.

44.3 Categories of Financial Instruments

₹ in Crore

Particulars	March 31, 2019			March 31, 2018			April 1, 2017		
	FVTPL	FVOCI/Cash flow Hedge Reserve	Amortised cost	FVTPL	FVOCI/Cash flow Hedge Reserve	Amortised cost	FVTPL	FVOCI/Cash flow Hedge Reserve	Amortised cost
Financial Assets									
Investments									
Mutual funds	15,425.81	-	-	10,224.81	-	-	3,020.97	-	-
Government securities	-	-	10,457.45	-	-	9,434.73	-	-	6,484.97
Other approved securities	-	-	-	-	-	-	-	-	-
Equity shares	1,145.99	221.93	-	840.80	426.18	-	796.29	464.45	-
Preference Shares	0.45	-	-	42.70	-	-	-	-	-
Debentures	19.96	356.98	396.31	19.96	356.98	162.67	-	-	151.30
Pass-through Certificates	-	-	27.32	-	-	33.02	-	-	39.48
Security Receipts	221.69	-	-	224.35	-	-	229.20	-	-
Investment in Units of Venture Capital Fund	711.42	-	-	397.88	-	-	292.51	-	-
Derivative financial assets*	962.00	441.35	-	337.85	118.40	-	251.86	80.85	
Trade receivables	-	-	186.86	-	-	103.45	-	-	105.97
Loans	-	-	4,00,759.63	-	-	3,57,380.86	-	-	2,95,691.98
Other Financial Assets	-	-	3,894.34	-	-	2,784.07	-	-	7,670.00
Total Financial Assets	**18,487.32**	**1,020.26**	**4,15,721.91**	**12,088.35**	**901.56**	**3,69,898.80**	**4,590.83**	**545.30**	**3,10,143.70**
Financial Liabilities									
Derivative financial liabilities*	948.71	164.75	-	278.12	231.92	-	174.94	745.86	-
Trade payables	-	-	190.17	-	-	207.59	-	-	148.82
Debt Securities	-	-	1,76,499.20	-	-	1,76,144.55	-	-	1,51,013.95
Borrowings	-	-	77,667.54	-	-	46,802.44	-	-	37,304.53
Deposits	-	-	1,05,598.94	-	-	91,268.70	-	-	85,536.00
Subordinated Liabilities	-	-	5,500.00	-	-	5,500.00	-	-	5,500.00
Other financial liabilities	-	-	13,720.49	-	-	12,277.14	-	-	10,437.45
Total Financial Liabilities	**948.71**	**164.75**	**3,79,176.34**	**278.12**	**231.92**	**3,32,200.42**	**174.94**	**745.86**	**2,89,940.76**

* Derivatives designated as Cash Flow Hedges.

44.3.1 **Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Corporation has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	15,405.77	20.04	-	15,425.81
Equity shares	686.52	-	459.47	1,145.99
Preference Shares	-	-	0.45	0.45
Debentures	-	-	19.96	19.96
Security Receipts	-	214.70	6.99	221.69
Investment in Units of Venture Capital Fund	-	-	711.42	711.42
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	962.00	-	962.00
Financial Investments at FVOCI				
Listed equity investments	204.68	-	-	204.68
Equity investments	-	-	17.26	17.26
Debentures	-	-	356.98	356.98
Derivatives designated as cash flow hedges				
-Forwards	-	7.42	-	7.42
-Currency swaps - Principal Only Swaps	-	311.72	-	311.72
-Options purchased (net)	-	122.20	-	122.20
Total financial assets	**16,296.97**	**1,638.08**	**1,572.53**	**19,507.58**
Financial liabilities				
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	948.71	-	948.71
Derivatives designated as cash flow hedges				
-Forwards	-	100.71	-	100.71
-Currency swaps - Principal Only Swaps	-	63.93	-	63.93
-Options purchased (net)	-	0.11	-	0.11
Total financial liabilities	**-**	**1,113.46**	**-**	**1,113.46**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	10,204.75	20.06	-	10,224.81
Equity shares	515.16	-	325.64	840.80
Preference Shares	-	-	42.70	42.70
Debentures	-	-	19.96	19.96

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Security Receipts	-	214.70	9.65	224.35
Investment in Units of Venture Capital Fund	-	-	397.88	397.88
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	337.85	-	337.85
Financial Investments at FVOCI				
Equity investments	195.61	-	230.57	426.18
Debentures	-	-	356.98	356.98
Derivatives designated as cash flow hedges				
-Forwards	-	39.61	-	39.61
-Currency swaps - Principal Only Swaps	-	78.79	-	78.79
Total financial assets	**10,915.52**	**691.01**	**1,383.38**	**12,989.91**
Financial liabilities				
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	278.12	-	278.12
Derivatives designated as cash flow hedges				
-Forwards	-	22.06	-	22.06
-Currency swaps - Principal Only Swaps	-	209.86	-	209.86
Total financial liabilities	**-**	**510.04**	**-**	**510.04**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at April 1, 2017				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	3,000.92	20.05	-	3,020.97
Equity shares	526.59	-	269.70	796.29
Security Receipts	-	214.70	14.50	229.20
Investment in Units of Venture Capital Fund	-	-	292.51	292.51
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	251.86	-	251.86
Financial Investments at FVOCI				
Equity investments	165.65	-	298.80	464.45
Debentures	-	-	-	-
Derivatives designated as cash flow hedges				
-Currency swaps - Principal Only Swaps	-	80.85	-	80.85
Total financial assets	3,693.16	567.46	875.51	5,136.13
Financial liabilities				
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	174.94	-	174.94
Derivatives designated as cash flow hedges				
-Forwards	-	460.87	-	460.87
-Currency swaps - Principal Only Swaps	-	284.99	-	284.99
Total financial liabilities	-	920.80	-	920.80

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market for example, securities receipts, Mutual Funds (close ended) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments, venture fund units, security receipts, contingent consideration and indemnification asset included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2019, 2018 and April 1, 2017.

44.3.2 **Valuation technique used to determine fair value**

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

44.3.3 **Valuation Process - Equity Instrument Level 3**

When the fair value of equity investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions happened in respective companies. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain unquoted equity instruments insufficient more recent information is available to measure fair value and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose.

44.3.4 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods 31 March 2019:

₹ in Crore

Particulars	Unlisted equity securities	Preference Shares	Debentures	Venture Funds	Security Receipts	Total
As at April 1, 2017	**568.50**	**-**	**-**	**292.50**	**14.50**	**875.50**
Acquisitions	5.89	42.70	376.94	142.69	-	568.22
Disposal	-	-	-	(27.39)	(4.07)	(31.46)
Fair Value Gains/losses recognised in profit or loss	50.04	-	-	(9.92)	(0.78)	39.34
Gains(losses) recognised in other comprehensive income	(68.23)	-	-	-	-	(68.23)
As at March 31, 2018	**556.20**	**42.70**	**376.94**	**397.88**	**9.65**	**1,383.37**
Acquisitions	-	-	-	325.10	-	325.10
Disposal	(47.06)	(42.25)	-	(44.31)	(1.96)	(135.58)
Gains/losses recognised in profit or loss	134.52	-	-	32.77	(0.70)	166.59
Gains/(losses) recognised in other comprehensive income	(166.95)	-	-	-	-	(166.95)
As at March 31, 2019	**476.71**	**0.45**	**376.94**	**711.44**	**6.99**	**1,572.53**
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period						
For the year ended March 31, 2018	**50.04**	**-**	**-**	**(9.92)**	**(0.78)**	**39.34**
For the year ended March 31, 2019	**134.52**	**-**	**-**	**32.77**	**(0.70)**	**166.59**

44.3.5 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

₹ in Crore

Particulars					Sensitivity	
	March 31, 2019	March 31, 2018	April 1, 2017	Significant unobservable inputs*	Favourable	Un-favourable
Unquoted equity shares	**476.73**	556.20	568.50	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 54.70 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 52.13 crore in FY19.
Compulsorily Convertible Preference Shares	**0.45**	0.45	0.00	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.05 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.05 crore in FY19.
Convertible Debentures	**376.94**	376.94	0.00	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 37.69 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 37.69 crore in FY19.
Security Receipts	**6.98**	9.65	14.50	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 0.70 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 0.70 crore in FY19.
Venture Funds	**711.42**	397.88	292.51	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 56.50 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 59.68 crore in FY19.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation Factor includes Discounted Cash Flows, Equity Multiples such as PE Ratio, Price to Book Value Ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

44.3.6 **Fair value of the Financial Assets that are not measured at fair value**

Except as detailed in the following table, the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

₹ in Crore

Particulars	As at 31 March 19		As at 31 March 18		As at 1 April 17	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortised cost						
Government securities	10,457.45	10,164.73	9,434.73	9,066.02	6,484.97	6,506.25
Debentures	396.31	396.93	162.67	166.25	151.30	157.20
Pass-through Certificates	27.32	27.32	33.02	33.03	39.48	39.48
Total Financial Assets	**10,881.08**	**10,588.98**	**9,630.42**	**9,265.30**	**6,675.75**	**6,702.93**
Financial liabilities at amortised cost						
Non Convertible Debentures	1,28,341.75	1,29,482.51	1,23,719.20	1,24,699.38	1,05,407.70	1,07,458.36
Synthetic Rupee Denominated Bonds	11,100.00	11,039.76	9,600.00	9,572.90	8,300.00	8,305.82
Subordinated Liabilities	5,500.00	5,648.42	5,500.00	5,751.91	5,500.00	5,864.36
Deposits	1,05,880.63	1,05,640.63	91,499.29	91,737.29	85,772.84	86,505.84
Total Financial Liabilities	**2,50,822.38**	**2,51,811.32**	**2,30,318.49**	**2,31,761.48**	**2,04,980.54**	**2,08,134.38**

44.3.6.1 **Note:** The Fair Value of the financial assets and financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale.

44.3.6.2 **Loans:**

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **400,759.63 crore** (As at March 31, 2018 ₹ 3,57,380.86 crore and as at April 1, 2017 ₹ 2,95,691.98 crore) approximates their fair value.

44.3.6.3 **Other Financial Assets and Liabilities**

With respect to Bank Balances and Cash and Cash Equivalents (Refer Note 5 and 6), Trade Receivables (Refer Note 8), Other Financial Assets (Refer Note 11), Trade Payables (Refer Note 17) and Other Financial Liabilities (Refer Note 22), the carrying value approximates the fair value.

44.3.6.4 Non Convertible Debentures fair value has been computed using the Fixed Income Money Market and Derivatives Association of India ('FIMMDA') data on corporate bond spreads.

44.3.6.5 **Fair Value hierarchy of the above mentioned financial asset and financial liablity**

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial Assets at amortised cost				
Government securities	-	10,164.73	-	10,164.73
Debentures	-	-	396.93	396.93
Pass-through Certificates	-	-	27.32	27.32
Total	**-**	**10,164.73**	**424.25**	**10,588.98**
Financial Liabilities at amortised cost				
Non Convertible Debentures	-	129,482.51	-	129,482.51
Synthetic Rupee Denominated Bonds	-	11,039.76	-	11,039.76
Subordinated Liabilities	-	5,648.42	-	5,648.42
Deposits	-	-	1,05,640.63	1,05,640.63
Total	**-**	**146,170.69**	**1,05,640.63**	**2,51,811.32**

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial Assets at amortised cost				
Government securities	-	9,066.02	-	9,066.02
Debentures	-	-	166.25	166.25
Pass-through Certificates	-	-	33.03	33.03
Total	**-**	**9,066.02**	**199.28**	**9,265.30**
Financial Liabilities at amortised cost				
Non Convertible Debentures	-	124,699.38	-	124,699.38
Synthetic Rupee Denominated Bonds	-	9,572.90	-	9,572.90
Subordinated Liabilities	-	5,751.91	-	5,751.91
Deposits	-	-	91,737.29	91,737.29
Total	**-**	**1,40,024.19**	**91,737.29**	**2,31,761.48**

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at April 1, 2017				
Financial Assets at amortised cost				
Government securities	-	6,506.25	-	6,506.25
Debentures	-	-	157.20	157.20
Pass-through Certificates	-	-	39.48	39.48
Total	**-**	**6,506.25**	**196.68**	**6,702.93**
Financial Liabilities at amortised cost				
Non Convertible Debentures	-	107,458.36	-	107,458.36
Synthetic Rupee Denominated Bonds		8,305.82		8,305.82
Subordinated Liabilities	-	5,864.36	-	5,864.36
Deposits	-	-	86,505.84	86,505.84
Total	**-**	**1,21,628.54**	**86,505.84**	**2,08,134.38**

44.3.7 Equity Instrument designated at FVOCI

₹ in Crore

Particulars	As at 31 March 19	As at 31 March 18	As at 1 April 17
Asset Reconstruction Co. (India) Ltd.	-	33.81	26.47
Citrus Processing India Pvt Ltd.	**17.26**	16.97	14.04
GMR Chhattisgarh Energy Limited	-	69.78	118.63
Infrastructure Leasing & Financial Services Ltd.	-	107.52	134.76
Andhra Cements Ltd.	**13.26**	24.97	23.36
CL Educate Ltd.	**7.22**	11.26	25.08
Clayfin Technologies Private Limited (Erstwhile Vayana Enterprises Pvt. Ltd.)	-	2.50	4.91
Hindustan Oil Exploration Co. Ltd.	**182.70**	155.58	117.20
Reliance Naval and Engineering Ltd. (Erstwhile Reliance Defence And Engineering Ltd)	**1.50**	3.79	-
Total	**221.93**	**426.18**	**464.45**

44.4 Credit Risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Corporation. In its lending operations, the Corporation is principally exposed to credit risk.

The credit risk is governed by various Product Policies. The Product Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Corporation measures, monitors and manages Credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for individual borrowers is being managed at portfolio level for both Housing Loans and Non Housing Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of retail product portfolios through periodic review.

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to a sanctioning committee with approval limits which is approved by the Managing Director.

Credit Risk Assessment Methodology

44.4.1 **Corporate Portfolio**

The Corporation has an established credit appraisal procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of products and businesses. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval by Sanctioning Committee of Management (COM).

Corporation carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Borrower risk is evaluated by considering:

- The risks and prospects associated with the industry in which the borrower is operating (industry risk);
- The financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- The borrower's relative market position and operating efficiency (business risk);
- The quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- The risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

For Lease rental discounting, the risk assessment procedure include:

- Carrying out a detailed analysis of lease rental receivables and the timing of the payments based on an exhaustive analysis of Cash flow structure; and
- Conducting due diligence on lessee and lessor and the underlying business systems, including a detailed evaluation of the servicing and collection terms and the underlying contractual arrangements.

44.4.2 **Construction Finance**

The Corporation has a framework for the appraisal and execution of project finance transactions. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower. Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the credit exposure until loans are fully repaid.

44.4.3 **Individual Loans**

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals. The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Corporation analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality. Individual loans are secured by the mortgage of the borrowers property.

44.4.4 **Risk Management and Portfolio Review**

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product. For both Corporate and Individual borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information.

The Policy Implementation and Process Monitoring team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

44.4.5 **Collateral and other credit enhancements**

The Corporation holds collateral or other credit enhancements to cover its credit risk associated with its Loans and Inter corporate deposits, credit risk associated are mitigated because the same are secured against the collateral. The main types of collateral obtained are, as follows:

Registered / equitable mortgage of property, Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies, Hypothecation of assets, Bank guarantees, company guarantees or personal guarantees, Negative lien, Assignment of receivables, Liquidity Support Collateral [e.g. DSRA (Debt Service Reserve Account), Lien on Fixed Deposit].

The carrying amount of loans as at March 31, 2019 is ₹ **406,607.06 crore** (as at March 31, 2018 ₹ 3,62,811.41 crore; as at April 1, 2017 ₹ 2,98,948.78 crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **5,847.43 crore** (as at March 31, 2018 ₹ 5,430.55 crore, as at April 1, 2017 ₹ 3,256.80 crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

44.5 **Liquidity Risk**

Maturities of Financial Liabilities

The tables below analyse the Corporation's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ in Crore

Contractual maturities of financial liabilities 31 March 2019	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	77,541.70	56,603.95	7,132.40	35,376.75	1,76,654.80
Borrowings (Other than Debt Securities)	50,735.89	12,593.87	10,913.16	3,424.62	77,667.54
Deposits	58,106.16	38,225.27	6,238.38	3,310.81	1,05,880.63
Subordinated Liabilities	500.00	2,000.00	-	3,000.00	5,500.00
Other Financial Liabilities	11,902.90	1,817.59	-	-	13,720.49
Trade Payables	190.17	-	-	-	190.17
Total Non-Derivative Liabilities	**1,98,976.82**	**1,11,240.68**	**24,283.94**	**45,112.18**	**3,79,613.63**
Derivatives (net settled)					
Foreign exchange forward contracts	100.71	-	-	-	100.71
Currency swaps - Principal Only Swaps	-	9.40	54.53	-	63.93
Options purchased (net)	0.11	-	-	-	0.11
Interest Rate Swaps	42.25	452.84	453.62	-	948.71
Total Derivative Liabilities	**143.07**	**462.24**	**508.15**	**-**	**1,113.46**

₹ in Crore

Contractual maturities of financial liabilities 31 March 2018	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	86,774.57	69,589.95	6,787.40	13,115.00	1,76,266.92
Borrowings (Other than Debt Securities)	31,873.68	5,799.84	5,582.57	3,546.35	46,802.44
Deposits	47,876.99	35,123.34	7,658.34	840.62	91,499.29
Subordinated Liabilities	-	1,500.00	1,000.00	3,000.00	5,500.00
Other Financial Liabilities	9,897.03	2,380.11	-	-	12,277.14
Trade Payables	207.59	-	-	-	207.59
Total Non-Derivative Liabilities	**1,76,629.86**	**1,14,393.24**	**21,028.31**	**20,501.97**	**3,32,553.38**
Derivatives (net settled)					
Foreign exchange forward contracts	22.06	-	-	-	22.06
Currency swaps - Principal Only Swaps	2.19	22.41	185.26	-	209.86
Interest Rate Swaps	22.86	36.41	218.85	-	278.12
Total Derivative Liabilities	**47.11**	**58.82**	**404.11**	**-**	**510.04**

₹ in Crore

Contractual maturities of financial liabilities 1 April 2017	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	61,655.58	61,569.80	17,461.90	10,504.20	1,51,191.48
Borrowings (Other than Debt Securities)	23,047.96	4,483.69	9,036.46	736.42	37,304.53
Deposits	44,934.68	30,355.52	10,244.56	238.08	85,772.84
Subordinated Liabilities	-	500.00	2,000.00	3,000.00	5,500.00
Other Financial Liabilities	8,435.94	2,001.51	-	-	10,437.45
Trade Payables	207.59	-	-	-	207.59
Total non-derivative liabilities	**1,38,281.75**	**98,910.52**	**38,742.92**	**14,478.70**	**2,90,413.89**
Derivatives (net settled)					
Foreign exchange forward contracts	460.87	-	-	-	460.87
Currency swaps - Principal Only Swaps	129.14	-	155.86	-	284.99
Interest Rate Swaps	75.55	35.81	63.58	-	174.94
Total Derivative Liabilities	**665.56**	**35.81**	**219.44**	**-**	**920.80**

44.6 Market Risk

44.6.1 Foreign currency risk

The Corporation operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Corporation's functional currency i.e. INR. The objective of the hedges is to minimise the volatility of the INR cash flows.

The Corporation's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Corporation uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates fair value of the forward contracts and intrinsic value of the option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the fair value of the forward contracts or change in the intrinsic value of the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the option contracts are deferred in the costs of hedging reserve. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2019 and 2018, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

44.6.1.1 **Foreign currency risk exposure:**

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

₹ in Crore

Particulars	March 31, 2019					March 31, 2018			
	USD	JPY	SGD	GBP	AED	USD	SGD	GBP	AED
Financial Assets									
Dollar Denominated loans & others	770.14	-	0.48	0.09	0.79	2,394.25	0.53	0.40	0.55
Derivative assets									
Foreign exchange Derivative contracts	18,658.09	3,323.68	-	-	-	16,898.28	-	-	-
Exposure to foreign currency risk (assets) - (a)	19,428.23	3,323.68	0.48	0.09	0.79	19,292.53	0.53	0.40	0.55
Financial Liabilities									
Foreign currency loan	(19,540.62)	(3,323.68)	(0.29)	(0.09)	(0.10)	(21,492.04)	(0.17)	(0.11)	(0.35)
Exposure to foreign currency risk (liabilities) (b)	(19,540.62)	(3,323.68)	(0.29)	(0.09)	(0.10)	(21,492.04)	(0.17)	(0.11)	(0.35)
Net exposure to foreign currency risk c= (b) + (a)	(112.39)	-	0.19	-	0.69	(2,199.51)	0.36	0.29	0.20

Particulars	April 1, 2017				
	USD	GBP	CHF	SGD	AED
Financial Assets					
Dollar Denominated loans & others	2,577.01	0.64	-	0.17	1.32
Derivative assets					
Foreign exchange Derivative contracts	18,496.47	-	-	-	-
Exposure to foreign currency risk (assets) - (a)	21,073.48	0.64	-	0.17	1.32
Financial Liabilities					
Foreign currency loan	(21,013.98)	(0.08)	(413.29)	(0.12)	(0.99)
Exposure to foreign currency risk (liabilities) - (b)	**(21,013.98)**	**(0.08)**	**(413.29)**	**(0.12)**	**(0.99)**
Net exposure to foreign currency risk c=(a) + (b)	**59.50**	**0.56**	**(413.29)**	**0.05**	**0.33**

44.6.1.2 **Foreign currency sensitivity analysis:**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward contracts, foreign exchange option contracts designated as cash flow hedges.

₹ in Crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
USD sensitivity				
INR/USD -Increase by 1% *	1.37	8.05	23.24	(3.55)
INR/USD -Decrease by 1% *	(1.37)	(8.05)	(23.24)	3.55
JPY sensitivity				
INR/JPY -Increase by 1% *	-	-	0.27	-
INR/JPY -Decrease by 1% *	-	-	(0.27)	-

* Assuming all other variable is constant

44.6.1.3 **Hedging Policy**

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging intrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2019						
INR USD - Forward exchange contracts	1,227.59	7.42	30.79	Derivative financial instruments	71.99	40.91
INR JPY - Forward exchange contracts	1,949.23	-	69.92		0.63	69.92
INR USD - Currency Swaps (incl. EXIM swap)	11,452.48	311.73	49.69		66.75	(393.10)
INR JPY - Currency Swaps	1,374.45	-	14.24		0.63	14.24
Option purchased (net)	6,757.73	122.20	0.11		69.46 -75.62^	(122.09)
Total	**22,761.48**	**441.35**	**164.75**			**(390.12)**
March 31, 2018						
INR USD - Forward exchange contracts	7,721.12	39.61	22.06	Derivative financial instruments	66.69	(478.42)
INR USD - Currency Swaps (incl. EXIM swap)	7,980.03	78.79	209.86		64.34	(73.08)
Total	**15,701.15**	**118.40**	**231.92**			**(551.50)**
April 1, 2017						
INR USD - Forward exchange contracts	8,236.00	-	460.87	Derivative financial instruments	70.89	460.87
INR USD - Currency Swaps (incl. EXIM swap)	9,287.00	80.85	284.99		64.34	204.15
Total	**17,523.00**	**80.85**	**745.86**			**665.02**

^ denotes strike price range for bought call and sold put (at 69.46) - sold call (at 75.62).

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2019				
FCY Term Loans	136.47	0.39	3.75	-
External Commercial Borrowings (incl. ADB loans)	282.88	242.82	-	-
March 31, 2018				
FCY Term Loans	-	-	-	(58.49)
External Commercial Borrowings (incl. ADB loans)	38.04	258.44	-	-
April 1, 2017				
FCY Term Loans	-	-	-	264.33
External Commercial Borrowings (incl. ADB loans)	95.30	183.80	-	-

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income: ₹ in Crore

Particulars	Hedging gains or losses recognised in other comprehensive income			Hedge ineffectiveness recognised in statement of profit and loss			Line in the statement of profit and loss that includes hegde ineffectiveness
	31-Mar-19	31-Mar-18	01-April-17	31-Mar-19	31-Mar-18	01-April-17	
Forward exchange contracts and Currency swaps	(15.23)	74.60	183.80	-	-	-	Finance Cost
Option purchased (net)	3.75	-	-	(130.65)	-	-	

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument ₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Line in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap as at				
March 31, 2019	55,650.00	962.00	Derivative financial instruments	624.15
March 31, 2018	48,270.00	337.85		85.98
April 1, 2017	30,809.00	251.86		195.52

Hedged Item ₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Line in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at				
March 31, 2019	55,650.00	948.71	Derivative financial instruments	670.59
March 31, 2018	48,270.00	278.13		103.19
April 1, 2017	30,809.00	174.94		174.94

The impact of the fair value hedges in the statement of profit and loss: ₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss			Line in the statement of profit and loss that includes hegde ineffectiveness
	31-Mar-19	31-Mar-18	1-Apr-17	
Interest Rate Swap	**46.44**	17.20	(20.59)	Finance Cost

44.6.1.4 Hedge Ratio

The foreign exchange forward and option contracts are denominated in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1.

44.6.2 **Interest rate risk**

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term Loans and foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same under the ALM Policy.

44.6.2.1 **Interest rate risk exposure**

The break-up of the Corporation's borrowings into variable rate and fixed rate at the end of the reporting periods are as below:

Particulars	**March 31, 2019**	March 31, 2018	April 1, 2017
Variable rate borrowings	**67%**	65%	64%
Fixed rate borrowings	**33%**	35%	36%
Total borrowings	**100%**	100%	100%

44.6.2.2 **Sensitivity**

The impact of 10 bps change in interest rates on financial asset and liablities on the Profit after tax for the year ended March 31, 2019 is ₹ **40.99 crore** (Previous year: ₹ 46.75 crore).

44.6.3 **Price risk**

44.6.3.1 **Exposure**

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Corporation diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Corporation.

Some of the Corporation's equity investments are publicly traded and are included in the NSE Nifty 50 index.

44.6.3.2 **Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Corporation's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Corporation's equity instruments moved in line with the index.

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
NSE Nifty 50 – increase 10%	**68.48**	51.39	**20.42**	19.51
NSE Nifty 50 – decrease 10%	**(68.48)**	(51.39)	**(20.42)**	(19.51)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

45. EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting date that require disclosure in these financial statements.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors of the Corporation on May 13, 2019.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Independent Auditor's Report

TO THE MEMBERS OF
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the audit of consolidated financial statements

Opinion

We have audited the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the 'Holding Company' or the 'Corporation') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates, which comprise the consolidated balance sheet as at 31 March 2019 and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows, for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as 'the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India ('the ICAI'), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of reports of other auditors on separate financial statements of subsidiaries and associates audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Key Audit Matters for Holding Company

<table>
<tr><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Transition date accounting
Refer to the accounting policies in the consolidated financial statements: Significant accounting policies - Basis of preparation and notes to the consolidated financial statements: “First time adoption of Ind AS”</td></tr>
<tr><td colspan="2">Adoption of new accounting framework (Ind AS)</td></tr>
<tr><td>Effective 1 April 2018, the Corporation adopted Ind AS notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017.
The following are the major impact areas for the Corporation upon transition:
• Classification and measurement / valuation of financial instruments:
- Determination of Expected Credit Loss (ECL)
- Computation of Effective Interest Rate on financial assets and financial liabilities
- Gain / loss on assignment of loans</td><td>We performed audit procedures set out below
Design / controls
• Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the Ind AS 101.
Substantive tests
• Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101;
• Understood the approach and methodology adopted by management to implement the transition to Ind AS;</td></tr>
</table>

<table>
<tr><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>

Classification and measurement of investment in Subsidiaries and Associates
Accounting for employee stock options
Accounting for derivative contracts
Additional disclosures as per the requirements of the new financial reporting framework

Transition to the new financial reporting framework is an intricate process involving multiple decision points for management i.e.: Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS at the transition date.

We identified the transition date accounting as a key audit matter because of the significant degree of management judgment in the first time application of Ind AS principles as at the transition date particularly in the areas noted above and the additional disclosures associated with Ind AS transition.
</td><td>

Test checked the computations relating to transition adjustments;
Assessed areas of significant estimates and management judgement on transition in line with Ind AS principles;
Compared the reasonableness of management assumptions in respect of recognition and measurement of financial instruments including determination of ECL provisioning, employee stock options, derivative contracts as at the date of transition etc.

</td></tr>
<tr><td>Expected Credit Loss</td><td></td></tr>
<tr><td colspan="2">Refer to the accounting policies in Note 3.2.3 to the consolidated financial statements: Impairment; Note 2.4.1 to the consolidated financial statements: use of estimates and judgements – determination of Excepted Credit Loss and Note 8 to the consolidated financial statements: Loans</td></tr>
<tr><td>Subjective Estimates</td><td>We performed audit procedures as set out below</td></tr>
<tr><td>
Recognition and measurement of impairment relating to loans and advances involves significant management judgement.

With the applicability of Ind AS 109 credit loss assessment is now based on the ECL model. The Corporation's impairment allowance is computed based on from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:
- Segmentation of loan book
- Loan staging criteria
- Calculation of probability of default / Loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors.

There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model.
</td><td>
Design / controls

Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice;
Understood Corporation's new / revised processes, systems and controls implemented relating to impairment allowance process including governance controls over the development and implementation of the ECL model;
Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge;
Test checked management review controls over measurement of impairment allowances and disclosures in the consolidated financial statements.

Substantive tests

Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model;
Re-performed calculation of ECL provision on a test check basis;
Critically evaluated management's judgement in the determination of ECL;

</td></tr>
</table>

Key Audit Matters	How the matter was addressed in our audit
	• We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used; • Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans; • Test checked the basis of collateral valuation in the determination of ECL provision.
Valuation of Derivative Instruments and Hedge Accounting	
Refer to the accounting policies in Note 3.2.8 to the consolidated financial statements, Derivative financial instruments; Note 7 to the consolidated financial statements: Derivative financial instruments and Note 49.1.6.a to the consolidated financial statements – Foreign currency risk	
The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged. The application of hedge accounting and ensuring hedge effectiveness is complex and operationally cumbersome, and requires close monitoring from management.	**We performed audit procedures as set out below** **Design / Controls** • Obtained an understanding of the risk management policies and tested key controls (i) at the time of designation of hedging relationship including authorisation by designated authority; and documentation prepared by management at the inception of the hedge transaction; (ii) with regard to ongoing monitoring and review of the hedge relationship by management including test of hedge effectiveness.
	Substantives tests • Checked that the recognition and measurement of derivative instruments, for selected samples, is as per Ind AS 109; • Examined hedge documentation on a sample basis to assess whether the documentation complies with Ind AS 109 requirements; • Test checked on a sample basis reconciliation of derivative instruments to third party confirmations; • Compared input data used in the Corporation's valuation models to independent sources and externally available market data on a sample basis; • Compared valuation of derivative instruments with market data or results from alternative independent valuation models on a sample basis; • Test checked on a sample basis the applicability and accuracy of hedge accounting; • Considered the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting in the financial statements.

Key Audit Matters	How the matter was addressed in our audit
Valuation of Investments (other than investments in subsidiaries and associates)	
Refer to the accounting policies in Note 3.2 to the consolidated financial statements: Financial instruments; Note 2.4.2 to the consolidated financial statements: Use of estimates and judgements – fair valuation of investment (other than Associates) and Note 10 to the consolidated financial statements: Investments	
Subjective estimates Evaluation of business model is a subjective matter and impacts the classification of investments upon initial recognition and consequently the measurement of the same. Investments carried at fair value comprise: - Fair value through profit and loss (FVTPL) investments - ₹ 17,525 crore - Fair value through other comprehensive income (FVOCI) investments - ₹ 579 crore The effect of fair value adjustments may impact either the profit or loss or other comprehensive income. The valuation of investments measured at fair value entails significant management estimates and is based on a combination of observable market data and / or valuation techniques which are often based on unobservable inputs. We identified determination of fair value of investments as a key audit matter because of the degree of subjectivity and judgement exercised by management in determining the inputs used in the valuation techniques and methodologies.	**We performed audit procedures as set out below** **Design / controls** • Test checked the design, implementation and operating effectiveness of management's key internal controls over the valuation process and inputs. **Substantive tests** • Read the investment agreements on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the classification and valuation of investments; • Assessed the appropriateness of the valuation methodology and tested key inputs used such as pricing inputs and discount factors; • Checked that valuation methodology was consistently followed and critically evaluated any change in valuation technique; • Assessed whether the disclosures appropriately reflected the Corporation's exposure to investment valuation risk with reference to the requirements of the prevailing accounting standards; • Critically evaluated the reliability of inputs i.e. market observable / unobservable data to determine fair value of investments and checked the appropriateness of disclosures in accordance with Ind AS 107 on 'Financial Instruments: Disclosures'.
Information technology ('IT') **IT systems and controls** The Corporation's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for it's overall financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the scale and complexity of the IT architecture.	**We performed audit procedures as set out below** • Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems); • Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems; • Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems; • Understood IT application controls covering

Key Audit Matters	How the matter was addressed in our audit
	– user access and roles, segregation of duties, and – key interfaces, reports, reconciliations and system processing • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches).

B. Key Audit Matters of Subsidiary Company- HDFC Life Insurance Company Limited ('HDFC Life')

Key Audit Matters	How the matter was addressed in our audit
Appropriateness of the Timing of Revenue Recognition in the proper period	
During the year, the HDFC Life has recognised premium revenue of ₹ 14,335 crores towards new business (first year premium and single premium). Out of the total revenue recognised, ₹ 4,754 crores was recognised during the last quarter. The auditor of HDFC Life focused on this area because of the significant concentration of revenue during the last quarter of financial year (including cut-off at the balance sheet date). Due to the nature of the industry, revenue is skewed towards the balance sheet date. Hence, there is possibility that policy sales of the next financial year are accounted in the current period.	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood and evaluated the design and operating effectiveness of process and controls relating to recognition of revenue; • Tested key controls (including at selected branches) for ensuring that the revenue has been accrued in the correct accounting period; • Tested on a sample basis the policies at the year end to confirm that the related procedural compliances with regard to acceptability of the terms of policy were completed before or after the year end to ensure appropriate accounting of revenue; • Tested on a sample basis unallocated premium to ensure that there were no policies where risk commenced prior to balance sheet but revenue was not recognized; • Tested the manual accounting journals relating to revenue on a sample basis so as to identify unusual or irregular items. Agreed the journals tested to corroborative evidence; • Tested on a sample basis cash receipt with the time stamp in case of products like Unit Linked Insurance Plan to confirm the recognition of revenue in correct accounting period.

Key Audit Matters	How the matter was addressed in our audit
Appropriateness of the classification and valuation of Investments	
HDFC Life holds investments against policy holder's liabilities, linked liabilities and shareholder funds. A significant portion of the assets of HDFC Life is in the form of investments (total investments as on 31 March 2019 is ₹ 1,25,038 crores). As prescribed by Insurance Regulatory and Development Authority of India (the "IRDAI"), all investments should be made and managed in accordance with the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (the "Investment Regulations") and policies approved by Board of Directors of the HDFC Life. Further, investments should be valued in accordance with the principles of Ind AS. The valuation of unlisted or not frequently traded investment involves management judgement. Also, due to events affecting the investee company's rating, there could be a need to reclassify investment and assess its valuation/ impairment per the requirements of Ind AS and HDFC Life's internal policies. Thus, this is an area where significant time was spent by the auditor of HDFC Life.	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood management's process and controls to ensure proper classification and valuation of Investment; • Tested key controls over investment classification and valuation; • Tested on a sample basis, correct recording of investments, classification and compliance with Investment Regulations, Ind AS and policies approved by Board of Directors; • Tested on a sample basis valuation of securities which have been valued in accordance with the Ind AS and HDFC Life's accounting policies; • For unlisted and not frequently traded investments, evaluated management's valuation model and assumptions and corroborated these with regulatory requirements and HDFC Life's internal policies; • For an event specific reclassification and valuation, corroborated management's assessment with the regulatory requirements, Ind AS requirements and HDFC Life's internal policies.

C. Key Audit Matter of Subsidiary Company- HDFC Ergo General Insurance Company Limited ('HDFC Ergo')

Key Audit Matters	How the matter was addressed in our audit
Valuation of Investments • The value of Investments represent 64.9% of the total assets. • Due to the Ind AS requirements applicable to recognition, measurement and disclosure of Investments and the assumptions used in the valuation of Investments, this was considered as a key audit matter. • The valuation of all investments should be as per the investment policy framed by HDFC Ergo which in turn should be in line with principles of Ind AS. • HDFC Ergo has *inter alia* a policy framework for valuation and impairment of Investments • The valuation of unquoted investments and thinly traded investments continues to be an area of inherent risk because of market volatility, unavailability of reliable prices and macro-economic uncertainty. • HDFC Ergo performs an impairment review of its investments periodically and recognizes impairment charge when the investments meet the trigger/s for impairment provision as per the criteria set out in the investment policy of the Company. Further, the assessment of impairment involves significant management judgment.	**During the course of their audit, the auditor of HDFC Ergo performed the following procedures:** • Tested the management oversight and controls over valuation of investments. • Independently test-checked valuation of unquoted investments. • Reviewed HDFC Ergo's impairment policy, and assessed the adequacy of its impairment charge on investments outstanding at the year end.

D. Key Audit Matter of Associate - HDFC Bank Limited ('HDFC Bank')

Key Audit Matters	How the matter was addressed in our audit
Information Technology ("IT") Systems and Controls	
The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank. Due to the pervasive nature and complexity of the IT environment auditor's of HDFC Bank have ascertained IT systems and controls as a key audit matter.	**During the course of their audit, the auditor of HDFC Bank performed the following procedures:** • For testing the IT general controls, application controls and IT dependent manual controls, the auditor involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the IT systems. • Tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. Tested IT general controls (logical access, change management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. • Tested the Bank's periodic review of access rights. Inspected requests of changes to systems for appropriate approval and authorisation. The auditor considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to the audit. • In addition to the above, the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting were tested. • Tested compensating controls or performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.
Impairment of financial assets (including provision for expected credit loss)	
HDFC Bank's impairment provision for finance assets (designated at amortised cost and fair value through other comprehensive income) is based on the expected credit loss approach laid down under 'Ind AS 109 Financial instruments'. Under this approach, HDFC Bank's management has been required to exercise significant judgement while applying principles and other requirements of the standard in addition to the identification and adequacy of these provisions in areas such as: • Grouping of borrowers on the basis of homogeneity/ industry type given the variety of products; • Staging of loans and estimation of behavioral life;	**During the course of their audit, the auditor of HDFC Bank performed the following procedures:** • Audit procedures included reading the HDFC Bank's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109. • Understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation. • Involved specialists to review the methodology of the computation of staging of loans, estimation of probability of default, its calibration, macro-economic overlays and estimation of loss given default.

Key Audit Matters	How the matter was addressed in our audit
• Calculation of past default rates; • Calibrating external ratings/scores -linked probability of default to align with past default rates; • Calculation of the loss given default based on historical recovery patterns/type of collateral; • Applying macro-economic factors to arrive at forward looking probability of default; • Significant assumptions regarding the probability of default based of various products/stress sectors. In view of the high degree of estimation involved in the process of calculating impairment provision and considering its significance to the financial information of HDFC Bank, whereby any error or omission in estimation may give rise to a material misstatement, it is considered as a key audit matter.	• Performed test of controls on classification of financial assets into various stages through inspection of evidence and re-performance of those controls. • Tested the ECL model and computation for its model/ methodology used for various loan products including; - HDFC Bank's Management's grouping of borrowers on basis of different product lines and customer segments with different risk characteristics; - Staging of loans based on their past-due status and other loss indicators; - Various assumptions for calculation of expected loss viz. probability of default, loss given defaults, exposure at default, discounting factors applied by HDFC Bank's management along with HDFC Bank's management's governance process and documentation of its assumptions; - HDFC Bank's management overlays for macro-economic factors. • Performed test of details of the inputs used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the HDFC Bank in spreadsheets. • Performed analytical procedures by determining various ratios or percentage based measures to review overall reasonableness of the estimate determined by HDFC Bank's management.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Corporation's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Corporation's Director's report and Management Discussion and Analysis (MD&A) report, but does not include the consolidated financial statements and our auditor's report thereon. The Director's report and MD&A report is expected to be made available to us after the date of this auditor's report.

Our opinion on consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Corporation's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of their respective Companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Corporation, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the respective company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the audit of consolidated financial statements.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group and associates has adequate internal financial controls system in place and the operating effectiveness of such controls. Our opinion is based on audit evidence obtained by us and audit evidence obtained by other auditors of subsidiary and associate companies, which are incorporated in India in terms of their reports referred to in the 'Other Matters' paragraph of 'Annexure A' to this report.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Corporation's management.

- Conclude on the appropriateness of Corporation management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Corporation and subsidiaries) as well as associates to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para 4(a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph 4(a) of Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

1. The comparative financial information of the Group and its associates for the year ended 31 March 2018 and the transition date opening balance sheet as at 1 April 2017 included in these consolidated financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as amended, audited by

the predecessor auditors whose report for the year ended 31 March 2017 dated 4 May 2017 expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group and its associates on transition to Ind AS, which have been audited by us with respect to the Holding Company and by other auditors with respect to the subsidiaries and associates as noted below. Our opinion is not modified in respect of this matter.

2. During the year ended 31 March 2018, Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited (collectively referred to as 'Transferor Companies') were amalgamated with the Corporation on 28 March 2018 with the appointed date of 1 April 2016. The transition date balance sheet of the Corporation includes financial information of the aforesaid Transferor Companies, which is based on the financial statements of such Transferor Companies prepared in accordance with the applicable Accounting Standards as per section 133 of the Act read with relevant rules thereunder, audited by the respective auditors of such Transferor Companies whose reports for the year ended 31 March 2017 dated 28 April 2017 respectively expressed unmodified opinions on the respective financial statements, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

3. The comparative financial information for the year ended 31 March 2018 forming part of these consolidated financial statements, includes unaudited financial information of Transferor Companies. We did not audit the financial information of the aforesaid Transferor Companies whose financial information reflect total asset of ₹ 99 crores, total revenue of ₹ 30 crores and cashflows of ₹ 15 crores. We have been provided with the financial information of the aforesaid Transferor Companies for the period from 1 April 2017 to 28 March 2018 by management of the Corporation, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to the Ind AS, which have been audited by us.

4. a) We did not audit the financial statements of 15 subsidiaries and whose financial statements reflect total assets of ₹ 1,67,471 crores as at 31 March 2019, total revenues of ₹ 52,976 crores and net cash flows amounting to ₹ 1,111 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 7,539 crores for the year ended 31 March, 2019, in respect of 2 associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

   Of the aforesaid subsidiaries, 3 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Corporation's management has converted the financial statements of these 3 subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Corporation's management. Our opinion in so far as it relates to the amounts and disclosures of these 3 subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by management of the Corporation and audited by us.

(b) The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 0.05 crores for the year ended 31 March 2019, in respect of 2 associates whose financial statements/ financial information have not been audited by us or by other auditors. These financial statements/financial information are not audited and have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the associates, is based solely on such unaudited financial statements/ financial information which are certified by management of these associates. In our opinion and according to the information and explanations given to us by management of the Corporation, these financial statements/financial information are not material to the consolidated financial statements.

(c) Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their opinion on the financial statements of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by management of the associates and the actuarial valuation of the liabilities for the life insurance policies in force and of the estimate of claims of IBNR and IBNER.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act based on our audit and on the consideration of reports of the other auditors on the separate financial statements of such subsidiaries and associates as were audited by other auditors as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standard specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act. In respect of one subsidiary of an associate, the statutory auditor of subsidiary company reported, based on the information available on the Ministry of Corporate Affairs website, it is understood that a director of a subsidiary company has attracted disqualification under section 164(2) as on 31 March 2019. The subsidiary company has represented to its statutory auditor that the said director is in disagreement with the disqualification and has tendered his resignation as a director of the subsidiary company on 16 April 2019.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on the separate financial statements of subsidiaries and associates as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. Refer Note 44 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 7.1 to the consolidated financial statements in respect of such items as it relates to the Group and its associates;

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation. Whilst the Corporation transferred the unclaimed dividend, 12 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant informed that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associate companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associate companies to its directors is in accordance with the provisions of Section 197 of the Act to the extent applicable.

The remuneration paid to any director by the Holding Company, its subsidiary companies and associate companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Annexure - A to the Independent Auditor's report – 31 March 2019

(Referred to in our report of even date)

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the 'Holding Company' or the 'Corporation') as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of the Holding Company and such companies incorporated in India under Companies Act, 2013 which are its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and associate companies, as of that date.

Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their opinion on the financial statements of the said subsidiaries.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its associate companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by the ICAI and specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and associate companies in terms of their reports referred to in the 'Other matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over financial reporting

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

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to the 10 subsidiaries and 2 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matters with respect to our reliance on the work done and reports of the other auditors and representations of Board of Directors and the management of the Corporation.

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2019

₹ in Crore

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Financial assets				
(i) Cash and cash equivalents	4	**3,183.31**	2,814.70	5,352.25
(ii) Bank Balances other than (i) above	5	**1,353.23**	313.84	2,416.96
(iii) Receivables				
(a) Trade Receivables	6	**611.99**	245.11	231.34
(b) Other Receivables		**28.60**	12.96	6.67
(iv) Derivative financial instruments	7	**1,403.36**	456.25	332.71
(v) Loans	8	**4,22,363.83**	3,76,174.98	3,12,038.13
(vi) Investments in Associates	9	**43,874.69**	28,472.04	23,864.83
(vii) Other Investments	10	**32,759.30**	25,031.76	13,581.22
(viii) Assets pertaining to Life Insurance Business	11	**1,27,936.45**	1,06,789.62	92,618.70
(ix) Assets pertaining to Non-Life Insurance Business	11	**13,154.36**	11,924.13	10,986.95
(x) Other financial assets	12	**6,709.89**	5,465.36	10,024.76
Total Financial Assets		**6,53,379.01**	5,57,700.75	4,71,454.52
Non-Financial assets				
(i) Current tax assets (Net)	13	**3,279.98**	3,822.02	3,521.24
(ii) Deferred tax assets (Net)	13	**919.07**	1,337.21	337.08
(iii) Investment property	14	**395.64**	460.87	461.03
(iv) Property, plant and equipment	15	**1,188.02**	1,168.22	1,100.14
(v) Other intangible assets	16	**101.20**	94.93	82.67
(vi) Capital work in Progress		**20.41**	4.42	15.10
(vii) Intangible assets under development		**3.81**	19.00	17.27
(viii) Other non-financial assets	17	**962.52**	1,376.33	1,345.93
(ix) Goodwill on consolidation	16	**625.46**	625.46	626.84
Total Non-Financial Assets		**7,496.11**	8,908.46	7,507.30
Total Assets		**6,60,875.12**	5,66,609.21	4,78,961.82

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2019 (Continued)

₹ in Crore

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
(i) Derivative financial instruments	7	**1,113.46**	510.04	920.80
(ii) Payables	18			
(A) Trade Payables				
(a) Total outstanding dues of micro enterprises and small enterprises		**1.55**	0.30	0.18
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,995.80**	1,715.62	1,300.57
(B) Other Payables				
(a) Total outstanding dues of micro enterprises and small enterprises		**-**	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**463.04**	596.61	487.64
(iii) Debt Securities	19	**1,83,572.02**	1,82,024.35	1,54,010.15
(iv) Borrowings (Other than Debt Securities)	20	**90,375.39**	56,053.97	46,761.46
(v) Deposits	21	**1,07,071.99**	92,705.85	86,989.43
(vi) Subordinated Liabilities	22	**5,735.70**	5,632.28	5,549.51
(vii) Liabilities pertaining to Life Insurance Business	23	**1,25,344.52**	1,06,251.85	92,512.53
(viii) Liabilities pertaining to Non-Life Insurance Business	23	**11,174.31**	10,094.05	8,987.55
(ix) Other financial liabilities	24	**14,460.04**	12,840.88	11,316.68
Total Financial Liabilities		**5,41,307.82**	4,68,425.80	4,08,836.50
Non-Financial Liabilities				
(i) Current tax liabilities (Net)	25	**170.53**	113.55	74.87
(ii) Deferred tax liabilities (Net)	13	**65.43**	49.55	245.65
(iii) Provisions	26	**369.42**	315.53	314.00
(iv) Other non-financial liabilities	27	**983.40**	837.22	771.37
Total Non-Financial Liabilities		**1,588.78**	1,315.85	1,405.89
Total Liabilities		**5,42,896.60**	4,69,741.65	4,10,242.39
EQUITY				
(i) Equity Share capital	28	**344.29**	335.18	317.73
(ii) Other equity	29	**1,11,388.85**	91,538.08	64,836.96
(iii) Non-controlling interest	29	**6,245.38**	4,994.30	3,564.74
Total equity		**1,17,978.52**	96,867.56	68,719.43
Total liabilities and equity		**6,60,875.12**	5,66,609.21	4,78,961.82

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2019

₹ in Crore

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
I. Revenue from Operations			
(i) Interest Income	30	46,825.19	39,120.12
(ii) Dividend Income		511.14	465.03
(iii) Rental Income	31	68.05	103.74
(iv) Fees and commission Income		2,475.11	2,214.86
(v) Net gain on fair value changes	32	750.59	465.51
(vi) Profit on Sale of Investments		21.63	392.88
(vii) Net gain on derecognition of assigned loans		859.99	533.71
(viii) Income from Life Insurance Business	33	32,252.60	26,227.87
(ix) Income from Non Life Insurance Business	33	11,929.22	9,950.14
Total Revenue from Operations		95,693.52	79,473.86
II. Other Income		501.35	345.74
Total Income (I + II)		96,194.87	79,819.60
III. Expenses			
(i) Finance costs	34	29,525.33	24,718.46
(ii) Impairment on financial instruments (Expected Credit Loss)	35	1,165.70	2,143.42
(iii) Employee benefit expenses	36	2,967.37	3,394.40
(iv) Depreciation, amortisation and impairment	15	141.47	116.48
(v) Establishment Expenses	37	321.11	326.40
(vi) Expenses from Life Insurance Business	38	32,777.09	26,693.77
(vii) Expenses from Non-Life Insurance Business	38	11,474.85	9,509.17
(viii) Other Expenses	39	3,112.81	2,646.61
Total expenses		81,485.73	69,548.71
IV. Profit before share of profit of Associates (III - IV)		14,709.14	10,270.89
V. Share of profit of associates	9	7,389.82	5,936.36
VI. Profit before tax (IV + V)		22,098.96	16,207.25
VII. Tax expense	40		
- Current tax		4,370.02	4,079.61
- Deferred tax		148.43	(983.57)
Total tax expense		4,518.45	3,096.04
VIII.Net Profit After Tax (VI - VII)		17,580.51	13,111.21
IX. Other comprehensive income	41		
(A) (i) Items that will not be reclassified to profit or (loss)		(72.38)	(215.05)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		17.80	83.38
Sub Total (A)		(54.59)	(131.67)
(B) (i) Items that will be reclassified to profit or (loss)		(12.37)	(143.21)
(ii) Income tax relating to items that will be reclassified to profit or (loss)		(0.60)	35.97
Sub Total (B)		(12.97)	(107.24)
(C) Share of Other Comprehensive income of an Associate	9	149.27	(367.36)
Other Comprehensive Income		81.72	(606.27)
Total comprehensive income (VIII + IX)		17,662.23	12,504.94

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2019 (Continued)

₹ in Crore

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Profit attributable to:			
Owners of the Corporation		**16,231.76**	11,979.90
Non-Controlling Interest		**1,348.75**	1,131.31
Other Comprehensive Income attributable to:			
Owners of the Corporation		**119.49**	(580.86)
Non-Controlling Interest		**(37.77)**	(25.41)
Total Comprehensive Income attributable to:			
Owners of the Corporation		**16,351.25**	11,399.04
Non-Controlling Interest		**1,310.98**	1,105.90
Earnings per equity share	**43**		
Basic (₹)		**95.40**	74.77
Diluted (₹)		**94.66**	73.85

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital

	Notes	₹ in Crore Amount
As at 1st April, 2017	28	**317.73**
Equity share capital issued during the year		17.44
As at 31st March, 2018	28	**335.18**
Equity share capital issued during the year		9.11
As at 31st March, 2019	28	**344.29**

B. Other Equity (Refer Note 29)

Particulars	Reserves and Surplus												Other Comprehensive Income						
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Corporate Social Responsibility Account	"Foreign Currency Monetary Item Translation"	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Cash Flow Hedges	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at April 1, 2017	48.30	10,467.69	16,270.30	23,300.51	51.23	10,069.08	3,865.64	70.34	193.21	1.55	362.12	40.00	208.35	(183.80)	-	21.34	51.10	64,836.96	3,564.74
Changes in accounting policy/prior period errors																		-	
Restated balance at the beginning of the reporting period	**48.30**	**10,467.69**	**16,270.30**	**23,300.51**	**51.23**	**10,069.08**	**3,865.64**	**70.34**	**193.21**	**1.55**	**362.12**	**40.00**	**208.35**	**(183.80)**	**-**	**21.34**	**51.10**	**64,836.96**	**3,564.74**
Profit for the year				11,979.90														11,979.90	1,131.31
Other Comprehensive Income for the year													(535.19)	(48.56)	2.89			(580.86)	(25.41)
Total Comprehensive Income for the year	**-**	**-**	**-**	**11,979.90**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(535.19)**	**(48.56)**	**2.89**	**-**	**-**	**11,399.04**	**1,105.90**
Opening Adjustments				(1,277.51)														(1,277.51)	
Profits on sale of subsidiary				5,086.70														5,086.70	
Dividends including tax on dividend				(3,581.15)														(3,581.15)	
Transfer from retained earnings			2,519.83	(5,030.29)		1,416.55	1,078.00	15.90										-	
Received during the year		14,421.74										6.45				952.81		15,381.00	
Utilised during the year		(52.74)		(5.23)					(174.99)	(1.55)	(412.84)		344.26	(2.89)		(0.25)	(0.72)	(306.95)	323.66
Balance as at March 31, 2018	**48.30**	**24,836.68**	**18,790.13**	**30,472.93**	**51.23**	**11,485.63**	**4,943.64**	**86.24**	**18.22**	**0.00**	**(50.72)**	**46.45**	**17.42**	**(235.25)**	**2.89**	**973.90**	**50.38**	**91,538.08**	**4,994.30**

Particulars	Reserves and Surplus												Other Comprehensive Income						
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Corporate Social Responsibility Account	Foreign Currency Monetary Item Translation	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Cash Flow Hedges	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at April 1, 2018	48.30	24,836.68	18,790.13	30,472.93	51.23	11,485.63	4,943.64	86.24	18.22	0.00	(50.72)	46.45	17.42	(235.25)	2.89	973.90	50.38	91,538.08	4,994.30
Changes in accounting policy/prior period errors																			
Restated balance at the beginning of the reporting period	**48.30**	**24,836.68**	**18,790.13**	**30,472.93**	**51.23**	**11,485.63**	**4,943.64**	**86.24**	**18.22**	**0.00**	**(50.72)**	**46.45**	**17.42**	**(235.25)**	**2.89**	**973.90**	**50.38**	**91,538.08**	**4,994.30**
Profit for the year				16,231.76														16,231.76	1,348.75
Other Comprehensive Income for the year													112.01	9.91	(2.44)			119.49	(37.77)
Total Comprehensive Income for the year	**-**	**-**	**-**	**16,231.76**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**112.01**	**9.91**	**(2.44)**	**-**	**-**	**16,351.25**	**1,310.98**
Opening Adjustments				(349.01)														(349.01)	
Profits on sale of subsidiary				1,205.61														1,205.61	
Dividends including tax on dividend				(4,086.63)														(4,086.63)	
Transfer from retained earnings			47.68	(2,086.76)		1,908.89	100.00	18.69				11.50						-	
Received during the year		6,613.17									58.14	10.91				178.74		6,860.95	
Utilisations / other adjustments		(41.43)		(6.49)					(14.95)				(11.09)	1.31	(1.31)	(7.05)	(50.38)	(131.39)	(59.90)
Balance as at March 31, 2019	**48.30**	**31,408.42**	**18,837.81**	**41,381.41**	**51.23**	**13,394.52**	**5,043.64**	**104.93**	**3.27**	**0.00**	**7.43**	**68.86**	**118.34**	**(224.03)**	**(0.86)**	**1,145.58**	**-**	**1,11,388.85**	**6,245.38**

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Jalaj Dani
(Din: 00019080)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2019

₹ in Crore

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**22,098.96**	16,207.25
	Adjustments for:			
	Share of Profit of the Associates		**(7,389.82)**	(5,936.36)
	Depreciation, amortisation and impairment		**175.20**	147.15
	Impairment on Financial Instruments (Expected Credit Loss)		**1,165.70**	2,143.42
	Expense on Employee Stock Option Scheme		**245.98**	965.56
	Net gain on fair value changes		**(750.59)**	(465.51)
	Interest Expense		**29,012.79**	24,267.29
	Interest Income		**(46,825.19)**	(39,120.12)
	Dividend Income		**(511.14)**	(465.03)
	Profit on Sale of Investments		**(21.63)**	(392.88)
	(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)		**(66.83)**	(0.01)
	Net gain on derecognition of assigned loans		**(218.75)**	(3.08)
	Utilisation of Shelter Assistance Reserve		**(14.94)**	(174.99)
	Utilisation of CSR		**0.00**	(1.55)
	MTM on Derivative Financial Assets and Liabilities		**(336.21)**	(582.86)
	Operating Profit before Working Capital changes		**(3,436.47)**	(3,411.71)
	Adjustments for:			
	Investments in schemes of Mutual Fund (Net)		**(6,091.39)**	(7,444.10)
	Financial Assets and Non Financial Assets		**(1,315.96)**	1,801.07
	Financial and Non Financial Liabilities		**1,069.89**	98.24
	Assets pertaining to Insurance Business		**(22,377.06)**	(15,108.10)
	Liabilities pertaining to Insurance Business		**20,172.92**	14,845.82
	Cash used for Operations		**(11,978.07)**	(9,218.78)
	Interest Received		**46,513.71**	38,819.50
	Interest Paid		**(28,101.80)**	(22,273.82)
	Dividend Received		**511.14**	465.03
	Taxes Paid		**(3,485.40)**	(4,554.37)
	Net cash from Operations		**3,459.58**	3,237.56
	Loans disbursed (net)		**(47,354.55)**	(66,280.27)
	Corporate Deposits (net)		**(406.45)**	5,114.70
	Net cash used in operating activities	A	**(44,301.42)**	(57,928.01)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(211.78)**	(247.53)
	Sale of Fixed Assets		**31.60**	38.18
	Net Cash used for Fixed Assets		**(180.18)**	(209.35)
	Purchase of Investment Properties		**(17.28)**	(33.54)
	Sale of Investment Properties		**127.45**	24.51
	Net Cash flow from / used for Investment Properties		**110.17**	(9.03)
	Investments			
	- in Subsidiary Companies		**(121.24)**	(192.00)
	- in Associates Companies		**(8,569.75)**	0.00
	Other Investments (Net)		**(1,554.61)**	(7,900.24)
	Sale proceeds of Investments in Subsidiary Companies		**-**	356.97
	Net cash used for investing activities	B	**(10,315.61)**	(7,953.65)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2019 (Continued)

		Notes	Year ended March 31, 2019	₹ in Crore Year ended March 31, 2018
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity		**9.11**	17.45
	Securities Premium received		**6,613.17**	14,421.74
	Securities Premium utilised		**(41.43)**	(52.74)
	Sale proceeds of Investments in Subsidiary Companies		**1,248.87**	5,947.70
	Borrowings and Deposits (Net)		**48,745.70**	14,596.10
	Proceeds from Debt Securities and Subordinated Liabilities		**1,74,755.46**	1,53,761.95
	Repayment of Debt Securities and Subordinated Liabilities		**(1,73,104.37)**	(1,25,664.97)
	Dividend paid - Equity Shares		**(3,407.28)**	(2,956.88)
	Tax paid on Dividend		**(695.25)**	(605.50)
	Change in Non-Controlling Interest		**861.65**	3,879.25
	Net cash from financing activities	**C**	**54,985.63**	63,344.10
	Net Increase/(Decrease) in cash and cash equivalents	**[A+B+C]**	**368.61**	(2,537.55)
	Add : Cash and cash equivalents as at the beginning of the year		**2,814.70**	5,352.25
	Cash and cash equivalents as at the end of the year		**3,183.31**	2,814.70
	Cash and cash equivalents			
	(i) Cash on hand		**1.35**	0.65
	(ii) Balances with banks:			
	- In Current Accounts		**1,885.82**	1,445.97
	- In Deposit accounts with original maturity of 3 months or less		**901.58**	1,000.68
	(iii) Cheques, drafts on hand		**394.56**	367.40
			3,183.31	2,814.70

Note: Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ **50,338.64 Crore** (Previous year ₹ 43,105.91 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the Consolidated Financial Statements

1. Corporation Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Company') was incorporated in 1977 as the first specialised Mortgage Company domiciled in India as a limited company having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange.

2. Basis of Preparation and Presentation

2.1 **Statement of Compliance and basis of preparation and presentation**

The consolidated financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB"), the Reserve Bank of India ("RBI") and the Insurance Regulatory and Develpment Authority of India ("IRDAI") to the extent applicable.

Effective April 1, 2018, the Corporation has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended ("IGAAP"), which was the previous generally accepted accounting principles.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 48.

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

2.2 **Functional and presentation currency**

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Corporation and all values are rounded to the nearest crore, except when otherwise indicated.

2.3 **Basis of Measurement**

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Corporation.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 **Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 **Determination of Expected Credit Loss**

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement.

In particular, the estimation of the amount and timing of future cash flows based on Corporation's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Corporation's criteria for assessing if there has been a significant increase in credit risk.
- Development of ECL models, including the various formulas and choice of inputs / assumptions used.

The various inputs used and process followed by the Corporation in determining the significant increase in credit risk has been detailed separately.

2.4.2 **Fair Valuation of Investments (other than Investment in Subsidiaries and Associates)**

Some of the Corporation's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 49.

2.4.3 **Income Taxes**

The Corporation's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.4 **Evaluation of Business Model**

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") and the business model test (refer note 3.2.2.1.5). The Corporation determines the business model at a level that reflects how the Corporation financial instruments are managed together to achieve a particular business objective.

The Corporation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

2.4.5 **Share-Based Payments**

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 3.9.1.

2.4.6 **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Insurance Companies

For Insurance Companies, critical adjustments or judgements are required for valuation of policy liabilities as on date.

2.5 **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries together referred to as ("the Corporation / Group") and Associates as at and for the year ended March 31, 2019. The Corporation consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Corporation has less than a majority of the voting or similar rights of an investee, the Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Corporation's voting rights and potential voting rights.
- The size of the Corporation's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Corporation uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Corporation member's financial statements in preparing the consolidated financial statements to ensure conformity with the Corporation's accounting policies.

The financial statements of all entities used for the purpose of consolidation are same reporting date as that of the parent company, i.e., year ended on March 31, 2019.

2.6 **Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Corporation loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Corporation had directly disposed of the related assets or liabilities.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The financial statements of the following subsidiary companies have been consolidated as per Ind AS 110 - Consolidated Financial Statements.

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Sr. no.	**Name of Subsidiary**	**Proportion of Ownership Interest (%)**		
		March 31, 2019	March 31, 2018	April 1, 2017
1	HDFC Developers Ltd. (upto January 24, 2018)	-	-	100.00
2	HDFC Investments Ltd.	**100.00**	100.00	100.00
3	HDFC Holdings Ltd.	**100.00**	100.00	100.00
4	HDFC Asset Management Co. Ltd.	**52.77**	57.36	59.99
5	HDFC Trustee Co. Ltd.	**100.00**	100.00	100.00
6	HDFC Realty Ltd. (upto January 24, 2018)	-	-	100.00
7	GRUH Finance Ltd.	**56.09**	57.93	58.45
8	HDFC Venture Capital Ltd.	**80.50**	80.50	80.50
9	HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00	100.00
10	HDFC Life Insurance Co. Ltd.	**51.48**	51.62	61.53

Sr. no.	Name of Subsidiary	Proportion of Ownership Interest (%)		
		March 31, 2019	March 31, 2018	April 1, 2017
11	HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.)	**51.48**	51.62	61.53
12	HDFC International Life and Re Company Limited (Subsidiary of HDFC Life Insurance Co. Ltd.)	**51.48**	51.62	61.53
13	HDFC ERGO General Insurance Co. Ltd.	**50.49**	50.48	50.80
14	HDFC Sales Pvt. Ltd.	**100.00**	100.00	100.00
15	HDFC Property Ventures Ltd.	**100.00**	100.00	100.00
16	HDFC Investment Trust	**100.00**	100.00	100.00
17	HDFC Investment Trust – II	**100.00**	100.00	100.00
18	Griha Investments (Subsidiary of HDFC Holdings Ltd.)	**100.00**	100.00	100.00
19	Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	**100.00**	100.00	100.00
20	HDFC Credila Financial Services Pvt. Ltd.	**91.57**	91.28	91.02
21	HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00	100.00
22	HDFC Capital Advisors Ltd	**100.00**	100.00	100.00

Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

2.7 Business combinations and Goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Corporation has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2017. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Business combinations except under common control are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Corporation measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 non-current assets held for sale and discontinued operations are measured in accordance with that standard.

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

In case of bargain purchase, before recognising a gain in respect thereof, the Corporation re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2.8 Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105.

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Dividend received from associates is recognised as reduction in the carrying amount of the investments.

After application of the equity method, the Corporation determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit/loss of an associate in the Statement of Profit and Loss'.

Upon loss of significant influence over the associate, the Corporation measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate. Changes in investor's interest in other component of equity in such cases are being directly recognised in Equity.

When a group entity transacts with an associate of the Group, profit or losses resulting from the transactions with associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies

3.1 Revenue Recognition

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

3.1.1 Interest

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate (“EIR”)

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

Interest income/Expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest, income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

3.1.2 Dividend income

Dividend income is recognised when the Corporation’s right to receive dividend is established by the reporting date.

3.1.3 Fee and Commission income

The Group recognises revenue from contract with customers based on five step model as set out in Ind AS 115, revenue from contracts with customers to determine when to recognise revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

3.1.4 Rental Income

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

3.1.5 Premium Income of Life Insurance Business

Premium income on Insurance contracts and Investment contracts with Discretionary Participative Feature (DPF) is recognised as income when due from policy holders and as reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated.

3.1.6 **Premium Income of General Insurance Business**

Premium including Reinsurance accepted (net of service tax upto June 30, 2017, and net of Goods & Service Tax w.e.f. July 1, 2017) is recognized as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the period in which they occur. Installment cases are recorded on installment due dates. Premium received in advance represents premium received prior to commencement of the risk.

3.1.7 **Reinsurance premium**

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss Reinsurance cover is accounted as per the terms of the Reinsurance arrangements.

3.1.8 **Other Income**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

3.2 **Financial instruments**

3.2.1 **Recognition and Initial measurement**

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Corporation recognises debt securities, deposits and borrowings when funds are received by the Corporation.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Corporation will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.2 Classification and Subsequent Measurement of Financial Assets and Liabilities

3.2.2.1 Financial Assets

The Corporation classifies and measure all of its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- FVTPL

3.2.2.1.1 Amortised Cost

The Corporation classifies and measures cash and bank balances, Loans, Trade receivable, certain debt investments and other financial assets at amortised cost if following condition is met:

- Financial Assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortised cost;

3.2.2.1.2 FVOCI

The Corporation classifies and measures certain debt instruments at FVOCI when the investments is held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the SPPI test.

The Corporation measures all equity investments at fair value through profit or loss, unless the Corporation's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments, Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.2.1.3 FVTPL

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

3.2.2.1.4 Business Model Test

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Corporation determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Corporation's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Corporation considers all relevant information available when making the business model assessment. The Corporation takes into account all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Corporation's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Corporation determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Corporation reassesses it's business model on each reporting period to determine whether the business model have changed since the preceding period. For the current and prior reporting period the Corporation has not identified a change in its business model.

3.2.2.1.5 Solely Payments of Principal and Interest on the principal amount outstanding test ("SPPI")

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that meet SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

3.2.2.1.6 Subsequent Measurement and Gain and Losses

Financial Assets at Amortised Cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI:

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequently measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Equity Instrument at FVOCI:

Gains and losses on equity instruments at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Corporation benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.2.2.1.7 Reclassifications

If the business model under which the Corporation holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Corporation's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Corporation holds financial assets and therefore no reclassifications were made.

3.2.2.2 **Financial Liabilities and Equity Instruments**

3.2.2.2.1 Classification as Debt or Equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Corporation or a contract that will or may be settled in the Corporation's own equity instruments and is a non-derivative contract for which the Corporation is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Corporation's own equity instruments.

3.2.2.2.2 Equity Instruments

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

3.2.2.2.3 Subsequent Measurement and Gain and Losses

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

3.2.3 **Impairment and Write-off**

The Corporation recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt instruments measured at amortised cost and at FVOCI;
- Lease receivables;
- Loan commitments issued; and
- Financial guarantee.

Equity instruments are measured at fair value and not subject to impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

▪ 12-month ECL, i.e. the portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

The Corporation has established policy to perform an assessment at the end of each reporting period 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 instruments.

Based on the above process, the Corporation categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Corporation recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Corporation records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans are considered credit-impaired, the Corporation records an allowance for the life time expected credit losses.

For financial assets for which the Corporation has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3.2.3.1 Measurement of Expected Credit Losses

The Corporation calculates ECL based on probability-weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is the difference between the cash flows that are due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive.

When estimating ECL for undrawn loan commitments, the Corporation 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. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Corporation's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

The Corporation measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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 after considering the credit conversion factor (for Stage 1 and Stage 2 assets), and accrued interest from missed payments.

Probability of Default (PD) is the probability of whether borrowers will default on their obligations which is calculated based on historical default rate summary of past years using origination vintage analysis.

Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using a "Workout approach" based on the Corporation's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.2.3.2 **Significant Increase in Credit Risk**

The Corporation monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to 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 Corporation measures the loss allowance based on lifetime rather than 12-month ECL. The Corporation's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Corporation monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation 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 Corporation 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.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in different recovery scenario. For individual loans the Corporation considers the expectation of forbearance, payment holidays and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is 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 a financial asset becomes 30 days past due, the Corporation 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.

3.2.3.3 **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;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- 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 Corporation assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Corporation considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a 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.

3.2.3.4 **Definition of Default**

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

The Corporation considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Corporation; or
- The borrower is unlikely to pay its credit obligations to the Corporation in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Corporation takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

3.2.3.5 **Write-off**

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains.

3.2.4 Modification and Derecognition of Financial Assets

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. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Corporation renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If the significant difference in present value, the Corporation deems the arrangement is substantially different leading to 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. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance is continued to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Corporation calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3.2.5 Derecognition of Financial Liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.2.6 Collateral Valuation and Repossession

To mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the HFC under SARFAESI act. The Corporation provides fully secured, partially secured and unsecured loans to individuals and Corporates.

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail 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.

3.2.7 **Transfer and Servicing of Assets**

The Corporation transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Corporation transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of profit and loss.

The Corporation recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in Statement of Profit and Loss.

3.2.8 **Derivative Financial Instruments**

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate risk; and foreign exchange rate risk. Derivative held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Corporation designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

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

3.2.8.1 **Hedge Accounting**

The Corporation makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Corporation applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Corporation's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Corporation would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

3.2.8.2 **Fair value hedges**

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Corporation classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

3.2.8.3 **Cash Flow Hedges**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.2.9 **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with Ind AS 109; and
- The amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Corporation's revenue recognition policies.

The Corporation has not designated any financial guarantee contracts as FVTPL.

3.3 **Property, Plant and Equipment ("PPE")**

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Corporation and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.4 **Investment Property**

Investment properties are properties held to earn rentals and/or capital appreciation and are measured and reported at cost, including transaction costs.

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of investment property as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 **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 Corporation and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment, except for Goodwill on Consolidation (refer note 2.7). Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of Intangible assets measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of April 1, 2017.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3.6 **Capital work-in-progress**

Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

3.7 **Depreciation and Amortisation**

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than Freehold Land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is recognised on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease. The useful life of the property, plant and equipment held by the Corporation is as follows:

Class of assets	Useful life
Buildings	60 years
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Vehicles*	5 years
Computer Software*	4 years

** For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.*

Intangible assets are amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

3.8 **Impairment of Assets other than Financial Instruments**

As at the end of each accounting year, the Corporation reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 **Employee Benefits**

3.9.1 **Share-based payment arrangements**

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

3.9.2 **Defined Contribution Plans**

3.9.2.1 **Superannuation Fund**

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

3.9.3 **Defined Benefit Plans**

3.9.3.1 **Provident Fund**

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by various trustees. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability, if any is recognised.

3.9.3.2 **Gratuity and Other Post Retirement Benefits**

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planed assets.

3.9.3.3 **Short-term Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.9.3.4 **Long-term Employee Benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

3.10 **Scheme and Commission Expenses**

Certain scheme related expenses and commission paid to distributors were being borne by one of the subsidiary company till October 22, 2018. These expenses have been charged in accordance with applicable circulars and guidelines issued by Securities and Exchange Board of India ("SEBI") and Association of Mutual Funds in India and have been presented under the respective expense heads in the Statement of Profit and Loss.

Any brokerage or commission paid by one of the subsidiary in line with the applicable regulations is being amortised over the contractual period.

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, all of these expenses, subject to certain minor exceptions, are being borne by the respective schemes.

New Fund Offer expenses on the launch of schemes are borne by one of the subsidiary and recognised in the Statement of Profit and Loss as and when incurred.

3.11 **Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

3.11.1 **Operating Leases**

A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the Corporation's expected inflationary cost increases.

3.12 **Dividends on Ordinary Shares**

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

3.13 **Cash and Cash Equivalents**

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.14 **Securities Premium Account**

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 and issue expenses of securities which qualify as equity instruments.

3.15 **Borrowing Costs**

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

3.16 **Deferred Acquisition Cost (DAC)/Deferred Origination Fees (DOF)**

Incremental costs incurred during the financial year on acquiring or renewing of investment contracts without Discretionary Participating Feature are deferred and amortized over the life of the policy contracts as the related revenue is recognized, to the extent that these costs are recoverable out of future premiums.

Initial and other front-end fees received for rendering future investment management services relating to investment contracts without DPF, are deferred and recognized as revenue when the related services are rendered.

3.17 **Claims Incurred**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses. The above elements of estimates of liability for claims are periodically reviewed by the Appointed Actuary and adjusted based on recent experience and emerging trends.

3.18 **Acquisition Costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed in the period in which they are incurred.

3.19 **Commission Received**

Commission on Reinsurance ceded is recognised as income on ceding of Reinsurance premium.

Profit commission under Reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

3.20 **Reserve for Unexpired Risk**

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365th method in all segment subject to a minimum of 100% in case of Marine Hull business and based on Net Premium Written during the year, whichever is higher as per Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016.

3.21 **Premium Deficiency**

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk. The expected claim costs are calculated and duly certified by the Appointed Actuary.

3.22 Salvage Recoveries

Salvaged vehicles are recognised at net realizable value and are deducted from the claim settlement made against the same. Salvaged vehicles on hand are treated as stock-in-trade and are recognised at estimated net realizable value based on independent valuer’s report.

3.23 Foreign Currencies

3.23.1 Functional currency of the Corporation and foreign operations has been determined based on the primary economic environment in which the Corporation and its foreign operations operate considering the currency in which funds are generated, spent and retained.

3.23.2 Transactions in currencies other than the Corporation'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 except for the Long Term Monetary Items outstanding as at March 31, 2018, for which differences are recognized in FCMITDA & amortised in Profit & Loss statement.

3.24 **Segments**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes in India, Life Insurance business, General Insurance business and Asset Management business. All other activities of the Corporation revolve around the main business.

3.25 **Earnings per share**

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.26 **Taxes on Income**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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 based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

3.27 **Goods and Services Input Tax Credit**

Goods and Services tax input credit is recognised in the period in which the supply of goods or service is received and when there is no uncertainty in availing/utilising the credits.

3.28 **Provisions and Contingent Liabilities**

Provisions are recognised only when:

(i) The Corporation has a present obligation (legal or constructive) as a result of a past event; and

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

Contingent liability is disclosed in case of:

(i) 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

(ii) 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.

3.29 **Contingent Assets**

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.

3.30 **Reinsurance assets**

Reinsurance Asset, being net contractual rights receivable under reinsurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date. This also includes the balances due from reinsurance companies which are accounted for in the period in which the related claims are intimated.

3.31 **Insurance contract liabilities**

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

3.31.1 The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

3.31.2 The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.

3.31.3 The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

3.31.4 The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.

3.31.5 The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/bonuses) and reserves calculated by gross premium valuation method.

3.31.6 The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

3.31.7 Additional reserves are determined to:

- Allow for the claims that may have occurred already but not yet reported (Incurred but not reported).
- Allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to new business).
- Meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
- Allow for the additional amount required to be paid on account of cancellation of policies due to look-in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look-in Reserve).
- Allow for the cost of guarantees, wherever applicable.

3.32 **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.

3.33 **Non-Current Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.34 **Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. Changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and

iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3.35 **Standards issued but not effective**

The Corporation is currently evaluating the impact of the following standards:

3.35.1 **Ind AS 116 Leases**

Ind AS 116 Leases was notified on 28 March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

3.35.2 **Amendment to Ind AS 12 Income Taxes**

Income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised.

The income tax consequences should be recognised in the Statement of Profit and Loss, Other Comprehensive Income or equity according to where the past transactions or events that generated distributable profits were originally recognised.

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatments that are yet to be accepted by tax authorities and to reflect it in the measurement of current and deferred taxes.

3.35.3 **Amendments to Ind AS 109 Financial Instruments**

A financial asset would be classified and measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) if its contractual cash flows are solely in the nature of principal and interest on the principal amount outstanding (SPPI criterion).

An exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

- Have a prepayment feature which results in a negative compensation.
- Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and

- The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

Such financial assets could be measured at amortised cost or at FVOCI based on the business model within which they are held.

3.35.4 **Amendments to Ind AS 19 Employee Benefits**

When a defined benefit plan is amended, curtailed or settled, entities would be required to use updated actuarial assumptions to determine its current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement).

The effect of the asset ceiling would not be considered while calculating the gain or loss on any settlement of the plan. Subsequently, it would be recognised in Other Comprehensive Income.

3.35.5 **Amendments to Ind AS 23 Borrowing Costs**

While computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity.

3.35.6 **Ind AS 28 Investments in Associate and Joint Ventures**

An entity's net investment in its associate or joint ventures includes investment in ordinary shares, other interests that are accounted using the equity method, and other long-term interests, which are governed by the principles of Ind AS 109.

As per the equity method, the carrying amount of an entity's investment in its associate and joint ventures increases or decreases to recognize the entity's share of profit or loss of its investee associates and joint ventures.

Where the losses exceed the entity's investment in ordinary shares, they are applied to other components of the entity's interest in the associate or joint venture in the reverse order of their superiority. In this context, MCA clarified that the accounting for losses allocated to long-term interests (governed by principles of IndAS 109, Financial Instruments) would involve the dual application of IndAS 28 and Ind AS 109. The annual sequence in which both standards are to be applied can be explained in a three step process:

- Apply Ind AS 109 (Expected Credit Loss (ECL), fair value adjustments, etc.) independently
- True-up past allocations on carrying amount of long-term investment
- Book current year profits/losses.

3.35.7 **Ind AS 103 Business Combinations**

When an entity obtains control of a business that is a joint operation, then the acquirer considers such an acquisition as a business combination achieved in stages and accounts for it accordingly.

3.35.8 **Ind AS 111 Joint Arrangements**

If a party that participates in a joint operation (but does not have joint control) obtains joint control over the joint operation (which constitutes a business as defined in Ind AS 103), it would not be required to re-measure its previously held interests in the joint operation.

3.36 **First Time Adoption of Ind AS (Ind AS 101)**

I. **Reconciliation of Equity as at April 1, 2017 and March 31, 2018**

₹ in Crore

Particulars	Balance Sheet as at March 31, 2018			Balance Sheet as at April 1, 2017		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
Financial assets						
Cash and cash equivalents	2,814.70	-	2,814.70	5,352.25	-	5,352.25
Bank Balances other than cash and cash equivalents	313.84	-	313.84	2,416.96	-	2,416.96
Derivative financial instruments	238.09	218.16	456.25	276.35	56.36	332.71
Trade and other receivables	258.07	-	258.07	238.01	-	238.01
Loans	3,75,558.76	616.22	3,76,174.98	3,11,594.90	443.23	3,12,038.13
Investments in associates	26,834.35	1,637.69	28,472.04	23,337.40	527.43	23,864.83
Other Investments	24,215.67	816.09	25,031.76	12,892.36	688.86	13,581.22
Assets of Insurance Business	1,12,990.18	5,723.57	1,18,713.75	97,512.13	6,093.52	1,03,605.65
Other financial assets	6,558.13	(1,092.77)	5,465.36	9,608.89	415.87	10,024.76
Total Financial Assets	**5,49,781.79**		**5,57,700.75**	**4,63,229.25**		**4,71,454.52**
Non-Financial assets						
Current Tax Assets (Net)	3,822.02	-	3,822.02	3,521.24	-	3,521.24
Deferred tax assets	329.40	1,007.81	1,337.21	15.67	321.41	337.08
Investment properties	460.87	-	460.87	461.03	-	461.03
Property, plant and equipment	1,191.16	(22.94)	1,168.22	1,102.30	(2.16)	1,100.14
Other intangible assets	117.72	0.63	118.35	136.34	(21.30)	115.04
Goodwill on Consolidation	221.85	403.61	625.46	620.04	6.80	626.84
Other non-financial assets	1,402.65	(26.32)	1,376.33	1,634.75	(288.82)	1,345.93
Total Non-Financial Assets	**7,545.67**		**8,908.46**	**7,491.37**		**7,507.30**
Total Assets	**5,57,327.46**		**5,66,609.21**	**4,70,720.62**		**4,78,961.82**
EQUITY AND LIABILITIES						
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	378.32	131.72	510.04	1,024.56	(103.76)	920.80
Payables						
(A) Trade Payables	2,524.04	(211.51)	2,312.53	2,112.39	(324.00)	1,788.39
(B) Other Payables						
Debt Securities	1,81,942.90	81.45	1,82,024.35	1,54,191.81	(181.66)	1,54,010.15
Borrowings (Other than Debt Securities)	56,018.66	35.31	56,053.97	46,726.55	34.91	46,761.46
Deposits	92,725.91	(20.06)	92,705.85	87,025.64	(36.21)	86,989.43
Subordinated Liabilities	5,723.00	(90.72)	5,632.28	5,623.00	(73.49)	5,549.51
Other financial liabilities	12,156.75	684.13	12,840.88	11,471.62	(154.94)	11,316.68
Liabilites of Insurance Business	1,10,942.43	5,403.47	1,16,345.90	95,417.39	6,082.69	1,01,500.08
Total Financial Liabilities	**4,62,412.01**		**4,68,425.80**	**4,03,592.96**		**4,08,836.50**

₹ in Crore

Particulars	Balance Sheet as at March 31, 2018			Balance Sheet as at April 1, 2017		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
Non-Financial Liabilities						
Current tax liabilities (Net)	113.55	-	113.55	74.87	-	74.87
Deferred tax liabilities (Net)	2,493.59	(2,444.04)	49.55	2,514.22	(2,268.57)	245.65
Provisions	311.35	4.18	315.53	308.00	6.00	314.00
Other non-financial liabilities	757.91	79.31	837.22	698.69	72.68	771.37
Total Non-Financial Liabilities	**3,676.40**		**1,315.85**	**3,595.78**		**1,405.89**
Total liabilities	**4,66,088.41**		**4,69,741.65**	**4,07,188.74**		**4,10,242.39**
EQUITY						
Equity	335.18	-	335.18	317.73	-	317.73
Other equity	86,206.22	5,331.86	91,538.08	59,741.58	5,095.38	64,836.96
Non Controlling Interest	4,697.65	296.65	4,994.30	3,472.57	92.17	3,564.74
Total equity	**91,239.05**		**96,867.56**	**63,531.88**		**68,719.43**
Total equity and liabilities	**5,57,327.46**		**5,66,609.21**	**4,70,720.62**		**4,78,961.82**

The previous GAAP figures have been reclassified to confirm Ind AS presentation requirements for the purposes of this note.

II. Reconciliation of Total Comprehensive income for the year ended March 31, 2018

₹ in Crore

Particulars	Year ended March 31, 2018		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from Operations			
Interest Income	38,911.53	208.59	39,120.12
Dividend Income	465.03	-	465.03
Rental Income	103.74	-	103.74
Fees and commission Income	2,220.13	(5.27)	2,214.86
Net gain on fair value changes	-	465.51	465.51
Profit on Sale of Investments	5,671.26	(5,278.38)	392.88
Net gain on derecognition of assigned loans	-	533.71	533.71
Income from Insurance Business	26,453.57	9,724.44	36,178.01
Total Revenue from Operations	**73,825.26**	**5,648.61**	**79,473.87**
Other Income	345.74	-	345.74
Total Income	**74,171.00**	**5,648.61**	**79,819.60**
Expenses			
Finance costs	23,452.42	1,266.04	24,718.46
Impairment on financial instruments (Expected Credit Loss)	2,064.61	78.81	2,143.42
Employee benefit expense	2,428.84	965.56	3,394.40
Depreciation and amortisation expense	74.11	42.37	116.48
Establishment Expenses	326.40	-	326.40
Other Expenses	2,646.61	-	2,646.61
Expenses pertaining to insurance business	25,575.50	10,627.44	36,202.94
Total expenses	**56,568.49**	**12,980.23**	**69,548.71**
Profit before Tax	**17,602.51**	**(7,331.62)**	**10,270.89**

₹ in Crore

Particulars	Year ended March 31, 2018		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Tax expense			
- Current tax (MAT)	4,339.38	(259.77)	4,079.61
- Deferred tax	-338.18	(645.39)	(983.57)
Total tax expense	**4,001.20**	**(905.16)**	**3,096.04**
Share of Profit of Associates	**3,730.23**	**2,206.13**	**5,936.36**
Net Profit After Tax	**17,331.54**	**(4,220.33)**	**13,111.21**
Other Comprehensive Income (OCI)	**-**	**(606.27)**	**(606.27)**
Total comprehensive income	**17,331.54**	**(4,826.60)**	**12,504.94**
Total Comprehensive Income attributable to:			
Owners of the Corporation	**16,254.96**	**(4,855.93)**	**11,399.04**
Non-Controlling Interest	**1,076.58**	**29.32**	**1,105.90**

The previous GAAP figures have been reclassified to confirm Ind AS presentation requirements for the purposes of this note.

The Corporation has prepared financial statements for the year ended March 31, 2019, in accordance with Ind AS for the first time. For the periods upto and including the year ended March 31, 2018, the Corporation prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), NHB, RBI, IRDAI guidelines. Accordingly, the Corporation has prepared its financial statements to comply with Ind AS for the year ending March 31, 2019, together with comparative information as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Corporation's opening Balance Sheet was prepared as at April 1, 2017 i.e. the transition date to Ind AS for the Corporation.

This note explains the principal adjustments made by the Corporation in restating its Previous GAAP financial statements, including the Balance Sheet as at April 1, 2017, and the financial statements as at and for the year ended March 31, 2018

III. Exemptions availed:

Deemed Cost for Property, Plant and Equipment, Intangible Assets and Investment properties:

The Corporation has elected to continue with the carrying value of all of its property, plant and equipment Intangible Assets and Investment properties, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS.

Share-Based Payments:

The Corporation has not applied Ind AS 102 to equity instruments that vested before the date of transition to Ind AS.

Business Combinations:

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before 1st April, 2017. The carrying amounts of assets and liabilities in accordance with Previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS.

Classification and Measurement of Financial Assets:

The Corporation has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Fair Value of Financials Assets and Liabilities:

As per Ind AS exemption, the Corporation has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

Derecognition of Financial Assets

As per Ind AS exemption, the Corporation has not reassessed the securitisation / assignment transactions entered before the transition date and the same is continued to be derecognised.

Long Term Foreign Currency Monetary Items

As per Ind AS exemption, the Corporation has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the effective date as per the previous GAAP.

IV. Notes

A. Impairment on Financial Instruments (Reversal of provision of standard / non-performing assets (NPA) and Provision for Expected Credit Losses (ECL)

Under the Previous GAAP, provision for standard asset, were presented under provisions. However, under Ind AS financial assets measured at amortised cost / Fair value through Other comprehensive Income are presented net of provision for expected credit losses. Consequently, the Corporation has reversed provisions for standard assets / NPA's and provision for ECL has been recognised.

B. Fair Valuation of Investments [other than Investments in Subsidiaries and Associates]:

Under Previous GAAP, long- term investments were measured at cost less diminution in value other than temporary. Under Ind AS, these financial assets have been classified as Fair Value Through Profit or Loss (FVTPL) or FVTOCI and Current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition.

C. Deferred Tax:

The Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base.

The application of 'Ind AS 12 Income Taxes' approach has resulted in the various transitional adjustments being temporary differences. Accordingly, the Corporation has accounted for such differences. These adjustments are recognised in co-relation to the underlying transaction either in retained earnings, OCI or the statement of profit and loss respectively.

As required by the NHB, the Corporation had recognised deferred tax liability (DTL) in respect of the balance in the Special Reserve (created under section 36(1)(viii) of the Income-tax Act, 1961) amounting to ₹ 3,564.56 crore as at March 31, 2017. The Special Reserve will never be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has been reversed to comply with Ind AS 12 on Income Taxes.

D. Investment Property:

Under the Previous GAAP, there was no requirement to present investment property separately and the same was included under non-current investments and measured at cost less provision for diminution other than temporary. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of the investment property net of depreciation and impairment as at April 1, 2017 of ₹ 460.87 crore and as at March 31, 2018 of ₹ 461.03 crore under the Previous GAAP has been reclassified to a separate line item on the face of the balance sheet and the depreciation provided based on estimated useful life.

E. Effective Interest Rate (EIR):

a. Under Previous GAAP, transaction costs charged to customers and incurred by the Corporation was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset/financial liability and recognised as interest income/interest expense using the effective interest method.

b. Under Previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the effective interest method.

F. Derecognition of Assigned Loans:

Under the Previous GAAP, retained interest receivable on loan assignment transactions were recognised over the period of such assigned loans. However, under Ind AS, on transfer of substantially all risks and rewards without retention of any residual interest, gain arising on said transactions are recorded in the Statement of Profit and Loss by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values. These loans are derecognised from the Balance Sheet immediately on assignment of the loan. The Corporation has recorded gain of ₹ 3.08 crore for the year ended March 31, 2018 on account of assignment of loans.

G. Profit on sale of partial investments in subsidiaries:

Under the previous GAAP, the profit on account of sale of investments in subsidiaries, whether or not the stake is diluted or control was lost, was effected through the Statement of Profit and loss. However under Ind AS, any profit or loss on account of sale of investment in Subsidiaries can be routed through Statement of profit and loss only in cases where the control is lost. In other cases, where, post the sale of investments in subsidiaries, wherein the control is retained, shall be effected directly in the equity.

In the previous year, the Corporation had diluted its holding in HDFC Life Insurance Co. Ltd and GRUH finance Ltd and had accounted the gains on the same through the Statement of Profit and loss. However, under Ind AS, the same have been directly recognised in the equity.

H. Share-Based Payments:

Under Previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as profit after tax for the year ended March 31, 2018 by ₹ 965.56 crore.

I. Defined Benefit Obligation

Both under Previous GAAP and Ind AS, the Corporation recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gain and losses, were charged to the statement of profit and loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of assets ceiling, excluding amounts included in net interest on the net defined benefit liability and return on plan assets excluding amount included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income (OCI).

J. Share of profit of associates:

The Corporation, under the previous GAAP, accounted the dilution gains / losses in the General Reserves. However, under the Ind AS, the same is routed through the statement of Profit and Loss

K. Other Comprehensive Income (OCI):

Under Previous GAAP, there was no concept of OCI. Under Ind AS, for equity instruments other than held for trading, the Corporation has exercised irrevocable option to recognise in other comprehensive income subsequent changes in the fair value..

Fair valuation of Bonds and re-measurement of defined benefit plan liability are recognised in OCI.

L. The Corporation designates certain Currency swaps and Interest rate swaps as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

Accordingly, ₹ 48.56 crore is regrouped from the statement of profit and loss to OCI (net of tax) for the year ended March 31, 2018

M. Goodwill on consolidation:

The Corporation has recognised Goodwill on account of acquisition of a subsidiary and further merger of the same with another subsdiary

N. Ind-AS adjustments specific to Insurance business

i Policyholders' Funds and Investment Contract Liabilities relating to life insurance business

Under IGAAP, all contracts were classified as insurance contracts and consequently, entire premium was shown under 'revenue from operations' and liabilities were recorded as 'insurance contract liabilities'. On application of Ind AS 104 - 'Insurance contracts', contracts having death benefit of less than 105% have been classified as investment contracts due to the absence of significant insurance risk component. Therefore, policyholders' liabilities have been reclassified to investment contract liabilities.

Under current accounting method, the fair value changes pertaining to equity and mutual fund (policyholders' investments) were accounted as 'fair value changes account' under 'policyholders' liabilities'. On application of Ind AS 109 - Financial Instruments, wherein equity securities and mutual funds have been designated either at FVTPL or FVOCI, thus, all the unrealized changes in fair value has been reclassified from policyholders' liabilities on the basis of valuation decided for investments in each segment in other comprehensive income and in the Statement of Profit and Loss.

ii Reinsurance assets/incomes

Under Ind AS, the Group is required to recognize the insurance liabilities relating to insurance business, gross of reinsurance and hence, resulting in separate recognition of reinsurance assets/incomes. Also, impairment testing on reinsurance assets on a periodic basis is required. Therefore, on the date of transition to Ind AS, reinsurance asset has been recognized which has led to a consequent increase in the amount of policyholders' funds.

4. Cash and Cash Equivalents

₹ in Crore

Particulars		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i)	Cash on hand	**1.35**	0.65	0.60
(ii)	Balances with banks:			
	- In Current Accounts	**1,885.82**	1,445.97	1,008.45
	- In Deposit accounts with original maturity of 3 months or less	**901.58**	1,000.68	4,003.52
(iii)	Cheques, drafts on hand	**394.56**	367.40	339.68
Total		**3,183.31**	**2,814.70**	**5,352.25**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Corporation, and earn interest at the respective short-term deposit rates.

5. Bank Balances Other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) In other Deposit accounts			
- original Maturity more than 3 months	**1,179.39**	135.28	2,232.82
(ii) Earmarked balances with banks			
- Unclaimed Dividend Account	**28.99**	44.91	26.29
- Other - Against Foreign Currency Loans [Refer Note 20.2]	**113.76**	133.54	157.74
- Towards Guarantees Issued by Banks	**31.09**	0.11	0.11
Total	**1,353.23**	**313.84**	**2,416.96**

Fixed deposit with banks earns interest at fixed rate or floating rates based on daily bank deposit rates.

6. Receivables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Trade receivables considered good - Unsecured	**612.00**	245.11	231.35
Less: Provision for Expected Credit Loss	**0.01**	-	0.01
Net Trade receivables	**611.99**	245.11	231.34
Other receivables - considered good - Unsecured	**28.60**	12.96	6.67
Total	**640.59**	**258.07**	**238.01**

No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

Reconciliation of impairment allowance on trade and other receivables:

₹ in Crore

Particulars	Amount
Impairment allowance as on April 1, 2017	-
Add/ (less): asset originated or acquired	0.00
Impairment allowance as on March 31, 2018	0.00
Add/ (less): asset originated or acquired	0.01
Impairment allowance as on March 31, 2019	0.01

7. Derivative Financial Instruments

The Corporation enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I									
(i) **Currency derivatives:**									
-Forwards	3,176.82	7.42	100.71	7,721.12	39.61	22.06	8,236.00	-	460.87
-Currency swaps - Principal Only Swaps	12,826.93	311.74	63.93	7,980.03	78.79	209.86	9,287.00	80.85	284.99
-Options purchased (net)	6,757.73	122.20	0.11	-	-	-	-	-	-
Subtotal (i)	**22,761.48**	**441.36**	**164.75**	**15,701.15**	**118.40**	**231.92**	**17,523.00**	**80.85**	**745.86**
(ii) Interest rate derivatives									
-Forward Rate Agreements and Interest Rate Swaps	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
-Options purchased (net)	-	-	-	-	-	-	-	-	-
-Others	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.12**	**30,809.00**	**251.86**	**174.94**
Total Derivative Financial Instruments (i)+(ii)	**78,411.48**	**1,403.36**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**
Part II									
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:									
(i) **Fair value hedging:**									
- Currency derivatives	-	-	-	-	-	-	-	-	-
- Interest rate derivatives	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
Subtotal (i)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.13**	**30,809.00**	**251.86**	**174.94**
(ii) Cash flow hedging:									
- Currency derivatives	22,761.48	441.36	164.75	8,106.60	80.51	208.50	8,333.00	80.85	155.86
- Interest rate derivatives	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**22,761.48**	**441.36**	**164.75**	**8,106.60**	**80.51**	**208.50**	**8,333.00**	**80.85**	**155.86**
(iii) Undesignated Derivatives									
- Currency Swaps	-	-	-	100.00	-	2.19	954.00	-	129.14
- Forwards *	-	-	-	7,494.55	37.89	21.23	8,236.00	-	460.87
Subtotal (iii)	**-**	**-**	**-**	**7,594.55**	**37.89**	**23.42**	**9,190.00**	**-**	**590.01**
Total Derivative Financial Instruments (i)+(ii)	**78,411.48**	**1,403.36**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**

* Forward contracts were taken on underlying FCNR loans, for which AS - 11, para 46A (previous GAAP) was applied.

7.1 The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under Ind AS for material forseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7.2 Refer note 49.1.6 For Foreign currency risk.

8. Loans - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Loans:			
Individual Loans	309,406.30	271,788.42	221,926.82
Corporate Bodies	111,139.28	103,533.71	88,126.96
Others	7,760.37	6,394.17	5,322.68
Staff Loans	29.91	28.04	23.56
Total – Gross (A)	**428,335.86**	**381,744.34**	**315,400.02**
Less: Impairment Loss allowance (Expected Credit Loss)	5,972.03	5,569.36	3,361.89
Total – Net (A)	**422,363.83**	**376,174.98**	**312,038.13**
(a) Secured by tangible assets	408,881.03	365,400.27	301,356.80
(b) Secured by intangible assets	9,159.21	7,406.17	6,170.41
(c) covered by bank and government guarantee	1,169.59	1,226.06	717.68
(d) Unsecured	9,126.03	7,711.84	7,155.13
Total – Gross (B)	**428,335.86**	**381,744.34**	**315,400.02**
Less: Impairment Loss allowance (Expected Credit Loss)	5,972.03	5,569.36	3,361.89
Total – Net (B)	**422,363.83**	**376,174.98**	**312,038.13**
(I) Loans in India			
(i) Public Sector	1,385.99	1,228.74	717.24
(ii) Others	426,949.87	380,515.60	314,682.78
Total (C)- Gross	**428,335.86**	**381,744.34**	**315,400.02**
Less: Impairment Loss allowance (Expected Credit Loss)	5,972.03	5,569.36	3,361.89
Total(C) (I)-Net	422,363.83	376,174.98	312,038.13
(II) Loans outside India			
Less: Impairment Loss allowance (Expected Credit Loss)	-	-	-
Total (C) (II)- Net	-	-	-
Total (C) (I) and (II)	**422,363.83**	**376,174.98**	**312,038.13**

8.1 Loans granted by the Corporation are secured or partly secured by one or a combination of the following securities:

1. Registered / equitable mortgage of property;
2. Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
3. Hypothecation of assets;
4. Bank guarantees, company guarantees or personal guarantees;
5. Negative lien;
6. Assignment of receivables;
7. Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

There were no loans given against the collateral of gold jewellery.

8.2 Loans include ₹ **491.50 crore** (Previous Year ₹ 265.02 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

8.3 **Expected Credit Loss**

Expected Credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are:

a. Probability of Default (PD): represents the likelihood of default over a defined time horizon.

b. Exposure at Default (EAD): represents the gross exposure at the time of default.

c. Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others.

Delinquency buckets have been considered as the basis for the staging of all loans with:

a. 0-30 days past due loans classified as stage 1

b. 30-90 days past due loans classified as stage 2 and

c. > 90 days past due loans classified as stage 3

EAD is the total amount outstanding including accrued interest as on the reporting date. The ECL is computed as a product of PD, LGD and EAD.

Macro Economic Factors

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, inflation, Housing price index (HPI), lending rate (repo rate) and the equity indices were analysed for their correlations. The correlation was minimal and the same was not considered in the ECL framework.

One of the subsidiary company operates using internal rating models. The company runs separate models for its portfolio in which the customers are rated from 'Standard' to 'NPA' using internal grades.

a. Credit quality of individual loan assets:

The Corporation has classified all individual loans at amortized cost and has assessed it at the collective pool level. The individual loan book has been divided into the housing and non-housing sub portfolios.

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans).

The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The housing and non-housing portfolio has been considered together for the LGD computation.

b. Credit quality of Corporate Loan assets:

Measurement of ECL for stage 1 and certain stage 2 non individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into: i. Corporate Finance ii) Construction Finance iii) Lease Rental Discounting iv) Inter-Corporate Deposits. Certain loans classified as stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The 12 month PD has been applied on stage 1 loans. The PD term structure i.e Lifetime PD has been applied on the stage 2 loans according to the repayment schedule for stage 2 loans and PD is considered to be 100% for stage 3 loans. PD has been separately calculated for each segment as described above.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Corporation has identified certain non individual accounts as Watch List under Stage 2 based on the following criteria.

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments
- Security cover is insufficient for repayment of loans
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

₹ in Crore

Particulars	March 31, 2019				March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,59,897.00	17,080.30	4,767.04	3,81,744.34	3,01,404.81	11,291.59	2,703.62	3,15,400.02
Increase in EAD - new assets originated or purchased / further increase in existing assets	1,43,780.59	694.11	445.35	1,44,920.05	1,35,215.41	379.23	291.36	1,35,886.00
Assets repaid in part or full (excluding write offs)	(68,012.93)	(2,945.74)	(1,561.60)	(72,520.27)	(61,013.75)	(1,131.09)	(886.68)	(63,031.52)
Assets Derecognised (Loans Assigned)	(25,150.00)	-	-	(25,150.00)	(6,453.00)	-	-	(6,453.00)
Assets written off	-	-	(658.25)	(658.25)	-	-	(57.16)	(57.16)
Transfers to Stage 1	4,446.10	(3,717.65)	(808.50)	(80.05)	2,825.01	(2,389.73)	(188.52)	246.76
Transfers to Stage 2	(9,070.51)	9,683.56	(484.16)	128.89	(10,963.90)	10,821.11	(71.27)	(214.06)
Transfers to Stage 3	(1,105.69)	(2,487.62)	3,544.46	(48.85)	(1,117.58)	(1,890.81)	2,975.69	(32.70)
Gross carrying amount closing balance	4,04,784.56	18,306.96	5,244.34	4,28,335.86	3,59,897.00	17,080.30	4,767.04	3,81,744.34

Note: Gross carrying amount includes undrawn balance on which ECL is computed.

Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	March 31, 2019				March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	198.32	3,310.16	2,060.88	5,569.36	199.24	2,090.08	1,072.57	3,361.89
ECL Remeasurements due to changes in EAD / assumptions [Net]	12.27	2.12	0.03	14.42	25.18	0.84	0.06	26.08
Assets derecognised or repaid (excluding write offs)	(155.91)	866.49	354.31	1,064.89	(80.52)	1,989.00	298.71	2,207.19
Transfers to Stage 1	833.04	(810.22)	(23.66)	(0.84)	506.28	(476.83)	(24.11)	5.34
Transfers to Stage 2	(621.72)	705.73	(80.17)	3.84	(446.51)	456.71	(7.79)	2.41
Transfers to Stage 3	(3.53)	(923.13)	926.28	(0.38)	(5.23)	(750.91)	755.55	(0.59)
Amounts written off / other adjustments	1.15	1.17	(681.58)	(679.26)	(0.12)	1.27	(34.11)	(32.96)
ECL allowance - closing balance	263.62	3,152.32	2,556.09	5,972.03	198.32	3,310.16	2,060.88	5,569.36

The Expected Credit Loss (ECL) shown above is computed on the Exposure At Default (EAD) which comprises of the Gross Carrying Amount adjusted for the following amounts:

₹ in crore

Particulars	As on March 31, 2019	As on March 31, 2018	As on March 31, 2017
EMI / Interest Amounts Received in Advance	**(180.58)**	(154.35)	(167.23)
Undisbursed Loan Component (after applying Credit Conversion Factor)	**19,695.60**	17,312.14	15,144.34
Financial Guarantees	**534.98**	511.88	628.09

Summary of Impairment loss allowance (Expected Credit Loss)

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2019	**263.62**	**3,152.32**	**2,556.09**	**5,972.03**
March 31, 2018	198.32	3,310.16	2,060.88	5,569.36
April 1, 2017	199.24	2,090.08	1,072.57	3,361.89

Stage 1 - Loss allowance measured at 12 month expected credit losses

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses

8.4 **Concentration of Exposure**

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Total Loans and Advances to twenty largest borrowers *	**43,051.80**	37,208.23	34,038.38
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**9.71%**	9.40%	10.22%

* Loans (principal outstanding, undrawn loan commitment, financial guarantees and inter corporate deposits) outstanding as on date has been considered for the computation of concentration of exposure.

9. Investment in Associates

The Groups interests in material associates are:

Name of the Associate	Principal place of business	Nature of Business	Method of accounting	Proportion of stake		
				As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
HDFC Bank Limited	India	Banking	Equity Method	**21.38%**	20.93%	21.20%
Truenorth Ventures Private Limited	India	Venture Capital	Equity Method	**21.51%**	21.51%	21.51%
Good Host Spaces Private Limited (w.e.f August 24, 2018)	India	Hospitality	Equity Method	**25.01%**	-	-
Magnum Foundations Private Limited	India	Real estate	Equity Method	**50.00%**	50.00%	50.00%

Summarised financial information in respect of Group's material associates along with reconciliation of the same to the carrying amount of the interest in associates is set out below:

₹ in Crore

Particulars (as at March 31, 2019)	HDFC Bank Limited	Truenorth Ventures Private Limited	Good Host Spaces Private Limited	Total
Summarised Statement of net assets				
Cash and cash equivalents	81,792.50	0.08	18.49	81,811.07
Other Financial Assets	12,48,319.80	6.58	486.69	12,48,813.07
Non-financial Assets	10,328.10	0.74	274.36	10,603.20
Total Assets (A)	**13,40,440.40**	**7.40**	**779.54**	**13,41,227.34**
Financial Liabilities	11,75,393.00	-	509.08	11,75,902.08
Non-Financial Liabilities	1,602.60	0.38	50.21	1,653.19
Total Liabilities (B)	**11,76,995.60**	**0.38**	**559.29**	**11,77,555.27**
Net Assets (A-B)	1,63,444.80	7.02	220.25	1,63,672.07
Group share in %	21.38%	21.51%	25.01%	
Group share in Amount	34,948.70	1.51	55.08	35,005.29
Goodwill and other adjustments	8,856.53	0.05	12.82	8,869.40
Carrying amount	**43,805.23**	**1.56**	**67.90**	**43,874.69**
Summarised Statement of Profit and Loss				
Interest Income	1,05,438.10			1,05,438.10
Other Income		0.58	103.44	104.02
Interest Expenses	53,086.70		47.07	53,133.77
Depreciation and Amortisation	1,220.60			1,220.60
Other Expenses		0.28	5.74	6.02
Income Tax	12,340.30	0.07	1.63	12,342.00

₹ in Crore

Particulars (as at March 31, 2019)	HDFC Bank Limited	Truenorth Ventures Private Limited	Good Host Spaces Private Limited	Total
Profit before Tax from continuing operations	34,916.80	0.30	9.47	34,926.57
Profit after Tax from continuing operations	22,576.50	0.23	7.84	22,584.57
Other Comprehensive Income	698.10	-	0.01	698.11
Total Comprehensive Income	23,274.60	0.23	7.85	23,282.68
Group share in %	21.38%	21.51%	25.01%	
Group share in Amount in Profit and loss (A) (including dilution gains and other adjustments)	7,391.71	(0.02)	(1.87)	7,389.82
Group share in Amount in Other Comprehensive Income (B)	149.27	-	-	149.27
Total Group share in Amount (A+B)	**7,540.98**	**(0.02)**	**(1.87)**	**7,539.09**
Share in Commitments and Contingent Liablities	**18,137.83**	**-**	**105.43**	**18,243.26**

₹ in Crore

Particulars (as at March 31, 2018)	HDFC Bank Limited	Truenorth Ventures Private Limited	Total
Summarised Statement of net assets			
Cash and cash equivalents	1,23,045.60	0.06	123,045.66
Other Financial Assets	10,15,356.20	6.60	1,015,362.80
Non-financial Assets	9,411.70	0.25	9,411.95
Total Assets (A)	11,47,813.50	6.91	1,147,820.41
Financial Liabilities	10,28,129.20	-	1,028,129.20
Non-Financial Liabilities	1,343.30	0.11	1,343.41
Total Liabilities (B)	10,29,472.50	0.11	1,029,472.61
Net Assets (A-B)	1,18,341.00	6.80	118,347.80
Group share in %	20.93%	21.51%	
Group share in Amount	24,771.68	1.47	24,773.15
Goodwill and other adjustments	3,698.84	0.05	3,698.89
Carrying amount	28,470.52	1.52	28,472.04
Summarised Statement of Profit and Loss			
Total Revenue			
Interest Income	85,588.90	-	85,588.90
Other Income	-	0.41	0.41
Interest Expenses	41,765.00		41,765.00
Depreciation and Amortisation	966.80		966.80
Other expenses	-	0.23	0.23
Income Tax	10,504.10	0.04	10,504.14
Profit before Tax from continuing operations	29,617.80	0.18	29,617.98
Profit after Tax from continuing operations	19,113.70	0.14	19,113.84
Other Comprehensive Income	(1,755.00)	-	(1,755.00)

₹ in Crore

Particulars (as at March 31, 2018)	HDFC Bank Limited	Truenorth Ventures Private Limited	Total
Total Comprehensive Income	17,358.70	0.14	17,358.84
Group share in %	20.93%	21.51%	
Group share in Amount in Profit and loss (A) (including dilution gains and other adjustments)	5,936.33	0.03	5,936.36
Group share in Amount in Other Comprehensive Income (B)	(367.36)	-	(367.36)
Total Group share in Amount (A+B)	5,568.96	0.03	5,568.99
Share in Commitments and Contingent Liablities	14,470.69	0.17	14,470.86

₹ in Crore

Particulars (as at April 1, 2017)	HDFC Bank Limited	Truenorth Ventures Private Limited	Total
Summarised Statement of net assets			
Cash and cash equivalents	49,305.90	0.01	49,305.91
Other Financial Assets	8,61,362.20	6.77	8,61,368.97
Non-financial Assets	7,706.00	0.00	7,706.00
Total Assets (A)	9,18,374.10	6.78	9,18,380.88
Financial Liabilities	8,23,807.50	-	8,23,807.50
Non-Financial Liabilities	1,161.70	0.12	1,161.82
Total Liabilities (B)	8,24,969.20	0.12	8,24,969.32
Net Assets (A-B)	93,404.90	6.66	93,411.56
Group share in %	21.20%	21.51%	
Group share in Amount	19,800.25	1.43	19,801.68
Goodwill and other adjustments	4,063.09	0.05	4,063.14
Carrying amount	23,863.34	1.49	23,864.83
Share in Commitments and Contingent Liablities	11,986.51	0.17	11,986.68

HDFC Bank Ltd. for the purposes of its statutory compliance prepares and presents its financial statements/ results under the historical cost convention and accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to banks. These financial statements/ results are largely referred to as the Indian GAAP ('IGAAP') financial statements/ results of the Bank. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('Ind-AS'). The timelines for the said implementation have since been deferred.

HDFC Bank Ltd, being an associate of Housing Development Finance Corporation Limited (the 'Corporation'), has prepared this consolidated financial information ('fit- for consolidation information'), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/ results of the Corporation.

10. Investments - Other than Insurance Companies

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	17,849.78	17,849.78	**17,849.78**
Government securities $	10,618.90	-	-	-	**10,618.90**
Equity shares	-	383.69	1,201.49	1,585.18	**1,585.18**
Preference Shares	70.00	12.54	12.30	24.84	**94.84**
Debentures	946.64	356.98	325.30	682.28	**1,628.92**
Pass-through Certificates	27.32	-	-	-	**27.32**
Security Receipts	-	-	221.69	221.69	**221.69**
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	779.31	779.31	**779.31**
Total – Gross (A)	**11,662.86**	**753.21**	**20,389.87**	**21,143.08**	**32,805.94**
(i) Investments outside India	-	55.13	-	55.13	**55.13**
(ii) Investments in India	11,662.86	698.08	20,389.87	21,087.95	**32,750.81**
Total (B)	**11,662.86**	**753.21**	**20,389.87**	**21,143.08**	**32,805.94**
Less: Allowance for Impairment loss (C)	46.64	-	-	-	**46.64**
Total – Net (D)= (A)-(C)	**11,616.22**	**753.21**	**20,389.87**	**21,143.08**	**32,759.30**

₹ in Crore

Investments	As at March 31, 2018				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	11,758.38	11,758.38	11,758.38
Government securities $	9,605.86	-	-	-	9,605.86
Equity shares	-	547.11	895.54	1,442.65	1,442.65
Preference Shares	70.00	9.76	54.27	64.03	134.03
Debentures	716.90	356.98	301.44	658.42	1,375.32
Pass-through Certificates	33.02	-	-	-	33.02
Security Receipts	-	-	224.35	224.35	224.35
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	461.96	461.96	461.96
Total – Gross (A)	10,425.78	913.85	13,695.94	14,609.79	25,035.56
(i) Investments outside India	-	56.82	-	56.82	56.82
(ii) Investments in India	10,425.78	857.03	13,695.94	14,552.97	24,978.74
Total (B)	10,425.78	913.85	13,695.94	14,609.79	25,035.56
Less: Allowance for Impairment loss (C)	3.80	-	-	-	3.80
Total – Net (D)= (A)-(C)	10,421.97	913.85	13,695.94	14,609.79	25,031.76

₹ in Crore

Investments	As at April 1, 2017				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	4,314.28	4,314.28	4,314.28
Government securities $	6,661.09	-	-	-	6,661.09
Equity Shares		572.46	885.96	1,458.42	1,458.42
Preference Shares	70.00	7.11	11.44	18.55	88.55
Debentures	172.33	-	277.46	277.46	449.79
Pass-through Certificates	39.48	-	-	-	39.48
Security Receipts	-	-	229.20	229.20	229.20
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	342.07	342.07	342.07
Total – Gross (A)	6,942.90	579.57	6,060.41	6,639.98	13,582.88
(i) Investments outside India	-	83.95	-	83.95	83.95
(ii) Investments in India	6,942.90	495.62	6,060.41	6,556.03	13,498.93
Total (B)	6,942.90	579.57	6,060.41	6,639.98	13,582.88
Less: Allowance for Impairment loss (C)	1.67	-	-	-	1.67
Total – Net (D)= (A)-(C)	6,941.23	579.57	6,060.41	6,639.98	13,581.22

$ The Corporation has not created any provision under Expected Credit Loss on Investments made in Government Securities.

10.1 The Board of Directors of Gruh Finance Limited ('GRUH') a listed Subsidiary of the Corporation, at its meeting held on 7 January 2019, approved a Scheme of Amalgamation between GRUH and Bandhan Bank Limited (Bandhan) with effect from proposed Appointed Date of 1 January 2019 under section 230 and 232 of the Companies Act, 2013. In this regards, Competition Commission of India, BSE and NSE have approved proposed scheme of merger. The Scheme remains, subject to receipt of approval of National Company Law Tribunal and the respective Shareholders and Creditors of GRUH and Bandhan.

Notes forming part of the Consolidated Financial Statements (Continued)

11. Assets of Insurance Business

₹ in Crore

Paticulars	Life Insurance			Non Life Insurance		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investments	**1,24,882.26**	1,04,528.30	90,710.59	**9,187.56**	8,173.39	7,112.28
Other Assets						
Amounts receivable on sale of investments	**627.40**	294.67	331.68	**-**	-	-
Reinsurance assets	**2,426.79**	1,966.65	1,576.43	**-**	-	-
Outstanding premium	**-**	-	-	**1,216.26**	1,048.19	1,154.23
Due from other insurance companies	**-**	-	-	**188.48**	179.17	82.37
RI Recovery on Claims Outstanding	**-**	-	-	**2,562.06**	2,523.38	2,638.07
Total Other Assets	**3,054.19**	2,261.32	1,908.11	**3,966.80**	3,750.74	3,874.67
Total Assets of Insurance Business	**1,27,936.45**	1,06,789.62	92,618.70	**13,154.36**	11,924.13	10,986.95

Investments - Life Insurance Business

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	425.23	425.23	**425.23**
Government securities and other approved securties		32,168.77	7,967.60	40,136.37	**40,136.37**
Equity shares	-	-	47,864.96	47,864.96	**47,864.96**
Debentures	-	19,218.83	11,313.14	30,531.97	**30,531.97**
Fixed deposits		440.99	-	440.99	**440.99**
Certificate of deposits	-	332.24	-	332.24	**332.24**
Commercial papers	-	475.80	148.02	623.82	**623.82**
Reverse Repo Instruments	-	1,377.29	2,874.16	4,251.45	**4,251.45**
Investment in Units of Venture Capital Fund / Reits	-	-	275.12	275.12	**275.12**
Total – Gross (A)	**-**	**54,013.92**	**70,868.34**	**1,24,882.26**	**1,24,882.26**
(i) Investments outside India	-	197.54	-	197.54	**197.54**
(ii) Investments in India	-	53,816.38	70,868.34	1,24,684.72	**1,24,684.72**
Total (B)	**-**	**54,013.92**	**70,868.34**	**1,24,882.26**	**1,24,882.26**
Less: Allowance for Impairment loss (C)	-	-	-	-	**-**
Total – Net (D)= (A)-(C)	**-**	**54,013.92**	**70,868.34**	**1,24,882.26**	**1,24,882.26**

₹ in Crore

Investments	As at March 31, 2018				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	945.88	945.88	945.88
Government securities and other approved securities	-	24,098.45	7,957.28	32,055.73	32,055.73
Equity shares	-	-	41,648.13	41,648.13	41,648.13
Preference Shares	-	-	152.97	152.97	152.97
Debentures	-	14,675.06	9,228.93	23,903.99	23,903.99
Fixed deposits	-	271.00	-	271.00	271.00
Certificate of deposits	-	158.00	-	158.00	158.00
Commercial papers	-	765.75	176.31	942.06	942.06
Reverse Repo Instruments	-	1,800.01	2,462.98	4,262.99	4,262.99
Security Receipts	-	-	8.06	8.06	8.06
Investment in Units of Venture Capital Fund / Reits	-	-	179.49	179.49	179.49
Total – Gross (A)	-	41,768.27	62,760.03	1,04,528.30	1,04,528.30
(i) Investments outside India	-	82.20	-	82.20	82.20
(ii) Investments in India	-	41,686.07	62,760.03	1,04,446.10	1,04,446.10
Total (B)	-	41,768.27	62,760.03	1,04,528.30	1,04,528.30
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	-	41,768.27	62,760.03	1,04,528.30	1,04,528.30

₹ in Crore

Investments	As at April 1, 2017				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	-	-	-
Government securities and other approved securities	-	20,732.17	8,772.56	29,504.73	29,504.73
Equity shares	-	-	37,557.72	37,557.72	37,557.72
Preference Shares	-	-	143.30	143.30	143.30
Debentures	-	10,659.64	8,950.61	19,610.25	19,610.25
Fixed deposits		84.00	-	84.00	84.00
Certificate of deposits	-	152.98	-	152.98	152.98
Commercial papers	-	24.67	95.97	120.64	120.64
Reverse Repo Instruments	-	1,600.37	1,867.23	3,467.60	3,467.60
Security Receipts	-	-	8.45	8.45	8.45
Investment in Units of Venture Capital Fund / Reits	-	-	60.92	60.92	60.92
Total – Gross (A)	-	33,253.83	57,456.76	90,710.59	90,710.59
(i) Investments outside India	-	80.51	-	80.51	80.51
(ii) Investments in India	-	33,173.32	57,456.76	90,630.08	90,630.08
Total (B)	-	33,253.83	57,456.76	90,710.59	90,710.59
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	-	33,253.83	57,456.76	90,710.59	90,710.59

Investments - Non Life Insurance Business

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	212.12	212.12	212.12
Government and other approved securities	-	3,573.06	-	3,573.06	3,573.06
Equity Shares	-	-	299.46	299.46	299.46
Preference Shares	-	-	24.98	24.98	24.98
Debentures	-	5,007.53	-	5,007.53	5,007.53
Fixed deposits	70.41	-	-	-	70.41
Total – Gross (A)	**70.41**	**8,580.59**	**536.56**	**9,117.15**	**9,187.56**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	70.41	8,580.59	536.56	9,117.15	9,187.56
Total (B)	**70.41**	**8,580.59**	**536.56**	**9,117.15**	**9,187.56**
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	**70.41**	**8,580.59**	**536.56**	**9,117.15**	**9,187.56**

₹ in Crore

Investments	As at March 31, 2018				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	190.88	190.88	190.88
Government and other approved securities	-	3,458.84	-	3,458.84	3,458.84
Equity Shares	-	-	359.98	359.98	359.98
Preference Shares	-	-	37.22	37.22	37.22
Debentures	-	4,061.42	-	4,061.42	4,061.42
Fixed deposits	65.05	-	-	-	65.05
Total – Gross (A)	65.05	7,520.26	588.08	8,108.34	8,173.39
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	65.05	7,520.26	588.08	8,108.34	8,173.39
Total (B)	65.05	7,520.26	588.08	8,108.34	8,173.39
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	65.05	7,520.26	588.08	8,108.34	8,173.39

₹ in Crore

Investments	As at April 1, 2017				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	215.27	215.27	215.27
Government and other approved securities	-	2,888.25	-	2,888.25	2,888.25
Equity Shares	-	-	291.22	291.22	291.22
Preference Shares	-	-	102.11	102.11	102.11
Debentures	-	3,517.51	-	3,517.51	3,517.51
Fixed deposits	97.92	-	-	-	97.92
Total – Gross (A)	97.92	6,405.76	608.60	7,014.36	7,112.28
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	97.92	6,405.76	608.60	7,014.36	7,112.28
Total (B)	97.92	6,405.76	608.60	7,014.36	7,112.28
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	97.92	6,405.76	608.60	7,014.36	7,112.28

12. Other Financial Assets

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Security Deposits	**94.38**	97.74	85.51
Receivables on Securitised Loans*	**1,105.84**	887.08	908.42
Interest accrued but not due on Bank Deposits	**13.77**	9.49	19.74
Amounts Receivable on swaps and other derivatives	**1,428.89**	1,255.26	979.59
Inter Corporate Deposits [Refer Note 12.1]	**1,078.58**	672.13	5,786.83
Interest accrued but not due on Loans and Investments	**2,273.57**	1,966.37	1,655.50
Receivables on sale of investments	**469.01**	344.86	457.91
Others	**277.33**	250.12	150.85
Total Gross	**6,741.37**	5,483.05	10,044.35
Less: Impairment loss allowance (Expected Credit Loss)	**31.48**	17.69	19.59
Total Net of ECL	**6,709.89**	5,465.36	10,024.76

* Retained interest and servicing assets

12.1 Inter Corporate Deposits

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
(a) Secured by tangible assets	**-**	12.00	4,585.23
(b) Secured by intangible assets	**891.22**	400.00	500.27
(c) Covered by bank and government guarantee	**-**	-	-
(d) Unsecured	**187.36**	260.13	701.33
Total Gross	**1,078.58**	672.13	5,786.83
Less: Impairment loss allowance (Expected Credit Loss)	**27.82**	15.15	17.14
Total Net of ECL	**1,050.76**	656.98	5,769.69

Inter Corporate Deposits are secured or partly secured by one or a combination of the following securities;

Registered / equitable mortgage of property;

Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;

Hypothecation of assets;

Bank guarantees, company guarantees or personal guarantees;

Negative lien;

Assignment of receivables;

Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

13 (a) **Current Tax Assets (Net)**

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Advance Tax (Net of Provision)	**3,279.98**	3,822.02	3,521.24
Total	**3,279.98**	3,822.02	3,521.24

13 (b) **Deferred Tax Assets/(Liabilities)**

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Deferred tax assets	**919.07**	1,026.21	337.08
MAT credit entitlement	**-**	311.00	-
Deferred tax Liabilities	**(65.43)**	(49.55)	(245.65)
Total	**853.64**	1,287.67	91.43

In compliance with the Indian Accounting Standard (Ind AS) 12 relating to 'Accounting for Taxes on Income', the Corporation has recognised a debit of ₹ **148.43 crore** (Previous Year credit ₹ 983.57 crore) in the Statement of Profit and Loss for the year ended March 31, 2019 towards deferred tax asset (net) for the year, arising on account of timing differences.

Movements in deferred tax assets / (liabilities) (current year)

₹ in Crore

Particulars	As at March 31, 2018	Charge for the Current Year			Utilisations/ adjustments	As at March 31, 2019
		Profit or loss (a)	Other Comprehensive Income (b)	Total		
Property, plant and equipment	(55.06)	2.84	-	2.84		**(52.22)**
Expected credit losses	1,683.94	146.32	-	146.32		**1,830.26**
Provisions other than those pertaining to Expected credit loss	69.68	64.73	0.48	65.21		**134.89**
Financial assets at fair value through profit or loss	(69.27)	(37.46)	-	(37.46)		**(106.73)**
Financial assets at FVOCI	0.56	-	13.85	13.85		**14.42**
Remeasurements of employee benefits through OCI	0.38	-	0.67	0.67		**1.05**
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(271.08)	(288.92)	(0.23)	(289.15)		**(560.23)**
Effect of foreign exchange transactions and translations	(115.22)	-	-	-		**(115.22)**
Income recognition on NPA cases	(265.44)	-	-	-		**(265.44)**
MAT Credit entitlement	311.00				(311.00)	**-**
Others	(1.82)	(35.94)	2.43	(33.51)	8.20	**(27.13)**
Total	**1,287.67**	**(148.43)**	**17.20**	**(131.23)**	**(302.80)**	**853.64**

Movements in deferred tax assets / (liabilities)(previous year)

₹ in Crore

Particulars	As at April 1, 2017	Charge for the Previous Year			Utilisations/ adjustments	As at March 31, 2018
		Profit or loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, plant and equipment	(45.42)	(9.64)	-	(9.64)		(55.06)
Expected credit losses	1,124.56	559.38	-	559.38		1,683.94
Provisions other than those pertaining to Expected credit loss	58.34	10.72	0.62	11.34		69.68
Financial assets at fair value through profit or loss	(65.54)	(3.73)	-	(3.73)		(69.27)
Financial assets at FVOCI	(88.66)	-	89.23	89.23		0.56
Remeasurements of employee benefits through OCI	-	-	0.38	0.38		0.38
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(514.51)	243.43	-	243.43		(271.08)
Effect of foreign exchange transactions and translations	(86.00)	(29.23)	-	(29.23)		(115.22)
Income recognition on NPA cases	(177.69)	(87.75)	-	(87.75)		(265.44)
MAT Credit entitlement	-	311.00	-	311.00		311.00
Others	(113.64)	(10.61)	29.13	18.52	93.30	(1.82)
Total	91.43	983.57	119.36	1,102.93	93.30	1,287.67

Deferred tax on unused tax losses amounting to ₹ **Nil** (Previous year ₹ 72.57 crore and ₹ 428.45 crore as at April 1, 2017) has not been created by one of the subsidiary company. Such credits have been fully utilised by the Company in FY 2018-2019.

14. Investment Property

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Gross carrying amount			
Opening gross carrying amount / Deemed cost	470.06	461.03	461.03
Additions	17.28	203.63	
Deduction / Disposal	(57.61)	(24.51)	
Asset held for sale	-	(170.09)	
Transfer to Fixed Assets	(5.50)	-	
Closing gross carrying amount	**424.23**	**470.06**	**461.03**
Accumulated depreciation			
Opening accumulated depreciation	9.19	-	
Depreciation charge	8.56	9.19	
Depreciation on Sale	(2.07)	-	
Transfer to Fixed Assets	(0.09)		
Closing accumulated depreciation	**15.59**	**9.19**	
Accumulated Impairment			
Opening accumulated Impairment		-	
Impairment charge	13.00	-	
Closing accumulated Impairment	**13.00**	**-**	
Net carrying amount	**395.64**	**460.87**	**461.03**

14.1. Fair Value (Level 3)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment properties	775.76	893.75	879.61

The fair value of the Corporation's investment properties as at March 31, 2019, March 31, 2018 and April 1, 2017 has been arrived at on the basis of a Internal Valuation.

Notes forming part of the Consolidated Financial Statements (Continued)

15. Tangible Assets

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	**As at March 31, 2019**	As at March 31, 2018	For the Year	Adjustments	Deductions	**As at March 31, 2019**	**As at March 31, 2019**	As at March 31, 2018
Land :												
Freehold	16.64	-	-	-	**16.64**	-	-	-	-	-	**16.64**	16.64
Leasehold	349.56	2.08	-	0.86	**350.78**	8.88	8.88	-	-	**17.76**	**333.02**	340.68
Buildings :	575.65	0.76	5.50	0.02	**581.89**	11.20	9.43	0.09	(2.11)	**22.83**	**559.06**	564.45
Leasehold Improvements	41.63	31.35	-	3.08	**69.90**	7.77	13.74	-	2.82	**18.69**	**51.21**	33.86
Computer Hardware	95.06	38.36	0.01	8.84	**124.59**	27.18	25.36	-	(1.22)	**53.76**	**70.83**	67.88
Furniture & Fittings	67.57	14.44	-	5.51	**76.50**	8.45	9.29	-	2.19	**15.55**	**60.95**	59.12
Office Equipment etc.	67.61	25.47	-	8.60	**84.48**	10.96	14.95	-	5.55	**20.36**	**64.12**	56.65
Vehicles	35.90	16.02	-	10.98	**40.94**	6.96	7.76	-	5.97	**8.75**	**32.19**	28.94
Total	1,249.62	128.48	5.51	37.89	**1,345.72**	81.40	(1) (2) 89.41	0.09	13.20	**157.70**	**1,188.02**	1,168.22

Notes

(1) Net of depreciation for the year amounting to ₹ **21.90 crore** (Previous Year ₹ 19.45 crore) included in other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **8.56 crore** (Previous Year ₹ 9.19 crore) being depreciation charge and ₹ **13.00 crore** (Previous Year ₹ Nil) being impairment charge on investment in properties.

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost As at April 1, 2017	Additions	Adjustments	Deductions	As at March 31, 2018	Deemed April 1, 2017	For the Year	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Land :												
Freehold	16.67	-	-	0.03	16.64	-	-	-	-	-	16.64	16.67
Leasehold	349.56	-	-	-	349.56	-	8.88	-	-	8.88	340.68	349.56
Buildings :												
Own Use	469.28	52.13	95.34	41.10	575.65		9.38	32.59	30.77	11.20	564.45	469.28
Under Operating Lease	54.29	-	222.05	276.34	-		-	222.05	222.05	-	-	54.29
Leasehold Improvements	29.32	15.37	(0.02)	3.04	41.63		10.45	(0.01)	2.67	7.77	33.86	29.32
Computer Hardware	59.90	46.04	(0.90)	9.98	95.06		24.47	(0.38)	(3.09)	27.18	67.88	59.90
Furniture & Fittings												
Own Use	49.26	20.33	0.56	2.58	67.57		8.57	0.12	0.24	8.45	59.12	49.26
Under Operating Lease	-	-	0.13	0.13	-		-	0.13	0.13	-	-	-
Office Equipment etc.												
Own Use	49.96	23.96	0.62	6.93	67.61		12.88	1.18	3.10	10.96	56.65	49.96
Under Operating Lease	0.03	-	1.21	1.24	-		-	1.21	1.21	-	-	0.03
Vehicles - Owned	21.87	17.60	-	3.57	35.90	-	6.28	-	(0.68)	6.96	28.94	21.87
Total	1,100.14	175.43	318.99	344.94	1,249.62	-	(1) (2) 80.91	256.89	256.40	81.40	1,168.22	1,100.14

Notes

(1) Net of depreciation for the year amounting to ₹ 19.45 Crore included in other expenses pertaining to insurance business.

(2) Depreciation for the financial year excludes ₹ 9.19 Crore being depreciation charge on investment in properties.

16 Intangible Assets

A) Intangible assets other than Goodwill on Consolidation

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	**As at March 31, 2019**	As at March 31, 2018	For the Year	Adjustments	Deductions	**As at March 31, 2019**	**As at March 31, 2019**	As at March 31, 2018
Computer Software												
Owned	126.17	48.77	-	0.34	**174.60**	37.28	30.50	-	(11.66)	**79.44**	**95.16**	88.89
Goodwill	6.04	-	-	-	**6.04**		-	-	-	**-**	**6.04**	6.04
Total	132.21	48.77	-	0.34	**180.64**	37.28	(1)30.50	-	(11.66)	**79.44**	**101.20**	94.93

Notes

(1) Net of depreciation for the year amounting to ₹ **11.83 crore** (Previous Year ₹ 11.22 crore) included in other expenses pertaining to Insurance Business.

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost as at April 1, 2017	Additions	Adjustments	Deductions	As at March 31, 2018	Deemed Cost as at April 1, 2017	For the Year	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Computer Software												
Owned	76.43	50.37	0.55	1.18	126.17		26.30	0.55	(10.43)	37.28	88.89	76.43
Goodwill	6.04	-	-	-	6.04		-	-	-	-	6.04	6.04
Website Development	0.20	0.03	2.87	3.10	0.00		0.09	2.88	2.97	-	-	0.20
Total	82.67	50.40	3.42	4.28	132.21	-	(1)26.39	3.43	(7.46)	37.28	94.93	82.67

Notes

(1) Net of depreciation for the year amounting ₹ 11.22 crore included in other expenses pertaining to Insurance Business.

B) Goodwill on Consolidation

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Opening carrying amount	**625.46**	626.84	626.84
Additions on account of acquisitions of a subsdiary	**-**	-	-
Deduction on account of Disposal of subsidiary	**-**	-	-
Other adjustments	**-**	(1.38)	-
Closing carrying amount	**625.46**	625.46	626.84

The recoverable amount of subsidiaries is based on its value in use. The value in use is estimated using discounted cash flows over a period of 5 years. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using pre-tax discount rate.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

17. Other Non-Financial Assets

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Capital Advances - Unsecured; considered good	**67.74**	59.94	21.94
Other Advances - Unsecured; Considered good	**747.64**	868.85	962.33
Prepaid Expenses - Unsecured; considered good	**140.24**	267.49	233.56
Investment Property - Held for sale	**6.90**	180.05	14.92
Advance against Investment in Properties	**-**	-	113.18
Total	**962.52**	1,376.33	1,345.93

18. Payables

18.(a) Trade Payables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	**1.55**	0.30	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,995.80**	1,715.62	1,300.57

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Corporation. The amount of principal and interest outstanding during the year is given below.

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) Amount outstanding but not due as at year end		-	-
b) Amount due but unpaid as at the year end	**1.55**	0.30	0.18
c) Amounts paid after appointed date during the year		-	-
d) Amount of interest accrued and unpaid as at year end		-	-
e) The amount of further interest due and payable even in the succeeding year		-	-
	1.55	0.30	0.18

18.(b) Other Payables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**463.04**	596.61	487.64

19. Debt Securities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Bonds	**27.35**	34.20	40.49
Non Convertible Debentures	**134,378.22**	128,164.53	107,982.29
Synthetic Rupee Denominated Bonds	**11,100.00**	9,600.00	8,300.00
Commercial Papers	**37,947.78**	44,148.56	37,715.29
Perpetual Debt Instrument	**274.27**	199.43	149.61
Less: Unamortised borrowing cost	**(155.60)**	(122.37)	(177.52)
Total	**183,572.02**	182,024.35	154,010.15
Debt securities in India	**172,472.02**	172,424.35	145,710.15
Debt securities outside India	**11,100.00**	9,600.00	8,300.00
Total	**183,572.02**	182,024.35	154,010.15

The Corporation has raised ₹ **11,100 crore** through Rupee Denominated Bonds to overseas investors till date. The Corporation was the first Indian corporate issuer of such bonds.

The Corporation had established a Medium Term Note Programme (MTN Programme) for (USD 2,800 mn) so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approval.

During the year, the Corporation raised ₹ **1,500 crore** through issue of Rupee Denominated Bonds under the MTN Programme through the approval route. The Corporation shall finance eligible projects and borrowers as permitted by the external commercial borrowing guidelines issued by Reserve Bank of India (RBI) regulations.

The Corporation has raised ₹ **6,100 crore** till date under the MTN Programme in accordance with the RBI guidelines.

The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

Terms of redemption of bonds and debentures and repayment terms as at March 31, 2019 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	-	14.95	12.40	-	27.35
Non Convertible Debentures					
6.96% - 8.00%	17,278.00	8,825.84	1,173.00	3,327.80	30,604.64
8.01% - 10.00%	13,839.95	33,308.54	5,095.60	32,592.74	84,836.83
10.01% - 11.95%	3,083.28	11,559.05	-	-	14,642.32
Zero Coupon Bonds	3,794.42	500.00	-	-	4,294.42
Total	**37,995.65**	**54,193.43**	**6,268.60**	**35,920.54**	**1,34,378.22**
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	5,000.00	4,300.00	1,800.00	-	11,100.00
Commercial Papers					
7.01% - 8.00%	7,628.67				7,628.67
8.01% - 9.00%	30,194.07				30,194.07
Above 9.00%	125.04				125.04
Total	**37,947.78**	-	-	-	**37,947.78**
Perpetual Debt Instrument					
8.00% - 10.00%	-	-	-	124.60	124.60
10.01% - 12.00%	-	-	-	149.67	149.67
Total	-	-	-	**274.27**	**274.27**

Terms of redemption of bonds and debentures and repayment terms as at March 31, 2018 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.85	14.95	12.40	-	34.20

Notes forming part of the Consolidated Financial Statements (Continued)

Non Convertible Debentures					
6.96% - 8.00%	22,765.58	39,473.00	883.00	3,234.29	66,355.87
8.01% - 10.00%	15,816.02	20,303.82	4,887.71	9,900.00	50,907.55
10.01% - 11.95%	4,384.89	164.87	299.31	-	4,849.07
Zero Coupon Bonds	2,252.04	3,800.00	-	-	6,052.04
Total	**45,218.53**	**63,741.69**	**6,070.02**	**13,134.29**	**1,28,164.53**
Synthetic Rupee Denominated Bonds					
6.87% - 7.88%	-	8,300.00	1,300.00	-	9,600.00
Commercial Papers					
6.50% - 7.00%	7,307.08	-	-	-	7,307.08
7.01% - 8.00%	36,841.48	-	-	-	36,841.48
Total	**44,148.56**	**-**	**-**	**-**	**44,148.56**
Perpetual Debt Instrument					
8.00% - 10.00%	-	-	-	49.80	49.80
10.01% - 12.00%	-	-	-	149.63	149.63
Total	**-**	**-**	**-**	**199.43**	**199.43**

Terms of redemption of bonds and debentures and repayment terms as at April 1, 2017 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.30	14.10	15.89	4.20	40.49
Non Convertible Debentures					
6.96% - 8.00%	4,840.00	20,511.00	199.67	3,349.24	28,899.91
8.01% - 10.00%	17,218.93	29,760.22	12,971.47	7,118.00	67,068.62
10.01% - 11.95%	1,110.00	4,185.00	-	-	5,295.00
Zero Coupon Bonds	1,468.75	5,250.00	-	-	6,718.75
Total	**24,637.68**	**59,706.22**	**13,171.14**	**10,467.24**	**1,07,982.28**
Synthetic Rupee Denominated Bonds					
6.87% - 7.88%	-	5,000.00	3,300.00	-	8,300.00
Commercial Papers					
6.50% - 7.00%	12,622.91	-	-	-	12,622.91
7.01% - 8.00%	20,369.43	-	-	-	20,369.43
8.01% - 9.00%	4,722.95	-	-	-	4,722.95
Total	**37,715.29**	**-**	**-**	**-**	**37,715.29**
Perpetual Debt Instrument					
10.01% - 12.00%	-	-	-	149.61	149.61
Total	**-**	**-**	**-**	**149.61**	**149.61**

20. Borrowings (Other Than Debt Securities) - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Secured			
Term Loans from Banks			
Scheduled Banks	**52,292.35**	26,522.21	25,665.78
Term Loans from other parties			
Asian Development Bank	**255.79**	296.37	343.98
National Housing Bank	**12,825.58**	10,728.84	8,857.86
	13,081.37	11,025.21	9,201.84
Total Secured	**66,010.72**	37,547.42	34,867.61
Unsecured			
Term Loans from Banks			
Scheduled Banks	**6,543.10**	6,161.70	4,235.95
External Commercial Borrowing	**14,586.56**	7,657.48	7,619.88
	21,129.66	13,819.18	11,855.83
Loans repayable on demand from Banks	**3,235.01**	4,687.37	38.02
Total	**90,375.39**	56,053.97	46,761.46
Borrowings in India	**75,533.05**	48,100.12	38,797.61
Borrowings outside India	**14,842.34**	7,953.85	7,963.85
Total	**90,375.39**	56,053.97	46,761.46

20.1 All secured borrowings are secured by negative lien on the assets of the Corporation and GRUH Finance Ltd and / or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29B of the National Housing Bank Act, 1987. Certain borrowings are secured by the first charge by way of hypothetication of education loan receivables of underlying portfolio of education loans of HDFC Credila Financial Services Pvt. Ltd.

20.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

20.3. The Corporation had availed External Commercial Borrowing (ECBs) of USD 1,625 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity of five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts.

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

20.4 As on March 31, 2019, the Corporation has foreign currency borrowings of USD 2,797.36 million and JPY 53,200 million (Previous Year USD 3,029.15 million and JPY Nil). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of USD 2,670.00 million and JPY 53,200 million (Previous Year USD 2,325 million and JPY Nil) and dollar denominated assets and foreign currency arrangements of USD 111.12 million (PY USD 367.39 million) to hedge the foreign currency risk. As on March 31, 2019, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is USD 16.24 million (Previous Year USD 336.76 million).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ 55,650 crore (Previous Year ₹ 48,270 crore) and Cross Currency Interest rate swaps of a notional amount of ₹ Nil (Previous Year ₹ 100 crore) as on March 31, 2019 for varying maturities into floating rate liabilities linked to various benchmarks.

Terms of borrowings and repayment as at 31 March 2019 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	62.50	62.50	300.00	-	425.00
8.01% - 9.00%	28,088.09	2,460.36	1,521.08	177.12	32,246.64
9.01% - 9.50%	10,079.61	2,439.19	197.11	35.00	12,750.92
Above 9.5%	27.15	87.11	64.56	85.26	264.08
Fixed 2.68%-5.01%	7,242.71				7,242.71
Total Secured	**45,500.06**	**5,049.16**	**2,082.75**	**297.38**	**52,929.35**
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	30.05	225.74	-	-	255.79
National Housing Bank					
4.00%-6.00%	285.55	761.46	761.46	763.38	2,571.84
6.01%-8.00%	203.88	418.11	390.71	400.57	1,413.26
8.01%-10.00%	882.26	2,179.63	1,674.54	4,104.05	8,840.48
Total Secured	**1,371.68**	**3,359.20**	**2,826.70**	**5,268.00**	**12,825.58**
Term Loans from Banks - Unsecured					
8.01% - 9.00%	3,100.00	1,000.00	250.00	-	4,350.00
9.01% - 9.50%	1,500.00	-	-	-	1,500.00
Variable USD LIBOR + 72BPS - 225 BPS	693.10	-	-	-	693.10
Total Unsecured	**5,293.10**	**1,000.00**	**250.00**	**-**	**6,543.10**
External Commercial Borrowing					
1 Month Libor + 50 bps to 126 bps	-	6,064.63	8,521.93	-	14,586.56

Notes forming part of the Consolidated Financial Statements (Continued)

Terms of borrowings and repayment as at March 31, 2018

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
6.65% - 7.00%	100.00	200.00	200.00	300.00	800.00
7.01% - 8.00%	10,630.86	188.64	-	265.00	11,084.50
8.01% - 9.00%	2,299.02	638.76	363.50	127.19	3,428.47
USD LIBOR + 72BPS - 225 BPS	11,209.24	-	-	-	11,209.24
Total	24,239.12	1,027.40	563.50	692.19	26,522.21
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	26.57	58.29	211.51	-	296.37
National Housing Bank					
4.00%-6.00%	136.73	364.63	364.63	645.18	1,511.17
6.01%-8.00%	853.32	2,035.03	1,641.54	2,339.12	6,869.01
8.01%-10.00%	543.91	599.63	382.06	823.06	2,348.66
Total Secured	1,533.97	2,999.29	2,388.23	3,807.36	10,728.84
Term Loans from Banks - Unsecured					
6.65% - 7.00%	-	-	1,000.00	250.00	1,250.00
7.01% - 8.00%	3,260.00	-	-	-	3,260.00
8.01% - 9.00%	1,000.00	-	-	-	1,000.00
USD LIBOR + 72 bps - 225 bps	651.70	-	-	-	651.70
Total Unsecured	4,911.70	-	1,000.00	250.00	6,161.70
External Commercial Borrowing					
USD LIBOR + 120 bps - 126 bps	1,955.10	3,258.50	2,443.88	-	7,657.48

Terms of borrowings and repayment as at April 1, 2017

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	225.00	-	-	-	225.00
8.01% - 9.00%	8,739.06	621.21	1,392.39	4,500.98	15,253.64
9.01%-9.50%	400.00	47.72	47.72	65.61	561.05
Fixed 2.68%-5.01%	383.78	62.50	29.98	-	476.26
Variable USD LIBOR + 72BPS - 225 BPS	9,149.83	-	-	-	9,149.83
Total	18,897.66	731.43	1,470.09	4,566.59	25,665.78
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	24.86	54.55	78.33	186.24	343.98

National Housing Bank					
4.00%-6.00%	0.11	-	-	-	0.11
6.01%-8.00%	863.07	1,982.54	1,497.70	716.76	5,060.07
8.01%-10.00%	929.15	1,179.12	507.32	1,182.09	3,797.68
Total Secured	1,792.33	3,161.66	2,005.02	1,898.85	8,857.86
Term Loans from Banks - Unsecured					
7.01% - 8.00%	1,200.00	-	1,000.00	-	2,200.00
8.01% - 9.0%	285.00	-	-	-	285.00
Variable USD LIBOR + 72BPS - 225 BPS	1,750.95	-	-	-	1,750.95
Total Unsecured	3,235.95	-	1,000.00	-	4,235.95
External Commercial Borrowing					
USD LIBOR + 107 - 126 bps	-	1,945.50	5,674.38	-	7,619.88

The borrowings have not been guaranteed by Directors or others. Also, there has been no default in repayment of borrowings and interest thereon.

21. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deposits			
(i) Public Deposits	**77,064.56**	63,899.04	60,918.96
(ii) From Banks	**115.00**	323.00	582.00
(iii) From Others	**30,174.13**	28,714.40	25,725.31
Less: Unamortised transaction cost - Deposits	**(281.70)**	(230.59)	(236.84)
Total	**107,071.99**	92,705.85	86,989.43

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

22. Subordinated Liabilities - At amortised cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Non Convertible Subordinated Debentures	**5,735.70**	5,632.28	5,549.51
Total	**5,735.70**	5,632.28	5,549.51
Subordinated Liabilities in India	**5,735.70**	5,632.28	5,549.51
Subordinated Liabilities outside India	**-**	-	-
Total	**5,735.70**	5,632.28	5,549.51

Terms of borrowings and repayment as at March 31, 2019

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	500.00	2,000.00	35.00	3,200.70	5,735.70

Terms of borrowings and repayment as at As at March 31, 2018

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	-	1,500.00	1,022.82	3,109.46	5,632.28

Terms of borrowings and repayment as at April 1, 2017

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	-	525.00	2,000.00	3,024.51	5,549.51

23. Liabilities pertaining to Insurance Business

₹ in Crore

Paticulars	Life Insurance			Non Life Insurance		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Insurance Contract Liabilites	**99,527.51**	83,841.30	71,755.35	**-**	-	-
Dues to Policyholders’	**1,766.27**	1,938.35	1,250.15	**22.82**	18.93	21.84
Funds for future appropriation	**1,103.01**	959.20	866.78	**-**	-	-
Reserve for unexpired Risk	**-**	-	-	**2,841.35**	2,278.58	1,821.20
Investment contract liabilities	**19,893.96**	17,613.43	15,979.13	**-**	-	-
Policyholders’ surplus yet to be allocated	**1,505.47**	614.28	1,429.98	**-**	-	-
Unallocated premium (policyholders)	**608.07**	332.05	229.27	**488.38**	662.89	387.29
Reserve for claims	**-**	-	-	**6,121.43**	5,426.11	5,049.77
Premium received in advance	**-**	-	-	**355.78**	55.75	105.36
Due to other insurance companies	**-**	-	-	**1,344.55**	1,651.79	1,602.09
Purchase of Investments pending Settlement	**890.48**	881.09	894.05	**-**	-	-
Deferred origination fees	**49.75**	72.15	107.82	**-**	-	-
Total Liabilities of Insurance Business	**1,25,344.52**	1,06,251.85	92,512.53	**11,174.31**	10,094.05	8,987.55

24. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued but not due	**10,770.87**	9,827.98	7,961.48
Premium payable on redemption of Debentures	**1,166.69**	1,218.65	1,070.31
Amounts payable on Securitised Loans	**535.35**	490.55	574.60
Security and other deposits received	**32.90**	30.42	25.33
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78	7.78
Unclaimed dividend	**29.17**	45.08	26.31
Unclaimed matured deposits	**1,075.58**	752.86	827.78
Interest accrued and due on matured deposits	**105.90**	85.84	107.20
Other deposits and payables	**735.80**	381.72	715.90
Total	**14,460.04**	12,840.88	11,316.68

25. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Tax (Net of Advance Tax)	**170.53**	113.55	74.87
	170.53	113.55	74.87

26. Provisions

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Employee Benefits	**369.12**	315.44	307.64
Other provisions	**0.30**	0.09	6.36
Total	**369.42**	315.53	314.00

27. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Revenue received in advance	**534.67**	417.15	448.64
Statutory Remittances	**387.39**	397.58	234.91
Others	**61.34**	22.49	87.82
Total	**983.40**	837.22	771.37

28. Equity Share Capital

₹ in Crore

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
AUTHORISED			
228,80,50,000 Equity Shares of ₹ 2 each	**457.61**	457.61	350.00
(Previous Year 228,80,50,000 Equity Shares of ₹ 2 each)			
	457.61	457.61	350.00
ISSUED, SUBSCRIBED AND FULLY PAID UP			
172,14,37,390 Equity Shares of ₹ 2 each	**344.29**	335.18	317.73
(Previous Year 167,58,79,893 Equity Shares of ₹ 2 each)			
	344.29	335.18	317.73

28.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ in Crore	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**167,58,79,893**	**335.18**	158,86,72,140	317.73	157,98,46,340	315.97
Shares allotted pursuant to exercise of stock options	**95,72,626**	**1.91**	1,19,74,230	2.40	88,25,800	1.76
Shares allotted pursuant to issue of shares under Conversion of Warrants into equity shares (Previous year allotment of shares under QIP, preferential basis and Conversion of Warrants into equity shares	**3,59,84,871**	**7.20**	7,52,33,523	15.05	-	-
Equity shares outstanding as at the end of the year	**172,14,37,390**	**344.29**	167,58,79,893	335.18	158,86,72,140	317.73

28.2 Details of shareholders holding more than 5 percent shares in the Corporation are given below:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ in Crore	Number	₹ in Crore	Number	₹ in Crore
Life Insurance Corporation of India (All accounts)	-	-	-	-	8,60,26,344	5.41%

28.3 **Terms and rights attached to equity shares:**

The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

As at March 31, 2019 **6,48,95,193 shares** (Previous Year 11,04,53,219 shares) were reserved for issuance as follows:

a) **6,48,95,193 shares** of ₹ **2** each (Previous Year 7,44,67,819 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 46].

b) **Nil shares** of ₹ **2** each (Previous Year 3,59,85,400 shares of ₹ 2 each) towards outstanding share warrants [Refer Note 28.5].

28.4 **Dividend:**

The Board of Directors of the Corporation at its meeting held on March 6, 2019, inter alia, has approved the payment of an interim dividend of ₹ **3.50 per equity share** (Previous year ₹ 3.50 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2018-19.

28.5 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at an exercise price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The said warrants were exercisable at any time on or before October 5, 2018. During the year, 3,59,84,871 warrants were exchanged with 3,59,84,871 equity shares of ₹ 2 each and realised an amount of ₹ 5,307.77 crore. 529 warrants were not submitted for exchange with equity shares of the Corporation and the said warrants has lapsed and ceased to be valid. The amount of ₹ 14 per Warrant paid on 529 warrants stands forfeited.

28.6 The Corporation has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

29. Other Equity

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Capital Reserve	**48.30**	48.30	48.30
Securities Premium	**31,408.42**	24,836.68	10,467.69
General Reserve	**18,837.81**	18,790.14	16,270.30
Retained Earnings	**41,381.41**	30,472.93	23,300.51
Special Reserve I	**51.23**	51.23	51.23
Special Reserve II	**13,394.52**	11,485.63	10,069.08
Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	**104.93**	86.24	70.34
Statutory Reserve	**5,043.64**	4,943.64	3,865.64
Shelter Assistance Reserve	**3.27**	18.21	193.21
Corporate Social Responsibility Account	-	-	1.55
Equity Instruments through Other Comprehensive Income	**(151.82)**	(24.70)	(7.52)
Debt Instruments through Other Comprehensive Income	**270.16**	42.12	215.88
Effective portion of Cash Flow Hedges	**(224.03)**	(235.25)	(183.80)
Cost of Cash Flow Hedges	**(0.86)**	2.89	-
Employee Stock Options Reserve	**1,145.58**	973.90	21.34
Foreign Currency Monetary Item Translation Difference Account	**7.43**	(50.71)	362.12
Translation Reserve	**17.76**	9.35	6.38
Capital Redemption Reserve	**23.88**	26.29	27.67
Debenture redemption reserve	**14.72**	9.81	4.94
Capital Reserve	**1.00**	1.00	1.00
Special Redemption Reserve	**11.50**	-	-
Money received against Share Warrants	-	50.38	51.10
Total	**111,388.85**	91,538.08	64,836.96

29.1 **Capital Reserve:** It has been created during the Business Combinations in earlier periods.

29.2 **Securities Premium Reserve:** Securities premium reserve 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.

29.3 **General Reserve:** It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India was effective from April 1, 2016. On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability as explained in Note 29.8 below.

29.4 **Special Reserve** has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation.

Special Reserve No.I relates to the amounts transferred upto the Financial Year 1996-97

Special Reserve No.II relates to the amounts transferred thereafter.

As per Section 29C of The National Housing Bank Act, 1987 (the “NHB Act”), the Corporation 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 Corporation under Section 36(1)(viii) of the Income- tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **1,908.89 crore** (Previous Year ₹ 1,416.55 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **100.00 crore** (Previous Year ₹ 1,078 crore) to “Statutory Reserve (As per Section 29C of The NHB Act)”.

29.5 **Shelter Assistance Reserve:** It represents funding various development and grassroot level organisations for the purposes as mentioned in Schedule VI to the Companies Act, 2013 and in accordance with the Corporation’s Policy.

29.6 **Other Comprehensive Income:**

Employee Share Option Outstanding: The Corporation has a share option scheme under which options to subscribe for the Corporation’s shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

Effective portion of Cash Flow Hedge: It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

29.7 **Employee Share Option Outstanding:**

The Corporation has stock option schemes under which options to subscribe for the Corporation’s shares have been granted to employees, including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

29.8 **Foreign Currecny Monetory Item Translation Differenace Account:**

Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **7.43 crore (without considering future tax benefit of ₹ Nil crore)** [(Previous Year net debit of ₹ 50.71 crore) (without considering future tax benefits of ₹ 17.72 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2019. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 1 year.

During the year, there was a net reduction of ₹ **58.14 crore** (Previous Year net addition of ₹ 412.84 crore) in the Foreign Currency Monetary Items Translation Difference Account.

30. Interest Income

₹ in Crore

Particulars	2018-19			2017-18		
	On Financial Assets measured at Amortised Cost	**Interest Income on Financial Assets classified at fair value through profit or loss**	**Total**	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans	**44,735.38**	-	**44,735.38**	37,730.80	-	37,730.80
Interest income from investments	**733.44**	-	**733.44**	568.75	-	568.75
Interest on deposits	**149.95**	-	**149.95**	185.26	-	185.26
Other interest Income	**208.71**	-	**208.71**	186.31	-	186.31
Surplus from deployment in Cash Management Schemes of Mutual Funds	-	**997.71**	**997.71**	-	449.00	449.00
Total	**45,827.48**	**997.71**	**46,825.19**	38,671.12	449.00	39,120.12

30.1 Other Interest includes interest on income tax refund ₹ **143.70 crore** (Previous Year ₹ 192.65 crore)

30.2 Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance). Accordingly the total Interest Income is net of such interston Credit Impaired Assets amounting to ₹ **154 crore** (Previous Year ₹ 113 crore)

31 Leasing Arrangements

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **39.69 crore** (Previous Year ₹ 6.30 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payment are as follows:

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018
Within one year	**36.89**	3.44
Later than one year but not later than 5 years	**75.60**	2.46
Later than 5 years	**8.72**	0.59

32. Net gain on fair value changes

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	**563.48**	107.30
- Derivatives	-	-
- Others	-	-
- Others reclassified from OCI	**187.11**	358.21
Total Net gain on fair value changes	**750.59**	465.51
Fair Value changes:		
- Realised	**214.18**	80.81
- Unrealised	**536.41**	384.70
Total Net gain on fair value changes	**750.59**	465.51

The Corporation has derecognised loans on account of assignment transactions resulting in a gains of ₹ **859.99 crore** (Previous year ₹ 533.71 crore)

33. Incomes pertaining to Insurance Business

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Premium Income	**28,418.96**	22,380.17	**7,761.33**	6,510.95
Income from recoveries from reinsurers	**239.67**	196.87	**3,631.04**	2,978.20
Net Fair value changes on Investments	**3,593.97**	3,650.83	-	-
Other Operating Income	-	-	**536.85**	460.99
Total Incomes of Insurance Business	**32,252.60**	26,227.87	**11,929.22**	9,950.14

34. Finance Costs

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial liabilities measured at FVTPL	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at FVTPL	On Financial liabilities measured at Amortised Cost
Interest on debt securities	-	**14,474.44**	-	13,527.00
Interest on borrowings	-	**5,695.63**	-	2,715.13
Interest on deposits	-	**8,258.75**	-	7,453.68
Interest on Subordinated Liabilities	-	**583.97**	-	571.48
Other charges	-	**512.54**	-	451.16
Sub Total	-	**29,525.33**	-	24,718.46
Total Finance Costs	**29,525.33**		24,718.46	

35. Impairment on financial instruments

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost
Loans	-	919.18	-	2,142.07
Investments	158.01	40.00	0.03	-
Others	-	48.51	-	1.32
Sub Total	158.01	1,007.69	0.03	2,143.39
Total	1,165.70		2,143.42	

36. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and Bonus	2,468.12	2,223.53
Contribution to Provident Fund and Other Funds	133.02	111.62
Staff Training and Welfare Expenses	120.25	93.69
Share Based Payments to employees	245.98	965.56
Total	2,967.37	3,394.40

36.1 There has been a Supreme Court (SC) judgement dated 28 February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Corporation will continue to assess any further developments in this matter for the implications on financial statements, if any.

37. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	183.99	174.55
Rates and Taxes	22.27	25.26
Repairs and Maintenance - Buildings	9.65	11.13
General Office Expenses	74.74	86.38
Electricity Charges	28.91	26.98
Insurance Charges	1.55	2.10
Total	321.11	326.40

37.1 Direct operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Direct operating expenses arising from investment property that generated rental income	3.10	1.70
Direct operating expenses arising from investment property that did not generate rental income	1.51	1.90
Total	4.61	3.60

37.2 **Operating Leases:**

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **6.16 crore** (Previous Year ₹ 5.65 crore).

₹ in Crore

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Not later than one year	**4.24**	5.07
Later than one year but not later than five years	**14.05**	4.94
Later than five years	**-**	-

38. Expenses pertaining to Insurance Business

Particulars	**Life Insurance**		**Non Life Insurance**	
	For the year ended March 31, 2019	For the year ended March 31, 2018	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Claims paid	**12,717.87**	11,289.34	**5,724.77**	4,424.25
Commission and Operating expenses	**1,824.04**	1,635.31	**1,798.76**	1,568.47
Other expenses pertaining to Non - Life Insurance Business	**-**	-	**3,951.32**	3,516.45
Unallocated surplus pending transfer	**449.00**	404.65	**-**	-
Net change in insurance contract liabilities	**17,786.18**	13,364.47	**-**	-
Total Expenses of Insurance Business	**32,777.09**	26,693.77	**11,474.85**	9,509.17

39. Other Expenses

₹ in Crore

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Travelling and Conveyance	**64.87**	59.76
Printing and Stationery	**52.63**	52.35
Postage, Telephone and Fax	**73.23**	63.96
Advertising	**1,027.86**	772.35
Business Development Expenses	**725.56**	651.11
Brokerage and commission expenses relating to Mutual fund Schemes	**240.26**	326.99
Loan Processing Expenses	**59.02**	45.76
Manpower Outsourcing	**90.41**	83.73
Repairs and Maintenance - Other than Buildings	**45.15**	38.36
Office Maintenance	**44.89**	38.94
Legal Expenses	**187.66**	150.30
Computer Expenses	**148.31**	115.28
Directors' Fees and Commission	**13.00**	11.81
CSR expenses [Refer note 39.2]	**208.06**	35.05
Miscellaneous Expenses	**122.17**	192.43
Auditors' Remuneration (Refer Note 39.1)	**9.73**	8.43
Total	**3,112.81**	2,646.61

39.1 **Payments to Auditors**

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit Fees	**4.64**	3.96
ICFR Fees	**0.35**	0.35
Limited Reviews	**1.24**	1.48
Tax Matters	**1.33**	1.38
Other Matters and Certification	**2.05**	1.18
Reimbursement of Expenses	**0.12**	0.08
Total	**9.73**	8.43

Audit Fees in the previous year include ₹ 0.04 crore paid to Branch Auditors.

Auditors' Remuneration above is excluding Goods and Service Tax.

39.2 Expenditure incurred for corporate social responsibility for ₹ **222.67 crore**

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above	222.67	-	222.67

Out of the above ₹ 14.61 crore was spent from the shelter Assistance reserve.

40. Income Taxes relating to continuing operations

40.1 Income Tax recognised in profit or loss

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax		
In respect of the current year	**4,370.02**	4,079.61
In respect of prior years	**-**	-
Deferred Tax		
In respect of the current year	**148.43**	(672.57)
MAT Credit		
In respect of the current year	**-**	(311.00)
Total Income tax expense recognised in the current year relating to continuing operations	**4,518.45**	3,096.04

40.2 **Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:**

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	**14,709.14**	10,270.89
Income tax expense calculated at 34.944% (Previous Year 34.608%)	**5,139.97**	3,554.55
Effect of expenses that are not deductible in determining taxable profit	**348.71**	580.15
Effect of incomes which are taxed at different rates	**(193.82)**	19.14
MAT Credit Entitlement	**-**	(311.00)
Effect of incomes which are exempt from tax	**(144.75)**	(117.49)
Effect on deferred tax balances due to the changes in income tax rate	**-**	2.73
Deduction under section 36(1)(viii) of the Income tax Act, 1961	**(489.17)**	(506.00)
Others	**(142.49)**	(126.04)
Income tax expense recognised in statement of profit and loss	**4,518.45**	3,096.04

The tax rate used for the reconciliations above is the corporate tax rate of **34.944%** for the year 2018-19 and 34.608% for the year 2017-18 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction. The tax rate has increased due to increase in rate of education cess by 1%.

41. Other Comprehensive Income

₹ in Crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(52.46)**	(203.92)
Re-measurements of post-employment benefit obligations	**(22.06)**	(6.90)
Re-measurements of post-employment benefit obligations - Pending transfer to Shareholders	**2.14**	(4.23)
Total	**(72.38)**	(215.05)
Income tax relating to these items	**17.80**	83.38
Items that may be reclassified to profit or loss		
Changes in fair value of FVOCI debt instruments	**420.47**	(1,293.15)
Changes in fair value of FVOCI debt instruments - Pending transfer to Shareholders	**(444.32)**	1,224.58
Deferred gains/(losses) on cash flow hedges	**15.23**	(77.53)
Deferred costs of hedging	**(3.75)**	2.89
Total	**(12.37)**	(143.21)
Income tax relating to these items	**(0.60)**	35.97
Share of other comprehensive income of an Associate [Refer note 9]	**149.27**	(367.36)
Other comprehensive income for the year	**81.72**	(606.27)

42. Retirement benefits plan

A. Defined contribution plans

The Corporation recognised ₹ **16.17 crore** (Previous Year ₹ 15.04 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **441.38 crore** and ₹ 441.06 crore respectively (Previous Year ₹ 382.06 crore and ₹ 379.49 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65%. The actuarial assumptions include discount rate of 7.77% (Previous Year 7.73%) and an average expected future period of 14 years (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is 8.80% (Previous Year 8.77%)

The Corporation recognised ₹ **75.24 crore** (Previous Year ₹ 63.42 crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

B. Defined Benefits Plan

i. **Characteristics of defined benefit plan**

The Corporation has a defined benefit gratuity plan in India (funded). The Corporation's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

ii. **Risks associated with defined benefit plan**

Gratuity is a defined benefit plan and Corporation is exposed to the following risks:

a. Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

b. Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

c. Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

d. Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

e. Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

iii. **Characteristics of defined benefit plans**

During the year, there were no plan amendments, curtailments and settlements.
A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

C. **Other Post Retirement Benefit Plan**

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

The Principal Assumptions used for the purpose of the actuarial valuation were as follows.

Particulars	**March 31, 2019**	March 31, 2018	April 1, 2017
Discount Rate	**7-8%**	7-8%	7-8%
Return on Plan Assets	**7-8%**	7-8%	7-8%
Salary Escalation	**6-12%**	6-12%	3-10%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plan are as follows.

₹ in Crore

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Service Cost:		
Current Service Cost	**29.07**	26.25
Interest Cost	**7.54**	7.57
Components of defined benefit costs recognised in profit or loss	**36.61**	33.82
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**18.12**	3.44
Return on Plan Assets, Excluding Interest Income	**6.42**	3.73
Components of defined benefit costs recognised in other comprehensive income	**24.54**	7.17
Total	**61.15**	40.99

The current service cost and the net interest expense for the year are included in the 'Employee benefits expenses' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Corporation's obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	**March 31, 2019**	March 31, 2018	April 1, 2017
Present value of funded defined benefit obligation	**422.92**	371.65	340.27
Fair value of plan assets	**316.92**	296.84	253.93
Net Liability arising from defined benefit obligation	**106.00**	74.81	86.34

Movement in the present value of the defined benefit obligation are as follows.

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Opening defined benefit obligation	**371.65**	340.27	340.27
Current Service Cost	**29.07**	26.25	
Interest Cost	**28.83**	24.86	
Benefits Paid	**(26.62)**	(24.19)	
Actuarial Gains - Due to change in Financials Assumptions	**4.54**	(8.71)	
Actuarial Losses - Due to Experience	**15.45**	13.17	
Closing defined benefit obligation	**422.92**	371.65	340.27

The Liability at the end of the year ₹ **422.92 crore** (Previous Year ₹ 371.65 crore) includes ₹ **63.19 crore** (Previous Year ₹ 57.66 crore) in respect of an un-funded plan.

Movement in the fair value of the plan assets are as follows.

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Opening fair value of plan assets	**296.84**	253.93	253.93
Expected Return on Plan Assets	**18.06**	16.59	
Contributions	**15.66**	36.55	
Actuarial loss on Plan Assets	**(7.19)**	(4.21)	
Benefits paid	**(6.45)**	(6.02)	
Opening fair value of plan assets	**316.92**	296.84	253.93

Investment Pattern:

% Invested

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Central Government securities	**10.76%**	13.30%	22.92%
State Government securities/securities guaranteed by State/ Central Government	**9.07%**	14.50%	3.27%
Public Sector / Financial Institutional Bonds	**11.41%**	15.46%	30.04%
Private Sector Bonds	**6.47%**	10.03%	2.35%
Deposits with Banks and Financial Institutions	**16.67%**	0.00%	0.00%
Equity Shares	**40.75%**	36.52%	39.00%
Others (including bank balances)	**4.87%**	10.19%	2.42%
Total	**100.00%**	100.00%	100.00%

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **123.39 crore** (Previous Year ₹ 112.47 crore).

Sensitivity Analysis

₹ in Crore

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	**278.27**	247.00
Delta Effect of +1% Change in Rate of Discounting	**(64.59)**	(54.08)
Delta Effect of -1% Change in Rate of Discounting	**81.03**	68.08
Delta Effect of +1% Change in Rate of Salary Increase	**81.02**	68.08
Delta Effect of -1% Change in Rate of Salary Increase	**(64.97)**	(54.39)
Delta Effect of +1% Change in Rate of Employee Turnover	**6.33**	5.35
Delta Effect of -1% Change in Rate of Employee Turnover	**(23.32)**	(5.50)

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.

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	**67.25**	66.18
2nd Following Year	**18.08**	17.09
3rd Following Year	**28.56**	20.28
4th Following Year	**32.55**	27.41
5th Following Year	**27.58**	24.86
Sum of Years 6 To 10	**112.66**	101.45
Sum of Years 11 and above	**449.97**	393.43

43. Earnings per Share

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**95.40**	74.77
Effect of outstanding Stock Options	**(0.74)**	(0.92)
Diluted Earnings Per Share	**94.66**	73.85

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving diluted effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows :

Number in crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**170.14**	160.22
Diluted effect of outstanding Stock Options	**1.34**	1.99
Weighted average number of shares for computation of Diluted Earnings Per Share	**171.48**	162.21

44. Contingent Liabilities and commitments

44.1 The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

44.2 Given below are amounts in respect of claims asserted by revenue authorities and others:

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,820.25 crore** (Previous Year ₹ 1,537.35 crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, service tax interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **115.27 crore** (Previous Year ₹ 94.72 crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

44.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **535.32 crore** (Previous Year ₹ 512.22 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,838.13 crore** (Previous Year ₹ 1,838.21 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

44.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **2,627.76 crore** (Previous Year ₹ 2,096.09 crore).

Claimes not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **35.53 crore** (Previous Year ₹ 0.77 crore).

44.5 **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ **17.50. per share** at their meeting held on May 13, 2019. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

45. Segment Reporting

As per the Ind AS 108 dealing with 'Operating Segments', the main segments and the relevant disclosures relating thereto are as follows:

₹ in crore

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	**44,802.57**	37,644.63	**38,248.74**	31,250.47	**12,094.72**	10,101.78	**2,254.72**	2,061.91	**687.93**	543.19	**(1,893.98)**	(1,795.27)	**0.17**	12.89	**96,194.87**	79,819.60
Segment Result	**12,685.20**	8,650.62	**1,495.00**	1,307.96	**421.64**	481.70	**1,396.22**	1,145.03	**219.89**	118.61	**(1,508.96)**	(1,444.25)	**0.15**	11.22	**14,709.14**	10,270.89
Share of profit of associates													**7,389.82**	5,936.36	**7,389.82**	5,936.36
Income-tax (Current)													**4,370.02**	4,079.61	**4,370.02**	4,079.61
Deferred tax													**148.43**	(983.57)	**148.43**	(983.57)
Total Result	**12,685.20**	8,650.62	**1,495.00**	1,307.96	**421.64**	481.70	**1,396.22**	1,145.03	**219.89**	118.61	**(1,508.96)**	(1,444.25)	**2,871.52**	2,851.55	**17,580.51**	13,111.22
Segment Assets	**4,61,218.46**	4,05,230.59	**1,32,902.91**	1,11,462.94	**14,029.66**	12,589.46	**4,095.57**	3,317.46	**554.77**	376.91	-	-	**48,073.75**	33,631.85	**6,60,875.12**	5,66,609.21
Segment Liabilities	**4,02,742.63**	3,50,184.43	**1,27,488.36**	1,08,060.98	**12,108.55**	11,065.14	**167.34**	231.33	**87.27**	36.68	-	-	**302.45**	163.09	**5,42,896.60**	4,69,741.65
Net Assets	**58,475.83**	55,046.16	**5,414.55**	3,401.96	**1,921.11**	1,524.32	**3,928.23**	3,086.13	**467.50**	340.23	-	-	**47,771.30**	33,468.76	**1,17,978.52**	96,867.56
Other Information																
Capital Expenditure	**116.97**	111.11	**19.49**	33.58	**21.47**	96.93	**22.69**	12.42	**30.35**	29.47					**210.97**	283.51
Depreciation	**70.82**	52.94	**45.47**	44.67	**33.73**	30.67	**13.28**	9.89	**11.90**	8.98					**175.20**	147.15
Non cash expenses other than Depreciation	**1,137.64**	3,072.42	**41.48**	9.55	**158.71**	8.69	**73.85**	17.47	-	0.85	-	-	-	-	**1,411.68**	3,108.98

a) The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

c) Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

d) Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities

e) Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation and its subsidiaries GRUH Finance Limited and HDFC Credila Financial Services Private Limited.

f) Asset Management segment includes portfolio management, mutual fund and property investment management.

g) Others includes project management, investment consultancy and property related services.

i) **Geographic information**

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

The group does not have any material operations outside India and hence, disclosure of geographic segments is not given.

Revenue from external customers:

₹ in crore

Particulars	2018-2019	2017-2018
India	**96,125.74**	79,768.56
United Arab Emirates	**33.31**	13.94
Singapore	**15.34**	19.38
Mauritius	**20.48**	17.72
Total	**96,194.87**	79,819.60

Assets other than financial instruments and tax assets:

₹ in crore

Particulars	2018-2019	2017-2018
India	**3,296.25**	3,748.26
United Arab Emirates	**0.77**	0.89
Singapore	-	0.07
Mauritius	**0.04**	0.01
Total	**3,297.06**	3,749.23

No single customer represents 10% or more of the Group's total revenue for the year ended 31st March, 2019 and 31st March, 2018.

46. Share-based payments

46.1 Under Employees Stock Option Scheme - 2017 (ESOS - 17), the Corporation had granted 4,28,45,977 options at an exercise price ranging between 1,569.85 and 1,908.30 per option representing 4,28,45,977 equity shares of ₹ 2 each to the employees and directors of the Corporation. The options were granted at an excercise price ranging between 1,569.85 and 1,908.30 per option being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-17, the options would vest over a period of 1-3 years from the date of grant, but not later than March 16, 2021, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, 4,04,56,804 (Previous Year Nil options) were vested. In the current year 1,55,680 options (Previous Year 4,03,871 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted 62,73,064 options at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year Nil options (Previous Year 49,902 options) were vested. In the current year 150 options (Previous Year 1,799 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted 61,02,475 options at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year 998 options (Previous Year 27 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted 57,90,000 options at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted 54,56,835 options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

46.2 **Method used for accounting for share based payment plan:**

The stock options granted to employees pursuant to the Corporation's Stock options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

46.3 **Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:**

Number of options

(Previous year figures are in brackets)

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**4,24,42,106** -	**42,64,210** (54,08,364)	**435,254** (16,87,772)	**4,874** (4,874)	**5,287** (5,287)
Granted during the year	**-** (4,28,45,977)	**-** -	**-** -	**-** -	**-** -
Vested during the year	**4,04,56,804** -	**-** (49,902)	**-** -	**-** -	**-** -
Exercised during the year	**18,41,716** -	**11,16,519** (11,42,355)	**429,663** (12,52,491)	**-** -	**-** -
Lapsed during the year	**1,55,680** (4,03,871)	**150** (1,799)	**998** (27)	**-** -	**-** -
Outstanding at the end of the year	**4,04,44,710** (4,24,42,106)	**31,47,541** (42,64,210)	**4,593** (435,254)	**4,874** (4,874)	**5,287** (5,287)
Unvested at the end of the year	**18,56,556** (4,24,42,106)	**-** -	**-** -	**-** -	**-** -
Exercisable at the end of the year	**3,80,28,603** -	**31,45,592** (42,64,210)	**3,568** (435,254)	**4,874** (4,874)	**5,287** (5,287)
Weighted average price per option	**1,571.33**	**5,073.25**	**3,177.50**	**1,350.60**	**2,149.00**

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

46.4 **Fair Value Methodology:**

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows :

Particulars	*ESOS-2017	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

*The stock based compensation expense determined under fair value based method and charged to Statement of Profit and loss by the corporation is ₹ **211.09 crore** (Previous Year ₹ 937.61 crore) and ₹ **34.89 crore** (Previous Year ₹ 27.95 crore) by the subsidiary company.

47. Related Party Transactions

As per Ind AS-24, Related Party Disclosure, the Group's related parties are disclosed below:

Associates
HDFC Bank Limited
Good Host Spaces Private Limited (w.e.f. August 24, 2018)
Magnum Foundations Private Limited
True North Ventures Private Limited
HDFC Securities Limited (Subsidiary of HDFC Bank Limited)
HDB Financial Services Limited (Subsidiary of HDFC Bank Limited)

Investing Party and its Group Companies
ERGO International AG
Munich Re
Standard Life Investments Limited
Standard Life (Mauritius Holdings) 2006 Limited

Entities over which control is exercised
H T Parekh Foundation
HDFC Employees Welfare Trust
HDFC Employees Welfare Trust 2

Entities where Directors/Close family members of Directors of the Corporation have control / significant influence
Saumitra Research & Consulting Private Limited (w.e.f April 30, 2018)
MEFREE LLP (w.e.f April 30, 2018)
Parjanya Commercials LLP (w.e.f April 30, 2018)
Leeladhar Enterprises LLP (w.e.f April 30, 2018)

Post employment benefit plans of the Corporation or its related entities
(where there are transactions)
Housing Development Finance Corporation Limited Provident Fund
Superannuation Fund of Housing Development Finance Corporation Limited
GRUH Finance Limited Officers Superannation Fund
GRUH Finance Limited Employees Provident Fund Trust
GRUH Finance Limited Employees Gratuity Trust Fund
Gratuity Fund of Housing Development Finance Corporation Limited
Gratuity Assurance Scheme
HDFC Capital Advisors Limited Gratuity Fund
HDFC ERGO General Insurance Company Limited Superannuation Fund
HDFC ERGO General Insurance Company Limited Employees Gratuity Trust

Notes forming part of the Consolidated Financial Statements (Continued)

Key Management Personnel (Whole-time Directors)
Mr. Keki M. Mistry (Vice Chairman & CEO)
Ms. Renu Sud Karnad (Managing Director)
Mr. V. Srinivasa Rangan (Executive Director)

Relatives of Key Management Personnel (Whole-time Directors)
(where there are transactions)
Mr Singhal Nikhil
Mr. Ashok Sud
Mr. Bharat Karnad
Ms. Arnaaz K Mistry

Key Management Personnel (Non-executive Directors)
Mr. Deepak S Parekh
Mr. B. S. Mehta (ceased to be related party effective July 30, 2018)
Mr. Nasser Munjee
Dr. Bimal Jalan (ceased to be related party effective July 30, 2018)
Dr. J. J. Irani
Mr. D. N. Ghosh (ceased to be related party effective April 30, 2018)
Mr. D. M. Sukthankar (ceased to be related party effective April 30, 2018)
Mr. U. K. Sinha (appointed w.e.f April 30, 2018)
Ms. Ireena Vittal (appointed w.e.f January 30, 2019)
Dr. Bhaskar Ghosh (appointed w.e.f September 27, 2018)
Mr. Jalaj A. Dani (appointed w.e.f April 30, 2018)

Relatives of Key Management Personnel (Non-executive Directors) (where there are transactions)
Mr. Aditya Parekh
Mr. Siddharth D. Parekh
Ms. Harsha Shantilal Parekh
Ms. Hasyalata Bansidhar Mehta (ceased to be related party effective July 30, 2018)
Ms. Tapasi Ghosh (ceased to be related party effective April 30, 2018)
Chandrakant Mahadev Sukthankar (HUF) (ceased to be related party effective April 30, 2018)
Ms. Niamat Munjee
Ms. Sarita Yeshwant Keni (ceased to be related party effective April 30, 2018)
Ms. Smita D Parekh
Adv Wadhwa Darpan (ceased to be related party effective July 30, 2018)
Mr. Malav A Dani (related party effective April 30, 2018)

The Group's related party transactions and balances are summarised as follows:

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Investing Party and its Group Companies	Reinsurance Income	236.76	115.35	-
	Other Income	4.26	2.75	-
	Consultancy, Fees & Other Income	1.70	1.91	-
	Reinsurance Expenses	227.51	228.75	-
	Interest Expense	12.92	12.92	-
	Other Advances / Receivables	8.74	4.67	0.28
	Non-Convertible Debentures outstanding	170.00	170.00	170.00
	Other Liabilities / Payables	74.43	128.49	27.48
	Dividend Paid	223.21	267.45	205.92
Entities over which control is exercised	Support cost recovered	0.41	0.36	-
	Donation @	143.14	170.44	-
	Interest Expense	9.45	4.99	-
	Deposits outstanding	172.26	130.00	70.00
	Deposits Received	112.26	60.00	70.00
	Deposits repaid / matured	70.00	-	-
	Other Liabilities / Payables	0.07	-	-

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Associates	Dividend Income	729.32	617.47	-
	Other Income	387.05	329.97	-
	Reimbursement of Cost	1.61	1.44	-
	Premium Received	124.93	74.90	-
	Interest Income	33.93	25.17	-
	Rent Income	1.48	2.13	-
	Support cost recovered	0.70	0.41	-
	Provision for Diminution in the value of Investments	2.17	2.16	-
	Other Expenses/ Payments	1,828.54	1,788.51	-
	Interest Expense	154.82	169.91	-
	Bank & Other Charges	34.77	34.63	-
	Loans Sold	23,982.42	5,623.94	-
	Investments made during the year	8,569.75	-	-
	Investments- Debentures & Bonds outstanding	526.17	113.23	120.01
	Investments- Debentures & Bonds Sold	35.00	-	-
	Securities purchased of other entities	2,218.61	135.65	-
	Bank Balance and Deposits outstanding	1,916.94	2,492.99	1,087.30
	Bank Deposits matured / withdrawn	1,400.64	131.04	-
	Bank Deposits placed	367.10	1,267.75	-
	Other Advances / Receivables	109.64	44.91	12.91
	Trade Receivable	46.16	32.37	4.10
	Loans outstanding	27.02	26.80	26.58
	Prepaid Premium	2.11	1.41	0.27
	Loans given	0.22	0.22	-
	Other Liabilities / Payables	1,214.97	843.52	644.72
	Amounts payable - Securitised Loans outstanding	452.01	419.22	508.64
	Non-Convertible Debentures outstanding	1,315.00	1,315.00	-
	Non-Convertible Debentures (Alloted under Primary Market)	685.00	2,105.00	-
	Non-Convertible Debentures - Redemption	428.00	65.00	-
	Issuance of Letter of Comfort	6.00	-	-
	Guarantees	3.29	-	-
	Dividend Paid	0.18	0.33	-

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Post employment benefit plans of the Corporation or its related entities	Contribution To PF & Other Funds	61.18	3.28	-
	Interest Expense	0.28	0.01	-
	Other Advances / Receivables	28.83	-	-
	Other Liabilities / Payables	9.52	0.88	1.44
	Non-Convertible Debentures outstanding	1.80	0.10	0.10
	Non-Convertible Debentures - Redemption	0.10	-	-
Key Management Personnel (Whole-time directors)	Premium Received	0.03	0.03	-
	Interest Income	0.00	0.00	-
	Remuneration #	34.68	30.22	-
	Share based payments **	16.91	84.27	-
	Sitting Fees	1.28	1.10	-
	Consultancy, Fees & Other Charges	0.42	0.30	-
	Interest Expense	0.27	0.24	-
	Loans outstanding	0.04	0.05	0.06
	Loans repaid	0.01	0.01	-
	Deposits outstanding	3.28	2.85	2.85
	Deposits Received	3.27	0.01	-
	Deposits repaid / matured	2.85	0.01	-
	Other Liabilities / Payables	0.13	0.33	0.11
	Dividend Paid	8.28	7.00	-
Key Management Personnel (Non-executive directors)	Premium Received	10.00	-	-
	Commission ^^	4.36	3.90	-
	Share based payments **	3.77	18.78	-
	Sitting Fees	1.16	0.68	-
	Other Expenses/ Payments	0.63	0.65	-
	Consultancy, Fees & Other Charges	0.14	0.10	-
	Interest Expense	0.09	0.26	-
	Dividend Paid	2.58	3.11	-
Relatives of Key Management Personnel (Whole-time directors)	Interest Income	0.03	0.03	-
	Premium Received	0.01	0.02	-
	Interest Expense	0.01	0.01	-
	Loans outstanding	0.35	0.37	0.40
	Loans repaid	0.03	0.02	-
	Other Advances / Receivables	0.00	0.03	0.06
	Deposits Received	0.50	-	-
	Deposits outstanding	0.50	-	-
	Deposits repaid / matured	0.11	0.11	-
	Other Liabilities / Payables	0.01	-	-
	Dividend Paid	1.32	1.22	-

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Relatives of Key Management Personnel (Non-executive directors)	Premium Received	0.20	0.20	-
	Interest Income	0.05	0.16	-
	Interest Expense	1.76	1.52	-
	Loans repaid	0.04	0.10	-
	Deposits outstanding	22.95	17.63	17.48
	Deposits Received	21.40	1.30	-
	Deposits repaid / matured	16.09	1.15	-
	Other Liabilities / Payables	1.07	1.90	0.83
	Dividend Paid	3.22	2.54	-

Notes:-

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Company basis at the end of each year and , accordingly, have not been considered in the above information.

** Pursuant to receipt of shareholders approval by way of postal ballot, the Nomination and Remuneration Committee of Directors at its meeting held on June 1, 2017 granted 4,28,45,977 stock options under Employees Stock Option Scheme – 2017. Stock options are always granted at the prevailing market prices and as such the intrinsic value of the options is nil. However, effective from April 1, 2018, the Company has converged to Ind AS and in compliance with Ind AS 102, the same has been charged to the Statement of Profit and Loss Account with a corresponding credit to the Reserves.

^^ Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Corporation and will be paid post adoption of annual accounts by the shareholders.

@ Donations includes ₹ 12 crore, utilised out of Shelter Assistance Reserve during the year 2018-19.

"0" denotes amount less than ₹ 1 crore.

48. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled after factoring in rollover and prepayment assumptions.

₹ in Crore

	March 31, 2019			March 31, 2018			April 1, 2017		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets									
Cash and cash equivalents	**3,183.31**	**-**	**3,183.31**	2,814.70	-	2,814.70	5,352.25	-	5,352.25
Bank Balance other than (a) above	**1,310.38**	**42.85**	**1,353.23**	290.85	22.99	313.84	2,373.96	43.00	2,416.96
Derivative financial instruments	**190.35**	**1,213.01**	**1,403.36**	115.25	341.00	456.25	90.33	242.38	332.71
Trade Receivables	**640.59**	**-**	**640.59**	258.07	-	258.07	238.01	-	238.01
Loans	**66,277.24**	**3,56,086.59**	**4,22,363.83**	59,438.66	3,16,736.32	3,76,174.98	54,512.86	2,57,525.27	3,12,038.13
Investments	**27,642.53**	**48,991.46**	**76,633.99**	18,511.51	34,992.29	53,503.80	4,967.43	32,478.62	37,446.05
Assets pertaining to Life Insurance Business	**15,930.94**	**1,12,005.51**	**1,27,936.45**	13,861.10	92,928.52	1,06,789.62	12,597.61	80,021.09	92,618.70
Assets pertaining to Non - Life Insurance Business	**3,421.14**	**9,733.22**	**13,154.36**	3,558.24	8,365.89	11,924.13	3,206.98	7,779.97	10,986.95
Other financial assets	**3,057.87**	**3,652.02**	**6,709.89**	2,112.65	3,352.71	5,465.36	6,973.30	3,051.46	10,024.76
Non-Financial Assets									
Current tax asset	**-**	**3,279.98**	**3,279.98**	-	3,822.02	3,822.02	-	3,521.24	3,521.24
Deferred tax Assets (Net)	**-**	**919.07**	**919.07**	-	1,337.21	1,337.21	-	337.08	337.08
Investment property	**-**	**395.64**	**395.64**	-	460.87	460.87	-	461.03	461.03
Property, Plant and Equipment	**-**	**1,188.02**	**1,188.02**	-	1,168.22	1,168.22	-	1,100.14	1,100.14
Other Intangible assets	**-**	**125.42**	**125.42**	-	118.35	118.35	-	115.04	115.04
Other non-financial assets	**248.55**	**713.97**	**962.52**	562.25	814.08	1,376.33	387.03	958.90	1,345.93
Goodwill on consolidation	**-**	**625.46**	**625.46**	-	625.46	625.46	-	626.84	626.84
Total Assets	**1,21,902.90**	**5,38,972.22**	**6,60,875.12**	1,01,523.28	4,65,085.93	5,66,609.21	90,699.76	3,88,262.06	4,78,961.82
LIABILITIES									
Financial Liabilities									
Derivative financial instruments	**143.06**	**970.40**	**1,113.46**	47.11	462.93	510.04	665.55	255.25	920.80
Trade and other Payables	**2,460.39**	**-**	**2,460.39**	2,312.53	-	2,312.53	1,788.39	-	1,788.39
Debt Securities	**36,295.89**	**1,47,276.13**	**1,83,572.02**	25,761.37	1,56,262.98	1,82,024.35	20,073.78	1,33,936.37	1,54,010.15
Borrowings (Other than debt securities)	**20,179.11**	**70,196.28**	**90,375.39**	21,349.50	34,704.47	56,053.97	11,819.51	34,941.95	46,761.46
Deposits	**30,912.59**	**76,159.40**	**1,07,071.99**	23,924.81	68,781.04	92,705.85	22,916.66	64,072.77	86,989.43
Subordinated Liabilities	**250.00**	**5,485.70**	**5,735.70**	-	5,632.28	5,632.28	-	5,549.51	5,549.51
Liabilities pertaining to Life Insurance Business	**23,480.57**	**1,01,863.95**	**1,25,344.52**	19,733.61	86,518.24	1,06,251.85	17,056.84	75,455.69	92,512.53
Liabilities pertaining to Non Life Insurance Business	**6,213.04**	**4,961.27**	**11,174.31**	5,960.03	4,134.02	10,094.05	5,361.99	3,625.56	8,987.55
Other financial liabilities	**12,225.41**	**2,234.63**	**14,460.04**	10,218.12	2,622.76	12,840.88	8,705.22	2,611.46	11,316.68
Non-Financial Liabilities									
Current tax liabilities (Net)	**170.53**	**-**	**170.53**	109.04	4.51	113.55	74.87	-	74.87
Deferred tax liabilities (Net)	**-**	**65.43**	**65.43**	13.09	36.46	49.55	-	245.65	245.65
Provisions	**139.40**	**230.02**	**369.42**	50.87	264.66	315.53	132.14	181.86	314.00
Other non-financial liabilities	**862.07**	**121.33**	**983.40**	736.52	100.70	837.22	703.32	68.05	771.37
Total Liabilities	**1,33,332.06**	**4,09,564.53**	**5,42,896.60**	1,10,216.60	3,59,525.05	4,69,741.65	89,298.27	3,20,944.13	4,10,242.39
Net Assets	**(11,429.16)**	**1,29,407.68**	**1,17,978.52**	(8,693.32)	1,05,560.88	96,867.56	1,401.49	67,317.94	68,719.43

49. Risk Disclosures Pertaining to Financial Instruments

49.1 Risk Disclosures pertaining to Financial instruments for other than Insurance business.

49.1.1 Capital Management

The Corporation maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The adequacy of the Corporation's capital is monitored using, among other measures, the regulations issued by NHB.

The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Net debt	**3,83,571.79**	3,33,601.75	2,87,958.29
Total equity	**1,17,978.52**	96,867.56	68,719.43
Net debt to equity ratio	**3.25:1**	**3.44:1**	**4.19:1**

49.1.2 Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.
The Financial Risk management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Interest rate risks is mitigated by entering into interest rate swaps. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, and dollar denominated assets. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities into floating rate linked to various benchmarks.

49.1.3 Fair Valuations

₹ in Crore

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Mutual funds	**17,849.78**	-	-	11,758.38	-	-
Government securities	-	-	**10,618.90**	-	-	9,605.86
Equity shares	**1,201.49**	**383.69**	-	895.54	547.11	-
Preference Shares	**12.30**	**12.54**	**30.00**	54.27	9.76	70.00
Debentures	**318.65**	**356.98**	**946.64**	297.63	356.98	716.90
Pass-through Certificates	-	-	**27.32**	-	-	33.02
Security Receipts	**221.69**	-	-	224.35	-	-
Investment in Units of Venture Capital Fund	**779.31**	-	-	461.96	-	-
Derivative financial assets	**1,403.36**	-	-	456.25	-	-
Trade receivables	-	-	**640.59**	-	-	258.07
Loans	-	-	**4,22,363.83**	-	-	3,76,174.98
Other Financial Assets	-	-	**1,52,337.24**	-	-	1,27,307.66
Total financial assets	**21,786.58**	**753.21**	**5,86,964.52**	14,148.38	913.85	5,14,166.49

₹ in Crore

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities						
Derivative financial liabilities	**1,113.46**	**-**	**-**	510.04	-	-
Trade payables	**-**	**-**	**2,460.39**	-	-	2,312.53
Debt Securities	**-**	**-**	**1,83,572.02**	-	-	1,82,024.35
Borrowings	**-**	**-**	**90,375.39**	-	-	56,053.97
Deposits	**-**	**-**	**1,07,071.99**	-	-	92,705.85
Subordinated Liabilities	**-**	**-**	**5,735.70**	-	-	5,632.28
Other financial liabilities	**-**	**-**	**1,50,978.87**	-	-	1,29,186.78
Total financial liabilities	**1,113.46**	**-**	**5,40,194.36**	510.04	-	4,67,915.76

₹ in Crore

Particulars	April 1, 2017		
	FVTPL	FVOCI	Amortised cost
Financial assets			
Mutual funds	4,314.28	-	-
Government securities	-	-	6,661.09
Equity shares	885.96	572.46	-
Preference Shares	11.44	7.11	70.00
Debentures	275.79	-	172.33
Pass-through Certificates	-	-	39.48
Security Receipts	229.20	-	-
Investment in Units of Venture Capital Fund	342.07	-	-
Derivative financial assets	332.71	-	-
Trade receivables	-	-	238.01
Loans	-	-	3,12,038.13
Other Financial Assets	-	-	1,21,399.63
Total financial assets	6,391.46	579.57	4,40,618.67
Financial liabilities			
Derivative financial liabilities	920.80	-	-
Trade payables	-	-	1,788.39
Debt Securities	-	-	1,54,010.15
Borrowings	-	-	46,761.46
Deposits	-	-	86,989.43
Subordinated Liabilities	-	-	5,549.51
Other financial liabilities	-	-	1,12,816.76
Total financial liabilities	920.80	-	4,07,915.70

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Corporation has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	17,254.92	594.86	-	17,849.78
Equity shares	593.08	-	608.41	1,201.49
Preference Shares	-		12.30	12.30
Debentures	-	140.26	178.41	318.67
Security Receipts	-	214.70	6.99	221.69
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	779.31	779.31
Derivatives designated as hedges				
-Forward Rate Agreements and Interest Rate Swaps	-	962.00	-	962.00
Financial Investments at FVOCI				
Equity investments	319.14	-	77.09	396.23
Debentures	-	-	356.98	356.98
Derivatives designated as hedges	-	-	-	-
-Forwards	-	7.42	-	7.42
-Currency swaps - Principal Only Swaps	-	311.73	-	311.73
-Options purchased (net)	-	122.20	-	122.20
Total financial assets	**18,167.14**	**2,353.17**	**2,019.49**	**22,539.80**
Financial liabilities				
Derivatives classified as FVTPL				
-Forward Rate Agreements and Interest Rate Swaps	-	948.71	-	948.71
Derivatives classified as FVOCI				
-Forwards	-	100.71	-	100.71
-Currency swaps - Principal Only Swaps	-	63.93	-	63.93
-Options purchased (net)	-	0.11	-	0.11
Total financial liabilities	**-**	**1,113.46**	**-**	**1,113.46**

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	11,320.94	437.44	-	11,758.38
Equity shares	319.55	-	575.99	895.54
Preference Shares	-	1.81	52.46	54.27
Debentures	-	148.30	149.33	297.63
Security Receipts	-	214.70	9.65	224.35
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	461.96	461.96
Derivatives designated as hedges				
-Forward Rate Agreements and Interest Rate Swaps	-	337.85	-	337.85
Financial Investments at FVOCI				
Equity investments	195.61	-	361.26	556.87
Debentures	-	-	356.98	356.98
Derivatives designated as hedges				
-Forwards	-	39.61	-	39.61
-Currency swaps - Principal Only Swaps	-	78.79	-	78.79
Total financial assets	11,836.10	1,258.50	1,967.63	15,062.23

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivatives classified as FVTPL				
-Forward Rate Agreements and Interest Rate Swaps	-	278.12	-	278.12
Derivatives classified as FVOCI				
-Forwards	-	22.06	-	22.06
-Currency swaps - Principal Only Swaps	-	209.86	-	209.86
Total financial liabilities	**-**	**510.04**	**-**	**510.04**

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
As at April 1, 2017				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	3,910.46	403.82	-	4,314.28
Equity shares	553.20	-	332.76	885.96
Preference Shares	-	4.33	7.11	11.44
Debentures	-	275.80	-	275.80
Security Receipts	-	214.70	14.50	229.20
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	342.07	342.07
Derivatives designated as hedges				
-Forward Rate Agreements and Interest Rate Swaps	-	251.86	-	251.86
Financial Investments at FVOCI				
Equity investments	235.74	-	343.83	579.57
Derivatives designated as hedges				
-Forwards	-	80.85	-	80.85
Total financial assets	4,699.40	1,231.36	1,040.27	6,971.03
Financial liabilities				
Derivatives classified as FVTPL				
-Forward Rate Agreements and Interest Rate Swaps	-	174.94	-	174.94
Derivatives classified as FVOCI				
-Forwards	-	460.87	-	460.87
-Currency swaps - Principal Only Swaps	-	284.99	-	284.99
Total financial liabilities	-	920.80	-	920.80

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, units of Mutual Funds, Venture Funds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments, contingent consideration and indemnification asset included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2019, 2018 and April 1, 2017.

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted equity shares, venture fund units, mutual fund units and security receipts.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e; as prices) or indirectly (i.e; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

When the fair value of equity investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain unquoted equity instruments insufficient more recent information is available to measure fair value and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See above for the valuation techniques adopted.

₹ in Crore

Particulars	Sensitivity		March 31, 2019	March 31, 2018	April 1, 2017	Significant unobservable inputs*
	Favourable	Un-favourable				
Unquoted equity shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 54.70 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 54.70 crore in FY19.	**476.73**	556.20	568.50	Valuation Factor
Compulsorily Convertible Preference Shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.05 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.05 crore in FY19.	**0.45**	0.45	-	Valuation Factor
Convertible Debentures	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 37.69 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 37.69 crore in FY19.	**376.94**	376.94	-	Valuation Factor
Security Receipts	Increase in NAV by 10% increases the fair value by ₹ 0.70 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 0.70 crore in FY19.	**6.98**	9.65	14.50	Net Asset Value
Venture Funds	Increase in NAV by 10% increases the fair value by ₹ 56.50 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 59.68 crore in FY19.	**711.44**	397.88	292.50	Net Asset Value

** There were no significant inter-relationships between unobservable inputs that materially affect fair values.*

Valuation Factor includes Discounted Cash Flows, Equity Multiples such as PE Ratio, Price to Book Value Ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Fair value of the Financial Assets that are not measured at fair value

₹ in Crore

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 17	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Government securities	**10,618.90**	**10,310.99**	9,605.86	9,221.95	6,661.09	6,667.18
Preference shares	**30.00**	**30.00**	70.00	70.00	70.00	70.00
Debentures	**946.64**	**944.61**	716.90	719.63	172.33	250.09
Pass-through Certificates	**27.32**	**27.32**	33.02	33.02	39.48	39.48
Total financial assets	**11,622.86**	**11,312.92**	10,425.78	10,044.60	6,942.90	7,026.75
Financial liabilities						
Non Convertible Debentures	**1,34,405.57**	**1,36,006.97**	1,28,198.73	1,31,225.63	1,08,022.78	1,11,155.04
Synthetic Rupee Denominated Bonds	**11,100.00**	**11,039.76**	9,600.00	9,572.90	8,300.00	8,305.82
Deposits	**1,07,353.69**	**1,07,114.77**	92,936.44	93,155.85	87,226.27	87,946.37
Subordinated Liabilities	**5,735.70**	**6,157.65**	5,632.28	6,186.35	5,549.51	6,149.32
Total financial liabilities	**2,58,594.96**	**2,60,319.15**	2,36,367.45	2,40,140.73	2,09,098.55	2,13,556.55

Note: The Fair Value of the financial assets and financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale.

Loans

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **4,22,363.83 crore** (as at March 31, 2018 ₹ 3,76,174.98 crore and as at April 1, 2017 ₹ 3,12,038.13 crore) approximates their fair value.

Short Term and Other Financial Assets and Liabilities

With respect to Bank Balances and Cash and Cash Equivalents, Trade Receivables, Other Financial Assets, Trade Payables and Other Financial Liabilities, the carrying value approximates the fair value.

Non Convertible Debentures fair value has been computed using the Fixed Income Money Market and Derivatives Association of India ('FIMMDA') data on corporate bond spreads.

Fair Value hierarchy

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at 31 March 2019				
Government securities	-	10,618.90	-	10,618.90
Preference shares	-	-	30.00	30.00
Debentures	-	-	946.64	946.64
Pass-through Certificates	-	-	27.32	27.32
Total	**-**	**10,618.90**	**1,003.97**	**11,622.86**
As at 31 March 2018				
Government securities	-	9,605.86	-	9,605.86
Preference shares	-	-	70.00	70.00
Debentures	-	-	716.90	716.90
Pass-through Certificates	-	-	33.02	33.02
Total	-	9,605.86	819.92	10,425.78
As at 1 April 2017				
Government securities	-	6,661.09	-	6,661.09
Preference shares	-	-	70.00	70.00
Debentures	-	-	172.33	172.33
Pass-through Certificates	-	-	39.48	39.48
Total	-	6,661.09	281.81	6,942.90

49.1.4 **Credit Risk**

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Corporation. In its lending operations, the Corporation is principally exposed to credit risk.

The credit risk is governed by various Product Policies. The Product Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Corporation measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Housing loans and Non Housing Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of retail product portfolios through periodic review.

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to a sanctioning committee with approval limits which is approved by the Managing Director.

Credit Risk Assessment Methodology

Corporate Portfolio

The Corporation has an established credit appraisal procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of products and businesses. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval by Sanctioning Committee of Management (COM).

Corporation carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

For Lease rental discounting, the risk assessment procedure includes:

- Carrying out a detailed analysis of lease rental receivables and the timing of the payments based on an exhaustive analysis of Cash flow structure; and
- Conducting due diligence on lessee and lessor and the underlying business systems, including a detailed evaluation of the servicing and collection terms and the underlying contractual arrangements.

Construction Finance

The Corporation has a framework for the appraisal and execution of project finance transactions. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the credit exposure until loans are fully repaid.

Retail Loans

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals.

The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition external agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Corporation analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality.

Retail loans are secured by the mortgage of the borrowers property.

Risk Management and Portfolio Review

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product.

For both Corporate and Retail borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information.

The Policy implementation and Process Monitoring team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

49.1.5a **Collateral and other credit enhancements**

The Corporation does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except credit risk associated with loans and Inter corporate deposits, which is mitigated because the loans and Inter corporate deposits are secured against the colloateral. The main types of collateral obtained are, as follows:

Registered / equitable mortgage of property, Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies, Hypothecation of assets, Bank guarantees, company guarantees or personal guarantees, Negative lien, Assignment of receivables, Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit].

The carrying amount of loans amount to ₹ **4,28,335.86 crore** (as at March 31 2018 ₹ 3,81,744.34 crore; as at April 1, 2017 ₹ 3,15,400.02 crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **5,972.03 crore** (as at March 31, 2018 ₹ 5,569.36 crore and as at April 1, 2017 ₹ 3,361.89 crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail portfolio, but in certain cases, the Corporation recover funds, generally by 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.

49.1.5b **Contractual maturities of financial liabilities**

The tables below analyse the Corporation’s financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, andet and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in Crore

March 31, 2019	**0-1 years**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Non-derivatives					
Debt Securities	80,943.44	58,508.38	8,081.00	36,194.81	1,83,727.63
Borrowings (Other than Debt Securities)	55,429.90	15,472.99	13,681.38	5,565.38	90,149.64
Deposits	58,631.32	38,952.86	6,438.21	3,358.25	1,07,380.65
Subordinated Liabilities	500.00	2,000.00	35.00	3,200.70	5,735.70
Other financial liabilities	41,919.02	2,234.63	-	1,06,825.22	1,50,978.87
Trade payables	2,460.39	-	-	-	2,460.39
Total non-derivative liabilities	**2,39,884.08**	**1,17,168.85**	**28,235.59**	**1,55,144.36**	**5,40,432.89**
Derivatives					
Foreign exchange forward contracts	100.71	-	0.00	-	100.71
Currency swaps - Principal Only Swaps	0.00	9.40	54.53	-	63.93
Options purchased (net)	0.11	-	0.00	-	0.11
Interest Rate Swaps	42.25	452.84	453.62	-	948.71
Total derivative liabilities	**143.06**	**462.24**	**508.15**	**-**	**1,113.46**

₹ in Crore

March 31, 2018	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-derivatives					
Debt Securities	89,373.94	72,056.64	7,382.42	13,333.72	1,82,146.72
Borrowings (Other than Debt Securities)	37,353.84	7,343.47	6,607.11	4,749.55	56,053.97
Deposits	48,343.89	35,906.56	7,818.83	874.16	92,943.44
Subordinated Liabilities	0.00	1,500.00	1,022.82	3,109.46	5,632.28
Other financial liabilities	35,911.76	2,622.76		90,652.26	1,29,186.78
Trade payables	2,312.53				2,312.53
Total non-derivative liabilities	2,13,295.95	1,19,429.43	22,831.18	1,12,719.15	4,68,275.72
Derivatives					
Foreign exchange forward contracts	22.06	-	0.00	-	22.06
Currency swaps - Principal Only Swaps	2.19	22.41	185.26	-	209.86
Forward Rate Agreements and Interest Rate Swaps	278.13	-	0.00	-	278.13
Total derivative liabilities	302.37	22.41	185.26	-	510.04

₹ in Crore

April 1, 2017	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-derivatives					
Debt Securities	62,359.26	64,720.32	16,487.03	10,621.05	1,54,187.66
Borrowings (Other than Debt Securities)	23,988.82	5,893.14	10,227.82	6,651.68	46,761.45
Deposits	45,426.46	31,332.57	10,244.56	238.08	87,241.67
Subordinated Liabilities	0.00	525.00	2,000.00	3,024.51	5,549.51
Other financial liabilities	31,124.05	2,611.46		79,081.25	1,12,816.75
Trade payables	1,788.39				1,788.39
Total non-derivative liabilities	1,64,686.98	1,05,082.49	38,959.40	99,616.57	4,08,345.44
Derivatives					
Foreign exchange forward contracts	460.87	-	-	-	460.87
Currency swaps - Principal Only Swaps	129.14	-	155.86	-	284.99
Forward Rate Agreements and Interest Rate Swaps	49.94	-	125.00	-	174.94
Total derivative liabilities	639.94	-	280.86	-	920.80

49.1.6 Market Risk

49.1.6a Foreign currency risk

The Corporation operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Corporation's functional currency i.e. INR. The objective of the hedges is to minimise the volatility of the INR cash flows

The Corporation's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Corporation uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates fair value of the forward contracts and intrinsic value of the option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the fair value of the forward contracts or change in the intrinsic value of the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the option contracts are deferred in the costs of hedging reserve. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2019 and 2018, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Foreign currency risk exposure:

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

₹ in Crore

Particulars	Currency	Financial and derivative assets		Financial liabilities	Net exposure to foreign currency risk iv= (i) + (ii)+(iii)
		Dollar Denominated loans & others(i)	Foreign exchange Derivative contracts (ii)	Foreign currency loans(iii)	
March 31, 2019	**USD**	**770.14**	**18,658.09**	**(19,540.62)**	**(112.39)**
	JPY	**-**	**3,323.68**	**(3,323.68)**	**-**
	SGD	**0.48**	**-**	**-**	**0.48**
	GBP	**0.09**	**-**	**-**	**0.09**
	AED	**0.79**	**-**	**-**	**0.79**
March 31, 2018	**USD**	2,394.25	16,898.28	(21,492.04)	(2,199.51)
	SGD	0.40	-	-	0.40
	GBP	0.56	-	-	0.56
	AED	0.15	-	(0.10)	0.05
April 1, 2017	**USD**	2,577.85	18,496.47	(21,015.65)	58.67
	GBP	0.81	-	(0.05)	0.76
	CHF	-	-	(412.59)	(412.59)
	SGD	0.12	-	(0.04)	0.08
	AED	0.36	-	(0.13)	0.23

Foreign currency Sensitivity analysis:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

₹ in Crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
USD sensitivity				
INR/USD -Increase by 1% *	**1.37**	8.05	**23.24**	(3.55)
INR/USD -Decrease by 1% *	**(1.37)**	(8.05)	**(23.24)**	3.55
JPY sensitivity				
INR/JPY -Increase by 1% *	**0.00**	0.00	**0.27**	0.00
INR/JPY -Decrease by 1% *	**0.00**	0.00	**(0.27)**	0.00

** Assuming all other variable is constant*

Cash Flow Hedge

Hedging Policy

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Disclosure of effects of hedge accounting on financial performance and exposure to foreign currency

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging intrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2019					
INR USD - Forward exchange contracts	1,227.59	7.42	30.79	71.99	40.91
INR JPY - Forward exchange contracts	1,949.23	0.00	69.92	0.63	69.92
INR USD - Currency Swaps (incl. EXIM swap)	11,452.48	311.73	49.69	66.75	(393.10)
INR JPY - Currency Swaps	1,374.45	-	14.24	0.63	14.24
Option purchased (net)	6,757.73	122.20	0.11	69.46 -75.62^	(122.09)
Total	**22,761.48**	**441.35**	**164.75**		**(390.12)**

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging intrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2018					
INR USD - Forward exchange contracts	7,721.12	39.61	22.06	66.69	(478.42)
INR USD - Currency Swaps (incl. EXIM swap)	7,980.03	78.79	209.86	64.34	(73.08)
Total	**15,701.15**	**118.40**	**231.92**		**(551.50)**

₹ in Crore

April 1, 2017					
INR USD - Forward exchange contracts	8,236.00	-	460.87	70.89	460.87
INR USD - Currency Swaps (incl. EXIM swap)	9,287.00	80.85	284.99	64.34	204.15
Total	**17,523.00**	**80.85**	**745.86**		**665.02**

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet

^ denotes strike price range for bought call and sold put (at 69.46) - sold call (at 75.62).

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2019				
FCY Term Loans	136.47	0.39	3.75	-
External Commercial Borrowings (incl. ADB loans)	282.88	242.82	-	-
March 31, 2018				
FCY Term Loans	-	-	-	(58.49)
External Commercial Borrowings (incl. ADB loans)	38.04	258.44	-	-
March 31, 2017				
FCY Term Loans	-	-	-	264.33
External Commercial Borrowings (incl. ADB loans)	95.30	183.80	-	-

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

	Hedging gains or losses recognised in other comprehensive income			Hedge ineffectiveness recognised in statement of profit and loss		
Particulars	**March 31, 2019**	**March 31, 2018**	**April 1, 2017**	**March 31, 2019**	**March 31, 2018**	**April 1, 2017**
Forward exchange contracts and Currency swaps	**(15.23)**	74.64	183.80	**-**	-	-
Option purchased (net)	**3.75**	-	-	**(130.65)**	-	-

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap as at			
March 31, 2019	**55,650.00**	**962.00**	**624.15**
March 31, 2018	48,270.00	337.85	85.98
April 1, 2017	30,809.00	251.86	195.52

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet.

Hedged Item

₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at			
March 31, 2019	**55,650.00**	**948.71**	**670.59**
March 31, 2018	48,270.00	278.13	103.19
April 1, 2017	30,809.00	174.94	174.94

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet

The impact of the fair value hedges in the statement of profit and loss:

₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss		
	March 31, 2019	**March 31, 2018**	**April 1, 2017**
Interest Rate Swap	**46.44**	17.20	(20.59)

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss

Hedge Ratio

The foreign exchange forward and option contracts are denominated in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1.

49.1.6.b **Interest rate risk**

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term loan, foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same as per the ALM Policy.

Interest rate risk exposure

The exposure of the Corporation's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Variable rate borrowings	**67%**	65%	64%
Fixed rate borrowings	**33%**	35%	36%
Total borrowings	**100%**	100%	100%

Sensitivity

The impact of 10 bps change in interest rates on Financial on the Profit after tax for the year ended March 31, 2019 on account of borrowing cost is ₹ **40.99 crore** (Previous year ₹ 46.75 crore).

49.1.6.c **Price risk**

Exposure

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Corporation diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Corporation.

Some of the Corporation's equity investments are publicly traded and are included in the NSE Nifty 50 index.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Corporation's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Corporation's equity instruments moved in line with the index.

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
NSE Nifty 50 – increase 10%	**68.48**	51.39	**20.42**	19.51
NSE Nifty 50 – decrease 10%	**(68.48)**	(51.39)	**(20.42)**	(19.51)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

49.2 **Risks disclosures pertaining to Life Insurance Business**

49.2.1 **Sensitivity analysis**

(A) Interest Rate Sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. (100 Bps impact on fixed income securities is in line with directions given by IRDAI vide circular number IRDA/ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing)

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
Interest Rate - Increase by 100 basis points* ^	-	-	**(1,627.83)**	(987.00)
Interest Rate - Decrease by 100 basis points* &	-	-	**1,627.83**	987.00

* Holding all other variable constant

^ *Impact on OCI does not include impact of ₹ (1,714.20) crore for FY 19 and ₹ (1,356.39) crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations*

& *Impact on OCI does not include impact of ₹ 1,714.20 crore for FY 19 and ₹ 1,356.39 crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations*

$ *Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis*

(B) Foreign currency sensitivity analysis

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in Crore

Particulars	Impact on Profit before Tax		Impact on Other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
AED Sensitivity	-	-	-	-
INR/AED - Increase by **6.60%** (March 31, 2018 0.47%)	**0.03**	0.00	-	-
INR/AED - Decrease by **6.60%** (March 31, 2018 0.47%)	**0.03**	0.00	-	-

(C) Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. 30% impact on equity securities is in line with directions given by IRDAI vide circular number IRDA/ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing.

The following table shows effect of price changes in equity:

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
If equity prices had been 30% higher^	**724.61**	544.36	**-**	-
If equity prices had been 30% lower&	**(724.61)**	(544.36)	**-**	-

^ Impact on Profit before tax does not include impact of ₹ (1,819.95) crore for FY 19 and ₹ (1,570.12) crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations

& Impact on Profit before tax does not include impact of ₹ 1,819.95 crore for FY 19 and ₹ 1,570.12 crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations

$ Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis

49.2.2 **Risk Management framework**

The Company has an Enterprise Risk Management (ERM) framework covering procedures to identify, measure and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including strategic risk, operational risks, regulatory risk, investment risks, subsidiary related risks and insurance risks. The key business risks identified are approved by the Board's Risk Management Committee and monitored by the Risk Management team thereafter. The ERM framework adopted is enabled by the risk oriented enterprise level culture with established risk governance framework, characterized by:

1. Risk management competency throughout the organization with a consensus that risk management is everyone's responsibility.
2. An iterative process of identifying and evaluating risks, setting risk treatment strategies, and monitoring results.
3. A dedicated Enterprise Risk Team with defined roles and responsibilities, which functions under the guidance and supervision of Chief Risk Officer ('CRO').
4. Risk oversight by Senior Management & Board of Directors, via Risk Management Council and Risk Management Committee respectively.

Risk categories addressed through the ERM Framework

- Operational Risk - Risk of loss resulting from inadequate or failed internal processes, people, systems or external events including legal risk
- Compliance/ Regulatory Risk - Risks emanating from non-adherence to regulatory, judiciary and legislative mandates and guidelines, leading to fines and penalties
- Strategy and Planning Risk - Risks emanating from non-achievement of strategic objectives, deviation from strategic plans, external and internal factors
- Insurance risk – Risk arising due to adverse movement of mortality, persistency, morbidity and expense rates

- Subsidiary related risks - Risks originating from subsidiary company actions
- Financial Risk – Comprises of the following nature of risks:
  1. Market Risk - Risk of loss resulting from adverse movement in market prices across asset classes and investment positions
  2. Liquidity Risk - Market Liquidity Risk is inability to liquidate an asset and Funding Liquidity Risk is inability to meet obligations when due
  3. Credit Risk - Risk of loss resulting from the potential that counterparty defaults or fails to meet obligations in accordance with the agreed terms
  4. Asset Liability Mismatch Risk - Risk due to uncorrelated / unmatched movement in the asset and liability cash flows on existing business and risk of future premiums being invested at low interest rates

HDFC Life is exposed to different types of risks emanating from both internal and external sources. The Company has in place a Risk Management team which identifies, measures and mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee, Risk Management Council and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis. Under the overall ambit of Corporate Governance, the Company has in place a Risk Management policy along with other risk related policies. The risk management framework institutionalized in the Company is supported by a "Three Lines of Defence" approach. At HDFC Life Insurance, every function has been empowered to drive Risk Management framework in their respective areas of operation and they form the first line of defence. Control functions like Risk Management and Compliance act as second line of defence and are independent from business operations which has been implemented through independent reporting mechanics. The role of the third line is performed by the Internal Audit function that provides an independent assurance to the Board on the functioning of internal controls.

Risk Policies

The following risk policies govern and implement effective risk management practices:

Business Continuity Management System (BCMS) Policy, Information Security Management System Policies, Investment Policy, Credit Risk Management Policy, Liquidity Risk Management Policy, Asset- Liability Management Policy, Underwriting Policy, Reinsurance Policy, Employee dealing Guidelines, Anti Money Laundering Policy, Whistleblower Policy, Policy of Prevention, Prohibition, & Redressed of Sexual Harassment at Workplace, Outsourcing Policy, Fraud Management Policy, Information & Cyber Security Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI"), Code of Conduct and ethics, Corporate Governance Policy, Policy for Disclosure of Event/Information, Grievance Redressal Policy, Policy for maintenance of records, Derivatives Policy, Stewardship Policy ,Voting Policy and Interest Rate Derivative Risk Management Policy.

49.2.3 **Capital management objectives and policies**

The company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

i) To maintain the required level of stability of the company thereby providing a degree of security to policyholders

ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders

iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets

iv) To align the profile of assets and liabilities taking account of risks inherent in the business

v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The company have met all of these requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory and Development Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The company's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives.

The IRDAI requires life insurers to maintain a minimum Solvency Ratio of 150%. The Solvency Ratio is calculated as specified in the IRDAI (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2016. The Company's Solvency Ratio, as at March 31, 2019 is 188% and as at March 31, 2018 as well as at April 1, 2017 was 192%.

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the company are subject to regulatory requirements within the jurisdictions in which it operates.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

IT/ technology risks are driven through an inherent Information Security Management System, which is aligned and certified against the ISO 27001:2013 standard. Organisational data security and cybersecurity is catered to by a specialized team of full-time employees as well as contracted third-party SME's to ensure complete coverage of controls in the technology space. HDFC Life also has Business Continuity Management Policy in place to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe, thereby complying with various regulatory requirements and minimizing the potential business impact.

Fraud Risk Management is an integral practice and is central to the ethics and value system of the Company. This is directly influenced by our promises to various stakeholders be it the policyholders, shareholders, or the regulatory authorities governing the industry and law enforcement agencies of safeguarding their interests.

The company also has a dedicated team (Risk Monitoring & Control Unit) to manage fraud risks under the supervision of the CRO.

Operational risks are governed through the Risk management Policy which is reviewed by the board on an annual basis. The Company uses the following tools/activities to manage the various operational risks faced.

1. A well defined Fraud Management Framework
2. Systematic periodic Operational Risk Reviews and operational risk loss data collection
3. Control reports
4. RCSA (Risk & Control Self Assessment to identify risks and evaluate the controls)
5. Key Risk Indicators for proactive management of key functional risks
6. Incident management framework is being planned to monitor the near misses and plug loopholes in the system
7. Process level risk assessment at the pre launch stage of critical processes
8. BCMS Governance Procedure

49.2.4 **Accounting policy for Actuarial liability**

I. Product Classification of Insurance Business

Contracts where the Sum Assured or benefit on death at any time during the term of the contact is guaranteed to be greater than or equal to 105% of total premiums paid till date, are considered to have significant insurance risk, and hence such policy contracts have been classified as 'Insurance Contracts'. Contracts other than insurance contracts are classified as investment contracts.

Insurance and investment contracts are classified as being either with or without discretionary participation feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that meet the following conditions:

a) Likely to be a significant portion of the total contractual benefits

b) The amount or timing of which is contractually at the discretion of the issuer

c) That are contractually based on:

   i. The performance of a specified pool of contracts or a specified type of contract

   ii. Realized and/or unrealized investment returns on a specified pool of assets held by the issuer

   iii. The profit or loss of the Company, fund or other entity that issues the contract

II. Insurance contract liabilities

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

1. The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately
2. The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.
3. The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.
4. The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.
5. The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/ bonuses) and reserves calculated by gross premium valuation method.
6. The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.
7. Additional reserves are determined to:
   a. allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).
   b. allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
   c. meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
   d. allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).
   e. allow for the cost of guarantees, wherever applicable.

III. Investment contract liabilities

The investment contract liabilities are recognized using the same accounting policies as those for insurance contract liabilities, taking into account the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

IV. Reinsurance Assets

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date.

V. **Liability Adequacy test**

The Company performs adequacy testing on its insurance liabilities to ensure that the carrying amounts of insurance contract liabilities is adequate as at the reporting dates.

VI. **Insurance Risk**

As an organization, HDFC Life firmly recognizes Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of its strategic objectives. The Enterprise Risk Management (ERM) framework within the Company operates as a feed-in system to various internal and external stakeholders, Management, and the Board of Directors.

The key insurance risks that the Company is exposed to are mortality, persistency and expenses. These are described below in further detail.

i) **Mortality Risk:**

Mortality risk arises primarily in the conventional non par and unit-linked life segments of the business. The risk arises due to the fact that the products written provide significant levels of life cover. The risk has increased with higher levels of minimum life cover required as per the new unit linked regulations and higher proportion of protection business.

The Company is exposed to mortality risk in two different ways.

1. A permanent deterioration in the mortality experience on lines of business with mortality risk would lead to reduction in the shareholder value due to higher than expected claim payouts and increased reserve requirements.

2. A sudden, but temporary, increase in mortality claims due to some external event. Examples would be earthquakes and epidemics, where large numbers of insured lives are affected, leading to a high number of related claims. This 'catastrophe risk' is more likely to impact the group protection business, due to many of the lives being concentrated in the same location, or subject to the same event at one time. This would lead to reduction in shareholder value due to higher claims than expected.

The Company manages mortality risk at a number of key stages, which are Product design, Underwriting at the proposal stage, Reinsurance, Reinsurance cover for catastrophic risks, Experience monitoring and Claims underwriting.

The level of concentration of mortality risk is relatively low. There is no significant concentration by geographical region or industry for individual business. However, group protection business sold by the Company does have concentration risk. The Cat Re-cover has been put in place primarily to help mitigate this risk.

ii) **Persistency Risk:**

Persistency risk arises in all segments of the business. The risk arises due to the fact that the level of future premium and charge income is reduced from expected levels if actual persistency is not in line with that assumed. The Company is particularly exposed to this risk on the unit-linked business written from September 01, 2010, as the low surrender penalty in these policies results in the initial high acquisition costs not being recovered, if a policy lapses and the company does not get the expected future charges from renewal premiums. Adverse persistency experience is likely to affect the future income emerging from the business and result in potential loss/lower profits than expected.

The Company manages persistency risk in a number of ways; examples of these are Product design and Experience monitoring. The Company's management has a strategy in place to limit the impact of persistency risk, as it is recognized as one of the key risks facing the industry.

iii) **Expense Risk:**

The nature of the Company's operating model is that a large proportion of the costs are fixed in nature meaning that the risk can crystallize either through inadequate control of absolute expense levels or through sales volumes being significantly lower than expected, thus not covering the high fixed levels of expense. Failure to control expense levels could lead to adverse financial deviations from the forecasts which would lead to lower profits (or higher losses), higher capital requirements and reduction in new business profitability.

Strong controls have been implemented to reduce and contain costs which include exercising necessary caution in expenditure and exploring lower cost business model.

VII. Assumptions

The assumptions play vital role in calculating Insurance/Actuarial liabilities for the Group. Best estimate assumptions in use are based on historical and current experience, internal data and as per guidance notes/actuarial practice standards issued by the Institute of Actuaries of India. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MAD (Margin for Adverse Deviation). The Company keeps adequate MAD, as prescribed in APS 7 issued by the Institute of Actuaries of India, in all assumptions over the best estimate value.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions used for calculating the liability are provided below:

A) Mortality

Assumptions are based on historical experience and for new products based on industry/re-insurers data.

Assumptions may vary by type of product, distribution channel, gender, etc.

Particulars		**Expressed as a % of IALM 2006-08, unless otherwise stated**	
		Minimum	**Maximum**
a)	Individual business		
	Participating policies	42%	264%
	Non participating policies	24%	960%
	Annuities	26%	36%
	Unit linked	29%	138%
	Health Insurance	120%	144%
b)	Group Business (unit linked)	77%	480%

B) Expense and inflation:

The values of future expenses have been determined on prudent assumptions to allow for-

i. All future maintenance expenses on an on-going basis

ii. The future expenses that are likely to be incurred if the company were to close new business within 12 months of the valuation date.

The future maintenance expenses are provisioned using servicing costs per policy, claim expenses and investment expenses.

The per policy costs vary by premium frequency.

The claim expense assumption is specified as fixed amount per claim

The per policy costs and claim expenses are increased at an inflation rate of 6.5% per annum.

In addition, investment expense of 0.036% of the fund is also reserved for.

The provision for future expenses likely to be incurred if the company were to close new business is held as an aggregate reserve at a company level.

C) Lapse, Surrender and Partial withdrawal Rates:

The lapse, surrender and partial withdrawal rates are based on current experience of the Company. Assumptions may vary by type of product, distribution channel, duration for which policy has been in force, etc.

a) **Individual Business (Unit linked)**

The lapse/surrender, paid up or partial withdrawal rates are based on best estimate assumptions with a 20% MAD

b) **Individual Business (non- Unit linked)**

- For the participating and non-participating savings contracts, the valuation bases incorporates lapse assumptions till the policy acquires a Guaranteed Surrender Value. Once the policy acquires Guaranteed Surrender Value, no lapses/surrenders are assumed.
- For the non-participating protection contracts, lapse assumptions are incorporated throughout the policy term.
- The lapse assumptions are based on best estimate assumptions with a 20% MAD

D) Valuation Interest rate:

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. The valuation interest rates are set by adjusting the derived weighted average return in compliance with minimum MAD requirements.

Assumptions on future bonus rates for participating business have been set to be consistent with valuation interest rate assumptions.

Individual Business	Minimum	Maximum
Life - Participating policies	5.80%	7.00%
Life - Non-participating policies	5.20%	5.80%
Annuities – Participating polices	N/A	N/A
Annuities - Non-participating policies	6.90%	6.90%
Annuities – Individual pension plan	N/A	N/A
Unit linked	5.20%	5.20%
Health Insurance	5.80%	5.80%
Group Business	Minimum	Maximum
Life – Non-participating policies (exclude one year term policies)	5.80%	5.80%
Unit Linked	5.20%	5.20%

VIII. Following tables present the movement in insurance and investment contract liabilities, reinsurance assets and deferred origination cost:

Insurance contracts liabilities

₹ in Crore

Particulars	Change in liabilities					
	As at March 31, 2019			As at March 31, 2018		
	With DPF	Linked Business	Others	With DPF	Linked Business	Others
Gross Liability at the beginning of the year	**25,762.66**	**47,166.74**	**10,911.90**	21,007.42	43,779.23	6,968.69
Premium	**5,342.41**	**10,261.32**	**7,591.65**	4,865.10	8,834.15	38,596.97
Unwinding of the discount /Interest credited	**1,596.17**	**2,808.90**	**275.14**	1,785.00	2,789.81	391.26
Changes in valuation for expected future benefits	-	**(4.80)**	-	-	(39.04)	-
Insurance liabilities released	**(4,081.82)**	**(6,623.09)**	**(1,479.66)**	(1,894.86)	(8,197.42)	(35,045.03)
Undistributed Participating Policyholders surplus (FFA)	-	-	-	-	-	-
Others (Method/Basis Changes during the year)	-	-	-	-	-	-
Gross Liability at the end of the year	**28,619.41**	**53,609.07**	**17,299.02**	25,762.66	47,166.74	10,911.90
Recoverable from Reinsurance	**13.22**	**0.20**	**2,357.17**	9.15	0.03	1,924.75
Net Liability	**28,606.19**	**53,608.87**	**14,941.85**	25,753.51	47,166.71	8,987.15

Investment Contracts Liabilities

₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018		
	With DPF	Linked Business	Total	With DPF	Linked Business	Total
At the beginning of the year	**7,244.30**	**10,352.99**	**17,597.29**	5,597.84	10,383.10	15,980.95
Premium	**3,022.96**	**782.62**	**3,805.57**	1,777.12	1,183.99	2,961.11
Interest and Bonus credited to policyholders	**657.98**	**551.78**	**1,209.75**	524.53	903.62	1,428.15
Others	-	-	-	-	-	-
Withdrawals / Claims	**(1,163.89)**	**(1,503.67)**	**(2,667.56)**	(655.19)	(2,018.24)	(2,673.43)
Fee Income and Other Expenses	-	**(89.85)**	**(89.85)**	-	(99.48)	(99.48)
Others Profit and loss	-	-	-	-	-	-
Others	-	-		-	-	
At the end of the year	**9,761.35**	**10,093.87**	**19,855.21**	7,244.30	10,352.99	17,597.29

III. Reinsurance Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	**1,965.88**	1,577.36
Premium	**262.02**	193.45
Unwinding of the discount /Interest credited	**112.14**	90.10
Change in valuation for expected future benefits	**324.53**	289.95
Insurance liabilities released	**(220.30)**	(196.87)
Others (experience variations)	**(22.34)**	11.90
At the end of the year	**2,421.93**	1,965.88
Expected credit loss	**2.26**	1.85
Net reinsurance assets	**2,419.66**	1,964.03

IV. Deferred acquisition cost

Particulars	₹ in Crore
As at April 01, 2017	14.92
Expenses deferred	-
Amortisation	(4.96)
As at March 31, 2018	9.96
Expenses deferred	-
Amortisation	(3.06)
As at March 31, 2019	6.90

49.3 Risk disclosures pertaining to General Insurance Business

Risk Management framework

The Company recognizes the criticality of having robust risk management practices to meet its objectives. The Company is committed to an effective and robust Risk Management Framework, which addresses various risks faced by it. The Company has therefore formulated a comprehensive Risk Management Framework (RMF) across all operating processes for identification, management and monitoring of Entity Level Risk, Insurance Risk, Asset Risk, Operational Risk, Financial Risk and Information Security Risk.

Risk Management is a concurrent process within the Company.

Under the Risk Management Framework, risks associated with the operations of the Company are identified and prioritized based on impact and likelihood of its occurrence. Risk owners are identified for each risk for monitoring and reviewing the risk mitigation. The Company has constituted a Risk Management Committee (RMC) comprising members of the Board of Directors which is responsible for monitoring the Risk Management Framework of the Company and implementation of the Risk Management Strategy. The RMC is assisted by its Sub-Committee in the discharge of its responsibilities.

All key risks are reviewed quarterly by the Senior Management and the Sub-Committee of the Risk Management Committee of the Board at the Executive Management level.

The Risk Management Committee inter-alia:

a. Assists the Board in effective operation of the risk management system by ensuring performance of specialized analysis and quality reviews;

b. Advise the Board with regard to risk management decisions in relation to strategic and operational matters;

c. Reports to the Board on a quarterly basis, details of the risk exposures and the actions taken to manage the exposures; and

d. Reviews and monitors risks pertaining to the operations on a regular basis.

Insurance risk

The risk of loss due to either inadequate pricing or inadequate claims handling or inadequate reinsurance protection or inadequate reserving. As a nature of business, there are inherent uncertainties as to occurrence, amount and timing of insurance liabilities which arises due to adverse experience in amount or frequency of claims or in their aggregation from a single occurrence or series of occurrences arising from a single originating cause.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Control Measures

The Company has a Board approved risk management policy covering underwriting, claims and reserving for policy liabilities. The company has a detailed claims processing manual in place.

Accumulation of risk is monitored at various levels – geographically, line of business wise, channel wise, etc. This approach aids the Company to adopt an enterprise level risk management approach; thus benefiting from diversification and internal price management of the risks accepted for insurance.

The Company's reserving guidelines is reviewed on a periodic basis to minimize the risks of under or over provisioning and enable the Company to proactively adjust strategy in a timely manner.

Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently.

The reinsurance risk model is used to estimate and monitor the variation between the annual contracted reinsurance program vis-à-vis the optimal arrangement as measured by the model.

Optimal protection is ensured through well designed Reinsurance program arrangements with financially sound reinsurers.

The Company has taken Catastrophe (CAT) protection in order to mitigate the risks of large losses arising from probable catastrophic events.

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Control Measures

Operational risks are governed through Risk Management Policy.

The Company has also initiated a Risk Control Self Assessment process to embed the control testing as a part of day to day operations.

Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and periodic assessment processes.

a) **Concentration of Insurance Risk**

The Company uses different proprietary models to estimate the Company's accumulation exposure to potential natural disasters (e.g. earthquakes, tropical storms, floods etc.) and other man-made catastrophes (e.g. industrial accidents and building fires). The aggregation of losses on account of a single event constitutes the largest individual potential financial loss to the Company and potentially material year-to-year fluctuations in the results of operations and financial position. The Company actively monitors and limits the aggregate exposure to catastrophe losses in regions that are subject to high levels of natural perils.

The Company mitigates its exposure to concentrations of insurance risk by holding a portfolio diversified into many classes of business across different regions and by the utilisation of reinsurance, taking into account it's risk tolerance, cost of reinsurance and capital efficiency. The reinsurance cover limits the Company's financial exposure to a single event with a given probability and also protects capital.

b) **Sensitivities**

The non–life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Assumptions	Change in assumption	Increase/ (decrease) on gross liabilities		Increase/ (decrease) on net liabilities	
		2018-2019	2017-2018	2018-2019	2017-2018
Increase					
Average claim cost	10%	10.02%	10.02%	10.43%	10.35%
Average number of claims	10%	2.48%	2.65%	2.48%	2.74%
Decrease					
Average claim cost	-10%	-9.99%	-9.98%	-10.40%	-10.31%
Average number of claims	-10%	-2.48%	-2.64%	-2.48%	-2.73%

c) **Claims Development table**

Insurance Companies are required to establish reserves in their accounts for the unpaid portion of ultimate claims costs (including loss adjustment expenses) that have been 'incurred but not reported' (IBNR) and 'incurred but not enough reported' (IBNER) as at the end of each reporting period. The process of establishing this reserves is complex, as it takes into consideration many variables that are subject to the outcome of future events. Reserves do not represent an exact calculation of liability but rather represent estimates, generally involving actuarial projections at a given time, of what the Company expects the ultimate settlement of claims will cost.

The table provides an overview of development of Company's estimates of total claim amounts payable in relation to a given Accident year over time. A significant proportion of the Company's reserves are for motor third party liability, which tend to involve longer periods of time for the reporting and settlement of claims and are affected by economic inflation, unpredictability of court decisions, risks inherent in major litigation and legislative changes etc. This may increase the inherent risk and uncertainty associated with loss reserve estimates.

₹ in Crore

Gross paid losses and Loss Adjustment Expenses

As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
Estimated Ultimate Incurred liability at the of :	452.00	741.00	770.00	1,065.00	1,785.00	2,183.00	2,313.00	4,258.00	4,700.00	5,850.00
End of First year	284.00	411.00	424.00	548.00	924.00	1,020.00	1,300.00	1,430.00	1,962.00	2,913.00
One year later	373.00	597.00	637.00	840.00	1,416.00	1,590.00	1,806.00	3,055.00	3,307.00	-
Two years later	412.00	641.00	705.00	903.00	1,541.00	1,754.00	2,011.00	3,496.00	-	-
Three years later	425.00	663.00	725.00	948.00	1,613.00	1,845.00	2,141.00	-	-	-
Four years later	430.00	677.00	739.00	973.00	1,666.00	1,916.00	-	-	-	-
Five years later	434.00	692.00	749.00	1,006.00	1,710.00	-	-	-	-	-
Six years later	443.00	702.00	762.00	1,025.00	-	-	-	-	-	-
Seven years later	446.00	713.00	771.00	-	-	-	-	-	-	-
Eight years later	447.00	722.00	-	-	-	-	-	-	-	-
Nine years later	449.00	-	-	-	-	-	-	-	-	-

₹ in Crore

Gross unpaid losses and Loss Adjustment Expenses

As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First year	167.00	331.00	346.00	516.00	860.00	1,163.00	1,012.00	2,828.00	2,739.00	2,937.00
One year later	70.00	137.00	210.00	264.00	519.00	523.00	584.00	998.00	1,125.00	-
Two years later	31.00	106.00	128.00	146.00	363.00	345.00	513.00	644.00	-	-
Three years later	28.00	90.00	56.00	168.00	288.00	358.00	392.00	-	-	-
Four years later	24.00	77.00	62.00	107.00	308.00	285.00	-	-	-	-
Five years later	24.00	75.00	57.00	138.00	270.00	-	-	-	-	-
Six years later	18.00	66.00	48.00	125.00	-	-	-	-	-	-
Seven years later	19.00	66.00	47.00	-	-	-	-	-	-	-
Eight years later	19.00	55.00	-	-	-	-	-	-	-	-
Nine years later	21.00	-	-	-	-	-	-	-	-	-

₹ in Crore

Gross Incurred Losses and Allocated Expenses (Ultimate movement)

As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First year	452.00	741.00	770.00	1,065.00	1,785.00	2,183.00	2,313.00	4,258.00	4,700.00	5,850.00
One year later	442.00	734.00	846.00	1,103.00	1,935.00	2,113.00	2,391.00	4,053.00	4,432.00	-
Two years later	444.00	747.00	833.00	1,050.00	1,904.00	2,099.00	2,525.00	4,140.00	-	-
Three years later	453.00	753.00	781.00	1,116.00	1,901.00	2,203.00	2,533.00	-	-	-
Four years later	455.00	754.00	801.00	1,080.00	1,974.00	2,201.00	-	-	-	-
Five years later	458.00	767.00	806.00	1,144.00	1,981.00	-	-	-	-	-
Six years later	461.00	768.00	810.00	1,150.00	-	-	-	-	-	-
Seven years later	465.00	779.00	819.00	-	-	-	-	-	-	-
Eight years later	467.00	777.00	-	-	-	-	-	-	-	-
Nine years later	470.00	-	-	-	-	-	-	-	-	-

Note:

1. Pool claims are excluded from the above table
2. For Crop and Weather Insurance class of business, Accident Year corresponds to the year in which Premium is received.
3. The impact on the unpaid claims liability of the Company on account of landmark judgements issued by Supreme Court of India and various High Courts e.g. PranaySethi (October 2017) and other legislative changes e.g. U/s 163(A) of The Motor Vehicle Act, 1988 has been allowed for in the claims ultimate.

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Control Measures

Operational risks are governed through Risk Management Policy.The Company has also initiated a Risk Control Self Assessment process to embed the control testing as a part of day to day operations. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and periodic assessment processes.

Insurance Liabilities			₹ in Crore
Particulars	March 31, 2018	Addition during the year	**March 31, 2019**
Gross IBNR	2,728.66	7.90	**2,736.56**
Gross Claims OS	2,321.11	368.45	**2,689.55**
Reserve for Unexpired Risk	3,106.14	890.16	**3,996.30**
Total	8,155.91	1,266.51	**9,422.42**

Reinsurance Assets			₹ in Crore
Particulars	March 31, 2018	Addition during the year	**March 31, 2019**
Gross IBNR	1,473.02	-64.93	**1,408.10**
Gross Claims OS	1,165.04	-49.75	**1,115.29**
Reserve for Unexpired Risk	1,288.54	429.19	**1,717.73**
Total	3,926.61	314.51	**4,241.12**

c) Financial Risk Management Objectives

The Company is exposed to market risk (other price risk), credit risk and liquidity risk.

(i) **Market Risk (Other Price Risk)**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. The Company is exposed to financial and capital market risk-the risk that the fair value of future cash flows of financial instrument will change because of changes or volatility in market prices.

The Company is exposed to equity price risks arising from equity investments. Certain equity investments of the Company are held for strategic as well as trading purposes.

Equity price sensitivity analysis :

The company has analysed, at scrip level, the sensitivity to changes in the equity prices, based on the movement of each scrip during the year. Had the equity prices moved in the range of 2% profit for the year ended March 31, 2019 , would have deviated by ₹ **5.35 crore** (Previous year ₹ 6.57 crore).

50. Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Compaines Act, 2013
(As on/for the year ended March 31, 2019)

₹ in Crore

Name of the Entity	Share of Profit / (Loss)		Share of Other Comprehensive Income		Share of Total Comprehensive Income	
	As % of consolidated Profit or loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Parent						
Housing Development Finance Corporation Limited		9,632.46		(131.52)		9,500.94
Less: Inter Company eliminations		(2,386.66)				(2,386.66)
Net of eliminations	**44.63%**	**7,245.80**	**-110.07%**	**(131.52)**	**43.49%**	**7,114.28**
Subsidiaries						
Indian						
1. Gruh Finance Ltd.	2.76%	448.51	-0.44%	(0.53)	2.74%	447.98
2. HDFC Life Insurance Co. Ltd.	8.80%	1,428.77	0.00%	-	8.74%	1,428.77
3. HDFC ERGO General Insurance Co. Ltd.	2.63%	426.46	-17.11%	(20.44)	2.48%	406.02
4. HDFC Asset Management Co. Ltd.	5.79%	939.75	33.55%	40.09	5.99%	979.84
5. HDFC Trustee Co. Ltd.	0.00%	0.45	-0.33%	(0.40)	0.00%	0.05
6. HDFC Investment Trust	-0.12%	(19.61)	0.00%	-	-0.12%	(19.61)
7. HDFC Investment Trust - II	0.16%	25.77	0.00%	-	0.16%	25.77
8. HDFC Venture Capital Ltd.	0.00%	(0.11)	0.00%	-	0.00%	(0.11)
9. HDFC Ventures Trustee Co. Ltd.	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
10. HDFC Property Venture Ltd.	-0.15%	(23.67)	0.00%	-	-0.14%	(23.67)
11. HDFC Pension Management Co. Ltd.	0.00%	(0.38)	-0.28%	(0.34)	0.00%	(0.72)
12. HDFC Capital Advisors Ltd	0.11%	17.57	-0.01%	(0.01)	0.11%	17.56
13. HDFC Investments Ltd.	0.04%	6.29	-0.05%	(0.06)	0.04%	6.23
14. HDFC Holdings Ltd.	0.07%	10.77	2.02%	2.41	0.08%	13.18
15. HDFC Sales Pvt. Ltd.	-2.74%	(444.22)	21.19%	25.32	-2.56%	(418.90)
16. HDFC Credila Financial Services Pvt. Ltd.	0.63%	101.46	1.32%	1.58	0.63%	103.04
17. HDFC Education and Development Services Pvt. Ltd.	-0.02%	(2.77)	13.68%	16.35	0.08%	13.58
Foreign						
18. Griha Investments	0.10%	16.10	0.00%	-	0.10%	16.10
19. Griha Pte. Ltd.	0.08%	12.43	0.00%	-	0.08%	12.43
20. HDFC International Life and Re Company Ltd	0.01%	1.35	0.00%	-	0.01%	1.35
Share of Minorities	-8.31%	(1,348.75)	31.61%	37.77	-8.02%	(1,310.98)
Associates (Investment as per the equity method)						
Indian						
1. HDFC Bank Limited	45.54%	7,391.71	124.92%	149.27	46.12%	7,540.98
2. True North Ventures Pvt Ltd.	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
3. Good Host Spaces Pvt. Ltd	-0.01%	(1.87)	0.00%	-	-0.01%	(1.87)
Total	**100.00%**	**16,231.76**	**100.00%**	**119.49**	**100.00%**	**16,351.25**

₹ in Crore

Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities	
	As % of consolidated net assets	Amount
Parent		
Housing Development Finance Corporation Limited		77,355.47
Less: Inter Company eliminations		(24,295.16)
Net of eliminations	**44.98%**	**53,060.31**
Subsidiaries		
Indian		
1. Gruh Finance Ltd.	1.61%	1,902.88
2. HDFC Life Insurance Co. Ltd.	4.73%	5,579.57
3. HDFC ERGO General Insurance Co. Ltd.	1.67%	1,975.47
4. HDFC Asset Management Co. Ltd.	2.74%	3,228.23
5. HDFC Trustee Co. Ltd.	0.00%	1.56
6. HDFC Investment Trust	0.12%	139.10
7. HDFC Investment Trust - II	0.22%	256.62
8. HDFC Venture Capital Ltd.	0.02%	21.34
9. HDFC Ventures Trustee Co. Ltd.	0.00%	1.16
10. HDFC Property Venture Ltd.	0.09%	109.19
11. HDFC Pension Management Co. Ltd.	0.02%	27.17
12. HDFC Capital Advisors Ltd	0.02%	27.06
13. HDFC Investments Ltd.	0.16%	192.35
14. HDFC Holdings Ltd.	0.19%	221.15
15. HDFC Sales Pvt. Ltd.	0.00%	2.01
16. HDFC Credila Financial Services Pvt. Ltd.	0.57%	671.43
17. HDFC Education and Development Services Pvt. Ltd.	0.08%	92.93
Foreign		
18. Griha Investments	0.09%	107.28
19. Griha Pte. Ltd.	0.04%	44.07
20. HDFC International Life and Re Company Ltd	0.17%	197.57
Share of Minorities	5.29%	6,245.38
Associates (Investment as per the equity method)		
Indian		
1. HDFC Bank Limited	37.13%	43,805.23
2. True North Ventures Pvt Ltd.	0.00%	1.56
3. Good Host Spaces Pvt. Ltd	0.06%	67.90
Total	**100.00%**	**1,17,978.52**

51. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interest is provided below

(₹ in crore)

Particulars (As at March 31, 2019)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Mnagement Co. Ltd	GRUH Finance Ltd
Proportion of interest held by non-controlling entities	51.48%	50.49%	52.77%	56.09%
Accumulated balances of material non-controlling interest	2,316.27	872.34	931.82	645.68
Summarised Financial Information for the Balance Sheet				
Financial Assets	1,31,900.03	13,816.93	3,097.79	18,580.36
Non Financial Assets	1,474.86	336.16	125.96	85.61
Financial Liabilities	4,863.58	12,115.38	113.05	16,724.79
Non Financial Liabilities	1,22,057.50	13.78	39.98	49.74
Dividend paid to Non-controlling Interest net of Dividend Distribution tax	192.30	81.30	145.23	62.03
Summarised Financial information for the Statement of Profit and Loss				
Revenue from Operations	37,921.19	12,066.73	2,096.78	2,026.65
Profit for the year	1,257.00	353.33	930.60	447.20
Other Comprehensive Income	(20.44)	40.09	(0.40)	(0.53)
Total Comprehensive Income	1,236.56	393.42	930.20	446.67
Summarised Financial information for Cash Flows				
Net Cash inflows from Operating Activities	9,871.30	658.19	894.14	(1,432.15)
Net Cash inflows from Investing Activities	(10,186.58)	(524.95)	(776.55)	49.11
Net Cash inflows from Financing Activities	(336.49)	(188.31)	(118.64)	2,418.41
Net Cash inflow (Outflow)	(651.77)	(55.07)	(1.05)	1,035.37

(₹ in crore)

Particulars (As at March 31, 2018)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Mnagement Co. Ltd	GRUH Finance Ltd
Proportion of interest held by non-controlling entities	51.62%	50.48%	57.36%	57.93%
Accumulated balances of material non-controlling interest	2,766.11	988.08	1,425.47	823.35
Summarised Financial Information for the Balance Sheet				
Financial Assets	1,11,932.07	12,582.53	2,185.15	15,691.16
Non Financial Assets	1,047.27	301.95	286.99	94.01
Financial Liabilities	4,634.62	11,072.37	178.23	14,187.49
Non Financial Liabilities	1,03,500.55	25.88	40.00	42.44
Dividend paid to Non-controlling Interest net of Dividend Distribution tax	159.05	72.13	172.89	51.75
Summarised Financial information for the Statement of Profit and Loss				
Revenue from Operations	30,992.09	10,093.87	1,869.77	1,693.74
Profit for the year	1,115.31	383.05	711.29	402.75
Other Comprehensive Income	(58.68)	(110.45)	0.05	(0.19)
Total Comprehensive Income	1,056.63	272.60	711.34	402.56
Summarised Financial information for Cash Flows				
Net Cash inflows from Operating Activities	6,740.64	1,143.93	618.17	(1,893.66)
Net Cash inflows from Investing Activities	(4,454.39)	(761.43)	(632.79)	4.92
Net Cash inflows from Financing Activities	(164.66)	(154.03)	15.41	1,895.20
Net Cash inflow (Outflow)	2,121.59	228.47	0.79	6.46

HDFC Life Insurance Co. Ltd and HDFC ERGO General Insurance Co. Ltd . for the purposes of its statutory compliance prepares and presents its financial statements/ results under the historical cost convention and accrual basis of accounting in accordance with the acounting principles prescribed by the Insurance Regulatory Development Authority of India (IRDAI) (Preparation of Financial Statements and Auditors Report of Insurance companies) regulations, 2002, circulars and guidelines issued by the IRDAI from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to Insurance companies. These financial statements/ results are largely referred to as the Indian GAAP ('IGAAP') financial statements/ results. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('IND-AS'). The timelines for the said implementation have since been deferred.

HDFC Life Insurance Co. Ltd and HDFC ERGO General Insurance Co. Ltd , being subsidiaries of Housing Development Finance Corporation Limited (the 'Corporation'), has prepared this consolidated financial information ('fit- for consolidation information'), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/ results of the Corporation.

52. Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

53. Approval of financial statements

The financial statements were approved by the board of directors of the Corporation on May 13, 2019.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Independent Auditors' Report

TO THE MEMBERS OF
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the 'Corporation'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Corporation's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

We believe that the audit evidence we have obtained including the financial information as certified by the management of the Corporation as regards erstwhile Grandeur Properties Private Limited ('GPPL'), Haddock Properties Private Limited ('HPPL'), Pentagram Properties Private Limited ('PPPL'), Winchester Properties Private Limited ('Winchester Limited') and Windermere Properties Private Limited ('Windermere Limited') (hereinafter all these 5 entities together referred to as 'Transferor Companies') and the audit evidence obtained by the other auditors of the aforesaid Transferor Companies in terms of their report referred in the sub-paragraph (a) of the Other matters below is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the management certified financial information in respect of the Transferor Companies for the period from April 1, 2017 to March 28, 2018 and the reports of the other auditors on the financial information of the Transferor Companies for the year ended March 31, 2017, referred in the sub-paragraph (a) of the Other matters below, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2018, and its profits and its cash flows for the year ended on that date.

Other matters

(a) The standalone financial statements of the Corporation include the financial information of GPPL, HPPL, PPPL, Winchester Limited and Windermere Limited consequent to its merger into the Corporation which has been effected on March 28, 2018, with the appointed date of April 1, 2016 (Refer Note 34 to the financial statements). We did not audit the financial information of the aforesaid Transferor Companies, included in the standalone financial statements of the Corporation, whose financial information reflect total assets of ₹ 99 crores as at March 28, 2018, total revenue of ₹ 59 crores for the year ended on March 31, 2017 and for the period from April 1, 2017 to March 28, 2018 and net cash outflows of ₹ 5 crores for the period from April 1, 2016 to March 28, 2018 as considered in the standalone financial statements. We have been provided with the financial information of the Transferor Companies for the financial year ended March 31, 2017 which has been audited by other auditors whose reports have been furnished to us and for the period from April 1, 2017 to March 28, 2018 by the management of the Corporation and our opinion on the standalone financial statements in so far as it relates to the amounts included in respect of these entities are based solely on the reports of the other auditors for the year ended March 31, 2017 and the financial information for the period from April 1, 2017 to March 28, 2018 as certified by the management of the Corporation.

Our opinion on the standalone financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial information as certified by the management of the Corporation.

(b) Attention is drawn to the fact that the corresponding figures for the year ended March 31, 2017 as reported in these standalone financial statements were audited by another auditor who expressed an unmodified opinion on those standalone financial statements, dated 4 May 2017.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's 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 paragraph 3 and 4 of the Order, to the extent applicable.

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India;

e) On the basis of the written representations received from the Directors of the Corporation as on March 31, 2018 taken on record by the Board of Directors of the Corporation and declarations from the Directors of the Transferor

Companies as provided to us by the management of the Corporation, none of the Directors are disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and

g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Corporation has disclosed the impact of pending litigations on its standalone financial position in its standalone financial statements – Refer Note 23 to the standalone financial statements;

ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts as at year end - Refer Note 38 to the standalone financial statements;

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018.

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
April 30, 2018

Annexure "A" to the Independent Auditors' Report

(Referred to in our report of even date)

(i) (a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Corporation has a regular programme of physical verification of fixed assets by which fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Corporation and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on test check examination of the records and registered sale deed / transfer deed / conveyance deed provided to us, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Corporation as at the balance sheet date, except the following shown as properties under the head of non-current investment:

Particulars of land and Building	₹ in crore	Remarks
Freehold land and building of Global Perspectives Limited located at Gurgaon, admeasuring 2.07 acres	72	The Corporation is in the process of transferring these asset in its name. The process will be concluded after the necessary regulatory clearances have been obtained.
Freehold land and building of Colossal Properties Private Limited located at New Delhi, admeasuring 2.52 acres	42	

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.

(ii) The Corporation is engaged in providing financial services primarily into housing finance. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us and based on the audit procedures conducted by us, the Corporation has granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudice to the Corporation's interest;

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations;

(c) There is no overdue amount remaining outstanding as at the year end.

(iv) In our opinion and according to the information and explanations given to us, the Corporation has complied with the provisions of Section 185 and subsection (1) of 186 of the Act in connection with loan to any of its Directors or to any person in whom the Director is interested and investments made. The Corporation being a housing finance company, nothing contained in Section 186 is applicable, except subsection (1) of that section.

(v) As per the Ministry of Corporate Affairs notification dated March 31, 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation. Accordingly, reporting under Clause 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any services rendered by the Corporation. Accordingly paragraph 3(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 books of account, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues applicable to it have generally been regularly deposited by the Corporation with the appropriate authorities. As explained to us, the Corporation did not have any dues on account of Customs Duty and Excise Duty.

According to the information and explanations given to us and on the basis of our examination of the records, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, there are no dues of service tax, value added tax and goods and services tax that have not been deposited on account of any dispute. However, according to the information and explanations given to us, the following dues of wealth tax, interest on lease tax and Employees' State Insurance and income tax, have not been deposited by the Corporation on account of disputes.

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
The Wealth Tax Act, 1957	Wealth Tax	0.12	1998-99	Assistant Commissioner of Wealth Tax
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease tax	0.02	1999-2000	Commissioner of Sales Tax (Appeals)
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	0.01	2010-2011	Assistant/ Deputy Director– ESIC
The Income Tax Act, 1961	Penalty Levied	0.02	2012-13	Commissioner of Income Tax (Appeal) (Mumbai)

(viii) According to the information and explanations given to us and on the basis of our examination of the records, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks or debenture holders. The Corporation has not taken loans or borrowings from government.

(ix) According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation has applied the money raised from term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised money by way of public offer during the year.

(x) According to the information and explanations given to us, no material fraud by the Corporation or on the Corporation by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Corporation is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Corporation, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation has made preferential allotment and private placement of shares during the year. The Corporation has complied with the requirement of Section 42 of the Act and amount raised have been used for the purposes for which the funds were raised other than temporary deployment pending application of proceeds.

(xv) According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
April 30, 2018

Annexure "B" to the Independent Auditors' Report

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Housing Development Finance Corporation Limited (the "Corporation") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the Corporation's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

The company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 over financial reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
April 30, 2018

Balance Sheet as at March 31, 2018

	Notes	₹ in Crore	Mar 31, 2017 ₹ in Crore
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	335.18	317.73
Reserves and surplus	3	61,016.98	39,276.55
Money received against warrants	3.13	50.38	51.10
		61,402.54	39,645.38
NON-CURRENT LIABILITIES			
Long-term borrowings	4	1,53,341.42	1,50,062.23
Deferred tax liability (Net)	5	2,333.58	2,388.58
Other long-term liabilities	6	2,754.28	2,338.52
Long-term provisions	7	5,145.06	3,126.75
		1,63,574.34	1,57,916.08
CURRENT LIABILITIES			
Short-term borrowings	8	63,625.45	42,130.33
Trade payables	9	207.59	147.71
Other current liabilities	10		
- Borrowings		1,02,945.24	87,539.59
- Others		9,790.14	9,750.58
Short-term provisions	11	129.13	176.37
		1,76,697.55	1,39,744.58
		4,01,674.43	3,37,306.04
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets	12	639.71	638.21
(ii) Intangible assets	13	4.79	4.13
Non-current investments	14	19,879.10	16,829.94
Long-term loans and advances	15	3,797.03	6,605.42
Other non-current assets	16	1,752.66	1,539.60
		26,073.29	25,617.30
Loans	17		
- Non-current Loans		3,38,880.16	2,64,679.43
- Current Loans		20,561.85	31,792.41
		3,59,442.01	2,96,471.84
CURRENT ASSETS			
Current investments	18	10,653.41	3,580.16
Trade receivables	19	109.59	109.48
Cash and bank balances	20	1,371.39	6,318.80
Short-term loans and advances	21	2,305.84	4,021.32
Other current assets	22	1,718.90	1,187.14
		16,159.13	15,216.90
		4,01,674.43	3,37,306.04

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

Bimal Jalan
(DIN: 00449491)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, April 30, 2018

Statement of Profit and Loss for the year ended March 31, 2018

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	24	34,807.10	32,111.06
Profit on Sale of Investments	25	378.07	1,001.73
Other Income	26	44.72	46.81
Total Revenue		35,229.89	33,159.60
EXPENSES			
Finance Cost	27	22,235.00	20,896.20
Employee Benefit Expenses	28	425.47	388.80
Establishment Expenses	29	100.02	86.22
Other Expenses	30	383.06	305.78
Depreciation and Amortisation	12 & 13	49.24	55.96
Provisions and Contingencies	39.5	455.00	700.00
Total Expenses		23,647.79	22,432.96
Profit before exceptional items and Tax		11,582.10	10,726.64
Exceptional items	31 & 39.5.1	3,681.59	-
PROFIT BEFORE TAX		15,263.69	10,726.64
Tax Expense:			
- Current Tax (MAT)		3,466.00	2,789.00
- MAT Credit Entitlement		(311.00)	-
- Deferred Tax	5	(55.00)	495.00
PROFIT FOR THE YEAR		12,163.69	7,442.64
EARNINGS PER SHARE (Face Value ₹ 2)	32		
- Basic		74.83	46.08
- Diluted		73.73	45.70

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, April 30, 2018

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

Bimal Jalan
(DIN: 00449491)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Cash Flow Statement for the year ended March 31, 2018

		Notes	₹ in crore	Previous Year ₹ in crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**15,263.69**	10,726.64
	Adjustments for:			
	Depreciation and Amortisation	12 & 13	**49.24**	55.96
	Provisions and Contingencies		**2,030.00**	700.00
	Interest Expense	27	**21,768.04**	20,716.51
	Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	27.2	**310.46**	30.59
	Net Loss / (Gain) on derivative valuation of INR derivatives & underlying hedging instrument	27.1	**17.20**	(20.59)
	Interest Income	24	**(33,122.83)**	(30,405.51)
	Utilisation of Shelter Assistance Reserve	3	**(175.05)**	(146.27)
	Profit on Sale of Investments		**(5,634.66)**	(1,001.73)
	Dividend Income	24	**(1,079.28)**	(909.06)
	(Profit) / Loss on Sale of Investment in Properties		**-**	2.14
	Surplus from deployment in Cash Management Schemes of Mutual Funds	24	**(425.08)**	(444.64)
	(Profit) / Loss on Sale of Fixed Assets (Net)		**(0.09)**	0.08
	Operating Profit before Working Capital changes		**(998.36)**	(695.88)
	Adjustments for:			
	Investment in Cash Management Schemes of Mutual Funds		**(467,326.00)**	(386,372.00)
	Sale proceeds of Investments in Cash Management Schemes of Mutual Funds		**465,556.08**	383,816.64
	Current and Non Current Assets		**1,612.41**	1,463.36
	Current and Non Current Liabilities		**(1.74)**	312.80
	Cash generated from Operations		**(1,157.61)**	(1,475.08)
	Interest Received		**32,546.89**	30,561.21
	Interest Paid		**(20,735.67)**	(19,183.68)
	Premium Paid on Redemption of Debentures		**(616.17)**	(1,714.53)
	Dividend Received		**1,079.28**	909.06
	Taxes Paid		**(3,689.20)**	(3,515.91)
	Net cash from Operations		**7,427.52**	5,581.07
	Loans disbursed (net)		**(63,021.22)**	(37,289.81)
	Corporate Deposits (net)		**5,150.67**	(4,410.48)
	Net cash used in operating activities		**(50,443.03)**	(36,119.22)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(43.47)**	(27.97)
	Sale of Fixed Assets		**0.68**	0.62
			(42.79)	(27.35)
	Investments in Subsidiaries		**(192.00)**	(416.97)
	Other Investments		**(14,975.06)**	(3,741.97)
	Sale proceeds of Investments :			
	- in Subsidiary Company		**6,186.62**	1,120.50
	- in other Companies, Funds and Properties		**6,521.27**	1,675.44
	Net cash from investing activities		**(2,501.96)**	(1,390.35)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	2.1	**17.45**	1.77
	Securities Premium	3	**14,036.36**	680.62
	Deposits, CPs and other Short Term Borrowings (Net)		**(4,797.01)**	2,696.93
	Proceeds from long-term borrowings		**1,80,965.57**	1,70,965.37
	Repayment of long-term borrowings		**(1,36,840.00)**	(1,31,656.17)
	Dividend paid - Equity Shares		**(2,957.60)**	(3,159.71)
	Tax paid on Dividend		**(478.58)**	(440.96)
	Net cash from financing activities		**49,946.19**	39,087.85
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		**(2,998.80)**	1,578.28
	Add : Cash and cash equivalents as at the beginning of the year	20	**4,208.90**	2,638.10
	Add : Adjustments on account of merger	34	**21.57**	
	Add : Exchange difference on bank balance		**-**	(7.48)
	Cash and cash equivalents as at the end of the year	20	**1,231.67**	4,208.90

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
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MUMBAI, April 30, 2018

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Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the standalone financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 **BACKGROUND**

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation') was incorporated in 1977 as the first specialised mortgage company in India. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial property in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies.

1.2 **ACCOUNTING CONVENTION**

These financial statements have been prepared and presented on an accrual basis in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent applicable. The Balance Sheet and the Statement of Profit and Loss of the Corporation are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.3 **OPERATING CYCLE**

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.4 **CASH FLOW STATEMENT**

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. The cash flows from operating, investing and financing activities of the Corporation are segregated based on the available information.

1.5 **CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)**

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

1.6 **LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES**

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any lumpsum principal repayment (prepayment).

A loan is recognised as non-performing ("NPA") or as a "doubtful" or as a "loss" asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance

Companies (NHB) Directions, 2010, (the "NHB Directions") as updated from time to time. Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.

The Corporation recognises general provision towards standard assets as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as updated from time to time. In addition to the above, the Corporation, on a prudent basis, recognises provisions on standard assets, on the basis of consideration of economic and business conditions impacting a specific exposure or a group of advances. These provisions are recognised as per the Board approved policy and included as part of 'Other Provision and Contingencies - Accelerated Provisioning'. These provisions are transferred as provision on the same/ specific advance/group of advances in case it slips into non-performing asset. When such provision is no longer required the same will be reversed in the Statement of Profit and Loss.

In addition to the above, the Corporation, as per a Board approved policy, sets aside a portion of significant one off gains arising on sale of its shares in subsidiaries/associates as additional provisions on specific loans and advances. Such provisions are either recognised against specifically identified standard assets/projects or additional provisions (over and above the regulatory requirements) against specific non-performing assets. These provisions are included as part of 'Other Provision and Contingencies - Accelerated Provisioning'. These provisions are transferred as provision on the same/specific standard advance/group of advances in case it slips into non-performing asset. When such provision is no longer required the same will be reversed in the Statement of Profit and Loss.

1.7 INTEREST INCOME ON LOANS

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed generally on a monthly rest based on the principal outstanding at the beginning of the month/relevant period.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as "non-performing" is recognised only on realisation.

1.8 DIVIDEND

Dividend income is recognised when the right to receive has been established. Dividends from units of mutual funds, where received, are accounted on receipt of such amounts.

1.9 FEES AND OTHER REVENUE

Fees, charges and other revenue, net of amounts incurred towards commission to Direct Selling Agents, is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.

1.10 INCOME FROM LEASES

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its subsidiaries / associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not contain any minimum lease payment or contingent rent payments.

1.11 INCOME FROM INVESTMENTS

Interest Income on Debentures/ Bonds and Government Securities is accounted on accrual basis.

Any discount/premium on account of these investments held as long-term investments, is recognised over the life of the security on a pro-rata basis.

The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

1.12 BORROWING AND BORROWING COSTS

The Corporation borrows funds, primarily in Indian Rupees, that carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts some of such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and generally holds these instruments till maturity.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses and discounts on certain securities are charged to the securities premium account.

Brokerage and incentive on deposits are amortised over the period of the deposit.

1.13 TRANSLATION OF FOREIGN CURRENCY

Initial recognition

Transactions in foreign currencies entered into by the Corporation are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract.

The net loss/gain on translation of long term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as “Foreign Currency Monetary Item Translation Difference Account”. The net loss/gain on translation of short term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

1.14 ACCOUNTING FOR DERIVATIVE CONTRACTS

Consequent to the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2016, on and from that date, all derivative contracts are recognised in the balance sheet and measured at fair value. The corresponding fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is applied.

In case of fair value hedges, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item.

For derivative contracts designated as cash flow hedges, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognised within equity i.e., Cashflow Hedge Reserve. Amounts recognised in equity are transferred to the Statement of Profit and Loss in the same period as the cash flows of hedged items affect the Statement of Profit and Loss. When a derivative contract expires or is sold or if a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss in the Cash Flow Hedge Reserve is retained in equity until the hedged cash flow is recognised in the Statement of Profit and Loss. However, if hedged cash flows are no longer expected to occur, the profit or loss against the corresponding derivative contract, accumulated in the Cash Flow Hedge Reserve, is immediately released through the Statement of Profit and Loss.

Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit and Loss.

1.15 **OPERATING LEASES**

Payments under a non-cancellable operating lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the Statement of Profit and Loss on a straight-line basis over the lease term, unless another systematic basis is more appropriate.

1.16 **INVESTMENTS**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the market value of such investments. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on ‘Accounting for Investments’ (AS 13), and is recognised through the Provision for Contingencies Account.

Current investments are carried individually, at the lower of cost and market value.

Investments in properties acquired as part of the debt asset settlement are recorded at the fair value on the date of the transfer. Investments in properties are carried individually at cost less accumulated depreciation and impairment, if any.

1.17 **TANGIBLE FIXED ASSETS**

Fixed Assets (including such assets which have been leased out by the Corporation) including any cost attributable for bringing the same to its working condition are capitalised at cost inclusive of legal, registration and/or installation expenses.

1.18 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.19 **DEPRECIATION AND AMORTISATION**

Tangible Fixed Assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on management's technical valuation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

(a) Computers and data processing equipment - 4 years

(b) Vehicles - 5 years

(c) Leasehold land is amortised over the duration of the lease.

Intangible Assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computers Software - 4 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Investment In Properties

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

1.20 **PROVISIONS AND CONTINGENCIES**

A provision is recognised when the Corporation has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

1.21 **EMPLOYEE BENEFITS**

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

Defined contribution plans

Superannuation Fund

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

Defined benefit plans

Provident Fund

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by various trustees. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. The guidance on implementing AS-15, Employee Benefits issued by the ICAI, states that benefits involving employer established provident funds, which require interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability is recognised.

Gratuity and Other Post Retirement Benefits

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

1.22 **EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

1.23 **TAXES ON INCOME**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 (the "Income Tax Act").

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred taxes relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss where appropriate. The credit available under the Act in respect of MAT paid is recognised as an asset where there is convincing evidence that the Corporation will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability.

1.24 **GOODS AND SERVICES TAX INPUT CREDIT**

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.25 **ASSIGNED / SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation enters into transactions through direct assignment route. Transfer of pools of mortgages under the direct assignment route involve transfer of proportionate shares in the pools of mortgages. Such transfers result in derecognition only of that proportion of the mortgages which meets the derecognition criteria. The portion retained by the Corporation continue to be accounted for as loans.

The Corporation also periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred. In respect of pools securitised, wherever required, the Corporation provides credit enhancement in the form of guarantees and undertaking.

The Corporation also acts as a servicing agent for pools assigned/securitised.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

2. SHARE CAPITAL

	As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
AUTHORISED		
228,80,50,000 Equity Shares of ₹ 2 each [Refer Notes 2.5 & 34] (Previous Year 175,00,00,000 Equity Shares of ₹ 2 each)	**457.61**	350.00
	457.61	350.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
167,58,79,893 Equity Shares of ₹ 2 each (Previous Year 158,86,72,140 Equity Shares of ₹ 2 each)	**335.18**	317.73
	335.18	317.73

2.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**158,86,72,140**	**317.73**	157,98,46,340	315.97
Shares allotted pursuant to exercise of stock options	**1,19,74,230**	**2.40**	88,25,800	1.76
Shares allotted pursuant to issue of shares under QIP, Preferential basis and Conversion of Warrants into equity shares	**7,52,33,523**	**15.05**	-	-
Equity shares outstanding as at the end of the year	**167,58,79,893**	**335.18**	158,86,72,140	317.73

2.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2018. Details of shareholders holding more than 5 percent shares in the Corporation as at March 31, 2017 are given below:

Particulars	As on March 31, 2017	
	Number	Percentage of shares held to total Shares
Life Insurance Corporation of India (All accounts)	8,60,26,344	5.41%

2.3 The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

As at March 31, 2018 **11,04,53,219 shares** (Previous Year 12,29,51,224 shares) were reserved for issuance as follows:

a) **7,44,67,819 shares** of ₹ 2 each (Previous Year 8,64,51,224 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 2.4].

b) **3,59,85,400 shares** of ₹ 2 each (Previous Year 3,65,00,000 shares of ₹ 2 each) towards outstanding share warrants [Refer Note 3.13].

2.4 Through postal ballot held on March 10, 2017, the shareholders had approved the issue of 4,98,51,524 equity shares of ₹ 2 each to the eligible employees and directors of the Corporation. The Nomination and Remuneration Committee of Directors (NRC) at its meeting held during the year on various dates, approved the grant of 4,28,45,977 new stock options, representing 4,28,45,977 equity shares of ₹ 2 each under ESOS-2017, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the postal ballot held on March 10, 2017 plus 10,59,040 options lapsed under previous schemes (ESOS-11 : 3,90,350 options, and ESOS-14 : 6,68,690 options), net of 80,64,587 options reserved. The options were granted at an exercise price ranging between ₹ 1,569.85 to ₹ 1,908.30 per option, being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-17, the options would vest over a period of 1-3 years from the date of grant, but not later than December 1, 2020, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, no options have vested during the current year. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted **62,73,064 options** at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **49,902 options** (Previous Year 1,57,799 options) were vested. In the current year **1,799 options** (Previous Year 22,390 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted **61,02,475 options** at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **27 options** (Previous Year 1,936 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted **57,90,000 options** at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **Nil options** (Previous Year 228 options) lapsed. 4,874 options are yet to be lapsed.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted **54,56,835 options** at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. 5,287 options are yet to be lapsed.

Method used for accounting for share based payment plan:

The Corporation has adopted intrinsic value method to recognise the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently, compensation cost is also Nil.

Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Number of options

(Previous Year figures are in brackets)

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**-** -	**54,08,364** *(60,71,671)*	**16,87,772** *(28,13,951)*	**4,874** *(5,102)*	**5,287** *(5,287)*
Granted during the year	**4,28,45,977**	**-** -	**-** -	**-** -	**-** -
Vested during the year	**-** -	**49,902** *(1,57,799)*	**-** -	**-** -	**-** -
Exercised during the year	**-** -	**11,42,355** *(6,40,917)*	**12,52,491** *(11,24,243)*	**-** -	**-** -
Lapsed during the year	**4,03,871**	**1,799** *(22,390)*	**27** *(1,936)*	**-** *(228)*	**-** -
Outstanding at the end of the year	**4,24,42,106** -	**42,64,210** *(54,08,364)*	**435,254** *(16,87,772)*	**4,874** *(4,874)*	**5,287** *(5,287)*
Unvested at the end of the year	**4,24,42,106** -	**-** *(49,902)*	**-** -	**-** -	**-** -
Exercisable at the end of the year	**-** -	**42,64,210** *(53,58,462)*	**4,35,254** *(16,87,772)*	**4,874** *(4,874)*	**5,287** *(5,287)*
Weighted average price per option	**₹ 1,571.33**	**₹ 5,073.25**	**₹ 3,177.50**	**₹ 1,350.60**	**₹ 2,149.00**

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows :

Particulars	ESOS-2017	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ **Nil** (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

₹ in Crore

Particulars	Current Year	Previous Year
Net Profit (as reported)	**12,163.69**	7,442.64
Less : Stock-based compensation expenses determined under fair value method, net of tax: [Gross ₹ **920.17 crore** (Previous Year ₹ Nil)] (pro-forma)	**601.72**	-
Net Profit (pro-forma)	**11,561.97**	7,442.64
Less : Amounts utilised out of Shelter Assistance Reserve	**175.05**	146.27
Net Profit considered for computing EPS (pro-forma)	**11,386.92**	7,296.37

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**74.83**	46.08
Basic earnings per share (pro-forma)	**71.07**	46.08
Diluted earnings per share (as reported)	**73.73**	45.70
Diluted earnings per share (pro-forma)	**70.03**	45.70

2.5 Through postal ballot held on February 14, 2018, the shareholders of the Corporation had approved the following :

a) Increase in the Authorised Share Capital of the Corporation to ₹ 370 Crores comprising 185,00,00,000 equity shares of ₹ 2 each.

b) Issue of 6,43,29,882 equity shares of face value of ₹ 2 each on a preferential basis at a price of ₹ 1,726.05 per Equity Share.

c) Issue of equity shares on a Qualified Institutional Placement basis for a total consideration not exceeding ₹ 1,896 crore.

Pursuant to the said approval, the Corporation has allotted 6,43,29,882 equity shares of face value of ₹ 2 each on a preferential basis at a price of ₹ 1,726.05 per Equity share during the year. The Corporation has also allotted 1,03,89,041 equity shares of face value of ₹ 2 each on a Qualified Institutional Placement basis at a price of ₹ 1,825 per Equity Share.

2.6 The Corporation has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

3. RESERVES AND SURPLUS

		As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
SPECIAL RESERVE No. I	[Notes 3.1 & 3.2]	**51.23**	51.23
SPECIAL RESERVE No. II	[Notes 3.1 & 3.2]		
Opening Balance		**9,811.95**	8,564.95
Add: Transfer from Statement of Profit and Loss	[Note 3.3]	**1,355.00**	1,247.00
		11,166.95	9,811.95
GENERAL RESERVE			
Opening Balance		**10,006.74**	11,367.13
Less: Adjustment pursuant to the Scheme of Amalgamation	[Note 34]	**(334.74)**	-
Less: Utilised towards Deferred Tax Liability for Special Reserve	[Note 3.2]	**-**	(1,119.08)
Less: Opening impact of Derivative Transition (Previous Year net of Deferred Tax of ₹ 127.70 crore)	[Note 3.5]	**-**	(241.31)
Add: Transfer from Statement of Profit and Loss		**2,432.10**	-
		12,104.10	10,006.74
STATUTORY RESERVE (As per Section 29C of The National Housing Bank Act, 1987)			
Opening Balance		**3,849.42**	3,604.42
Add : Transfer from Statement of Profit and Loss	[Note 3.3]	**1,078.00**	245.00
		4,927.42	3,849.42
SECURITIES PREMIUM			
Opening Balance		**10,240.49**	10,133.82
Add : Received during the year		**14,036.36**	680.62
		24,276.85	10,814.44
Less : Utilised during the year (Net) [Net of tax effect of ₹ **264.58 crore** (Previous Year ₹ 303.76 crore)]	[Note 3.4]	**499.93**	573.95
		23,776.92	10,240.49

		As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
SHELTER ASSISTANCE RESERVE			
Opening Balance		**193.20**	154.47
Add : Transfer from Statement of Profit and Loss		**-**	185.00
		193.20	339.47
Less : Utilised during the year		**175.05**	146.27
		18.15	193.20
CAPITAL RESERVE		**0.04**	0.04
FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT (Debit Balance)	[Note 3.6]		
Opening Balance (Debit)		**(171.69)**	(122.07)
Add/(Less): Effect of foreign exchange rate variations during the year		**(72.50)**	(269.02)
Add/(Less): On fair valuation of derivatives as on April 1, 2016		**-**	162.20
Add/(Less): Amortisation for the year	[Note 3.7]	**75.65**	57.20
Closing balance (Debit)		**(168.54)**	(171.69)
CASH FLOW HEDGE RESERVE		**0.89**	(0.54)
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:			
Opening Balance		**5,295.72**	-
Profit for the year		**12,163.69**	7,442.64
Amount available for appropriations		**17,459.41**	7,442.64
APPROPRIATIONS:			
Special Reserve No. II	[Note 3.3]	**1,355.00**	1,247.00
General Reserve		**2,432.10**	-
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987)	[Note 3.3]	**1,078.00**	245.00
Shelter Assistance Reserve		**-**	185.00
Interim Dividend [Dividend ₹ **3.50** per equity share of ₹ 2 each	[Note 3.9]	**586.56**	476.14
(Previous Year ₹ 3.00 per equity share of ₹ 2 each)]			
Tax on Interim Dividend		**4.31**	0.04
Final Dividend pertaining to previous year paid		**2,389.35**	-
Tax on Final Dividend		**474.27**	-
Tax on Dividend credit taken	[Note 3.11]	**-**	(9.98)
Dividend including tax of ₹ **Nil** (Previous Year ₹ 0.63 crore) pertaining to previous year paid during the year	[Note 3.12]	**-**	3.72
		9,139.82	5,295.72
		61,016.98	39,276.55

3.1 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961, out of the distributable profits of the Corporation. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

3.2 Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under Section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation had created 50 percent of deferred tax liability of ₹ 1,119.08 crore on the balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve during the year ended March 2015 and March 2016. During the previous year the Corporation had created balance 50 percent of deferred tax liability of ₹ 1,119.08 crore by debiting the General Reserve [Refer Note 5].

3.3 As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation 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 Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **1,355 crore** (Previous Year ₹ 1,247 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **1,078 crore** (Previous Year ₹ 245 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

3.4 During the year, the Corporation utilised ₹ **499.93 crore** (net of tax effect of ₹ **264.58 crore**) [Previous Year ₹ 573.95 crore (net of tax effect of ₹ 303.76 crore)] in accordance with Section 52 of the Companies Act, 2013, towards the proportionate premium payable on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures, towards early redemption of Secured Redeemable Non-Convertible Debentures, issue expenses in respect of Rupee Denominated Bonds and Medium Term Note Programme (MTN Programme) and issue of shares to qualified institutional buyers and also under preferential basis.

3.5 The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India was effective from April 1, 2016. On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability as explained in Note 3.6.

3.6 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **168.54 crore** (without considering future tax benefit of ₹ **58.33 crore**) [(Previous Year ₹ 171.69 crore) (without considering future tax benefits of ₹ 59.42 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2018. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 3 years.

3.7 During the year, there was a net reduction of ₹ **3.15 crore** (Previous Year net addition of ₹ 49.62 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

₹ in Crore

Particulars	Current Year	Previous Year
Adjusted against General Reserve on fair valuation of derivatives as on April 1, 2016	**-**	162.20
Net Revaluation of monetary assets & liabilities	**(298.56)**	(351.59)
Net Debit/(Credit) on account of repayments during the year	**226.06**	82.57
Net amortisation Debit/(Credit) during the year	**75.65**	57.20
Net reduction/(addition) during the year	**3.15**	(49.62)

3.8 The Board of Directors have proposed dividend on equity shares at ₹ **16.50 per share** at their meeting held on April 30, 2018. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in ensuing Annual General Meeting.

3.9 The Board of Directors of the Corporation at its meeting held on March 16, 2018, *inter alia*, has approved the payment of an interim dividend of ₹ 3.50 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2017-18.

3.10 The Corporation has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders (including Foreign Portfolio Investors) are as under:

Particulars	Current Year		Previous Year	
	Interim	Final	Interim	Final
Year to which the dividend relates	**2017-18**	**2016-17**	2016-17	2015-16
Number of non-resident shareholders	**8,191**	**6,825**	6,654	6,472
Number of shares held by them	**1,28,68,40,792**	**1,23,96,74,145**	1,22,26,92,759	1,22,44,31,611
Gross amount of dividend (in ₹)	**4,50,39,42,772**	**18,59,51,12,175**	3,66,80,78,277	17,14,20,42,554

3.11 In the previous year, the Corporation availed a credit of ₹ **9.98 crore** (for FY 2015-16), which is adjusted against the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115-O(1A) of the Income Tax Act, 1961.

3.12 In respect of equity shares issued pursuant to Employee Stock Option Schemes between April 1, 2016 and the date of the Annual General Meeting, the Corporation, in the previous year, paid dividend of ₹ 3.09 crore for the year 2015-16 and tax on dividend of ₹ 0.63 crore as approved by the shareholders at the Annual General Meeting held on July 27, 2016.

3.13 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Corporation is eligible to forfeit the amounts received towards the warrants. During the year 5,14,600 warrants were converted to equity shares of ₹ 2 each.

4. LONG-TERM BORROWINGS

₹ in Crore

	As at March 31, 2018	As at March 31, 2017
Bonds and Debentures [Refer Notes 4.3 & 4.10]	**94,851.18**	95,026.36
Term Loans :		
- Banks [Refer Note 4.10]	**1,515.00**	2,432.00
- External Commercial Borrowing - Low Cost Affordable Housing [Refer Notes 4.5 & 4.10]	**5,702.37**	7,619.87
- Others [Refer Note 4.10]	**7,650.57**	4,145.83
	1,09,719.12	1,09,224.06
Deposits [Refer Note 4.3]	**43,622.30**	40,838.17
Total	**1,53,341.42**	1,50,062.23

4.1 Long-term borrowings are further sub-classified as follows :

₹ in Crore

Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
	Secured : [Refer Note 4.2]		
a)	**Bonds and Debentures**		
	- Bonds	**27.35**	34.20
	- Non Convertible Debentures	**79,723.83**	81,192.16
		79,751.18	81,226.36
b)	**Term Loans from Banks**		
	- Scheduled Banks	**265.00**	1,432.00
		265.00	1,432.00
c)	**Term Loans from other parties**		
	- Asian Development Bank [Refer Note 4.4]	**209.00**	260.26
	- National Housing Bank	**7,441.57**	3,885.57
		7,650.57	4,145.83
	Total Secured:	**87,666.75**	86,804.19
	Unsecured :		
a)	**Bonds and Debentures**		
	- Non Convertible Subordinated Debentures [Refer Note 4.10]	**5,500.00**	5,500.00
	- Synthetic INR Denominated Bonds	**9,600.00**	8,300.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,250.00**	1,000.00
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**5,702.37**	7,619.88
d)	**Deposits** [Refer Note 4.8]	**43,622.30**	40,838.16
	Total Unsecured:	**65,674.67**	63,258.04
	Total	**1,53,341.42**	1,50,062.23

4.2 All secured long-term borrowing are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29B of the National Housing Bank Act, 1987.

4.3 Non-Convertible Debentures includes ₹ **1,180 crore** (Previous Year ₹ 665 crore) and Deposits includes ₹ **60.01 crore** (Previous Year ₹ 72.95 crore) from related parties [Refer Note 35].

4.4 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

The loan availed from the Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

4.5 The Corporation had availed External Commercial Borrowing (ECBs) of **USD 1,175 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The currency exposure on the interest has been hedged by way of forward contracts.

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

4.6 The Corporation has raised ₹ **9,600 crore** through Rupee Denominated Bonds to overseas investors till date. The Corporation was the first Indian corporate issuer of such bonds. Out of the said issuances, ₹ **5,000 crore** has been issued through standalone issuances to various investors under the automatic route.

The Corporation had established a Medium Term Note Programme (MTN Programme) for **USD 750 mn** so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approvals. During the year, the Corporation has upsized its MTN Programme from **USD 750 mn** to **USD 1.3 bn**. Subsequently, during the annual updation of the MTN Programme on the London Stock Exchange, the Corporation increased the limit of the Programme by another **USD 1.5 bn**. Consequently, the MTN Programme limit currently is **USD 2.8 bn**.

During the year, the Corporation raised ₹ **1,300 crore** through issue of Rupee Denominated Bonds under the MTN Programme to International Finance Corporation (IFC) through the approval route. IFC, member of the World bank group has partnered with the Corporation, to finance the construction of affordable housing projects in the country for an amount of ₹ **5,200 crore**. Under the said agreement, IFC contributes ₹ **1,300 crore**, by subscribing to the said Bonds. The Corporation shall contribute the balance amount of ₹ **3,900 crore**. The Corporation shall finance eligible sub projects by way of loans to eligible sub borrowers.

The Corporation has raised ₹ **4,600 crore** till date under the MTN Programme through the approval route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India (RBI).

The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

4.7 As on March 31, 2018, the Corporation has foreign currency borrowings of **USD 3,029.15 million equivalent** (Previous Year USD 2,944.46 million equivalent). The Corporation has undertaken currency swaps and forward contracts of a notional amount of **USD 2,325 million equivalent** (Previous Year USD 2,554.92 million equivalent) and dollar denominated assets and foreign currency arrangements of **USD 367.39 million** (PY USD 401.66 million) to hedge the foreign currency risk. As on March 31, 2018, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD 336.76 million** (Previous Year Nil).

Further, interest rate swaps on a notional amount of **USD Nil** (Previous Year USD 70 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **48,270 crore** (Previous Year ₹ 30,355 crore) and Cross Currency Interest rate swaps of notional amount of ₹ **100 crore** (Previous Year ₹ 300 crore) as on March 31, 2018 for varying maturities into floating rate liabilities linked to various benchmarks. The Corporation has currency swaps of a notional amount of **USD Nil** (Previous Year USD 49.42 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

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

4.9 As at March 31, 2018, the Corporation's outstanding subordinated debt is ₹ **5,500 crore** (Previous Year ₹ 5,500 crore). These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2018, **74.55%** (Previous Year 83.64%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

4.10 **Terms of redemption of bonds and debentures and for repayment terms of term loans:**

A) BONDS & DEBENTURES

(Previous Year figures are in brackets)

₹ in Crore

Bonds & Debentures - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
7% - 8%		**37,286.16**	**711.39**	**2,979.12**	**40,976.67**
		(18,866.00)	-	*(3,000.82)*	*(21,866.82)*
8.01% - 10%		**20,222.15**	**4,762.41**	**9,962.86**	**34,947.42**
		(29,263.84)	*(13,201.53)*	*(7,390.38)*	*(49,855.75)*
10.01% - 11.95%		**-**	**-**	**-**	**-**
		(4,215.28)	-	-	*(4,215.28)*
Zero Coupon		**3,799.74**	**-**	**-**	**3,799.74**
		(5,254.31)	-	-	*(5,254.31)*
Variable Rate - Linked to G Sec		**14.95**	**12.40**	**-**	**27.35**
		(14.10)	*(15.90)*	*(4.20)*	*(34.20)*
TOTAL SECURED	**A**	**61,323.00**	**5,486.20**	**12,941.98**	**79,751.18**
	A	*(57,613.53)*	*(13,217.43)*	*(10,395.40)*	*(81,226.36)*
Bonds & Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Non Convertible Subordinated Debentures					
8.65% - 9.6%		**1,500.00**	**1,000.00**	**3,000.00**	**5,500.00**
		(500.00)	*(2,000.00)*	*(3,000.00)*	*(5,500.00)*
Synthetic INR Denominated Bonds					
6.87% - 7.88%		**8,300.00**	**1,300.00**	**-**	**9,600.00**
		(5,000.00)	*(3,300.00)*	-	*(8,300.00)*
TOTAL UNSECURED	**B**	**9,800.00**	**2,300.00**	**3,000.00**	**15,100.00**
	B	*(5,500.00)*	*(5,300.00)*	*(3,000.00)*	*(13,800.00)*
TOTAL (SECURED & UNSECURED)	**A+B**	**71,123.00**	**7,786.20**	**15,941.98**	**94,851.18**
	A+B	*(63,113.53)*	*(18,517.43)*	*(13,395.40)*	*(95,026.36)*

B) TERM LOANS FROM BANKS

(Previous Year figures are in brackets)

₹ in Crore

Term Loans from Banks - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
7.5% - 9%		**-**	**-**	**265.00**	**265.00**
		(132.00)	*(1,000.00)*	*(300.00)*	*(1,432.00)*
TOTAL SECURED	**A**	**-**	**-**	**265.00**	**265.00**
	A	*(132.00)*	*(1,000.00)*	*(300.00)*	*(1,432.00)*
Term Loans from Banks - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
6.65% - 7.60%		**-**	**1,000.00**	**250.00**	**1,250.00**
		-	*(1,000.00)*	-	*(1,000.00)*
TOTAL UNSECURED	**B**	**-**	**1,000.00**	**250.00**	**1,250.00**
	B	-	*(1,000.00)*	-	*(1,000.00)*
TOTAL (SECURED & UNSECURED)	**A+B**	**-**	**1,000.00**	**515.00**	**1,515.00**
	A+B	*(132.00)*	*(2,000.00)*	*(300.00)*	*(2,432.00)*

C) EXTERNAL COMMERCIAL BORROWING - LOW COST AFFORDABLE HOUSING - UNSECURED

(Previous Year figures are in brackets)

₹ in Crore

Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
USD LIBOR + 107 bps	**-**	**-**	**-**	**-**
	(1,945.50)	-	-	*(1,945.50)*
USD LIBOR + 120 bps	**3,258.50**	**-**	**-**	**3,258.50**
	-	*(3,242.50)*	-	*(3,242.50)*
USD LIBOR + 126 bps	**-**	**2,443.87**	**-**	**2,443.87**
	-	*(2,431.87)*	-	*(2,431.87)*
TOTAL UNSECURED	**3,258.50**	**2,443.87**	**-**	**5,702.37**
	(1,945.50)	*(5,674.37)*	-	*(7,619.87)*

D) TERM LOANS FROM OTHER PARTIES - SECURED

(Previous Year figures are in brackets)

₹ in Crore

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Asian Development Bank USD LIBOR + 40 bps	**58.30** *(54.55)*	**48.67** *(61.68)*	- *(16.65)*	**106.97** *(132.88)*
Variable linked to Bank PLR	**29.82** *(28.04)*	**24.89** *(31.71)*	- *(8.55)*	**54.71** *(68.30)*
Variable linked to G Sec	**25.79** *(24.25)*	**21.53** *(27.43)*	- *(7.40)*	**47.32** *(59.08)*
National Housing Bank 4.61% - 5.99%	**364.63** -	**364.63** -	**645.17** -	**1,374.43** -
6% - 8%	**1,731.72** *(1,687.72)*	**1,357.35** *(1,260.95)*	**1,873.52** *(250.17)*	**4,962.59** *(3,198.84)*
8.01% - 9.45%	**386.70** *(663.92)*	**205.20** *(22.81)*	**512.65** -	**1,104.55** *(686.73)*
TOTAL SECURED	**2,596.96** *(2,458.48)*	**2,022.27** *(1,404.58)*	**3,031.34** *(282.77)*	**7,650.57** *(4,145.83)*

5. DEFERRED TAX ASSET/LIABILITY:

In compliance with the Accounting Standard (AS 22) relating to 'Accounting for Taxes on Income', the Corporation has recognised a credit of ₹ **55.00 crore** (Previous Year debit ₹ 495.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2018 towards deferred tax asset (net) for the year, arising on account of timing differences. In the Previous Year ₹ 1,119.08 crore has been adjusted against the General Reserve (as per Note 3.2).

The major components of deferred tax assets and liabilities are :

₹ in Crore

Particulars	**Current Year**		Previous Year	
	Assets	**Liabilities**	Assets	Liabilities
a) Depreciation	**-**	**51.70**	-	54.75
b) Special Reserve I & II	**-**	**3,920.08**	-	3,413.45
c) Provisions and Contingencies	**1,597.45**	**-**	1,120.39	-
d) Provision for Employee Benefits	**62.64**	**-**	53.85	-
e) Others (net)	**-**	**21.89**	-	94.62
Total	**1,660.09**	**3,993.67**	1,174.24	3,562.82
Net Deferred Tax Liability	**2,333.58**		2,388.58	

6. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	March 31, 2018	March 31, 2017
Interest accrued but not due on borrowings	**1,708.42**	1,443.52
Premium payable on redemption of Debentures	**752.75**	690.25
Payable against Derivative	**197.09**	133.26
Security and other deposits received	**29.64**	6.11
Income received in advance	**55.13**	45.18
Others	**11.25**	20.20
Total	**2,754.28**	2,338.52

7. LONG-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2018	March 31, 2017
Provision for Employee Benefits [Refer Note 28.3]	**145.26**	60.10
Provisions and Contingencies [Refer Notes 7.1,7.2 & 39.5.1]	**4,999.80**	3,066.65
Total	**5,145.06**	3,126.75

7.1 Provisions and Contingencies includes provisions for standard assets and all other contingencies. As per National Housing Bank Circular No. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 and NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017, in addition to provision for non performing assets, all housing finance companies are required to carry a general provision. (i) at the rate of 1% of Standard Assets in respect of Commercial Real Estate ("CRE") other than Residential Housing, (ii) at the rate of 0.75% Commercial Real Estate - Residential Housing, (iii) at the rate of 0.25% in respect of Individual Housing Loans and (iv) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i), (ii) & (iii) above. Loans to Individuals for 3rd dwelling units onwards are treated as CRE exposure.

Accordingly, the Corporation is required to carry a minimum provision of ₹ **1,598.44 crore** (Previous Year ₹ 1,604.92 crore) towards standard assets.

7.2 Movement in Provisions and Contingencies Account during the year is as under:

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**3,066.65**	2,695.34
Additions during the year	**2,030.00**	700.00
Utilised during the year – towards Diminution in Value of Investments	**(40.68)**	(291.43)
Utilised during the year - towards loans written off	**(56.17)**	(37.26)
Closing Balance	**4,999.80**	3,066.65

8. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	March 31, 2018	March 31, 2017
Deposits - Unsecured [Refer Note 4.8 & Note 8.2]	**6,211.93**	2,687.05
Other loans and advances:		
Scheduled Banks - Secured [Refer Note 8.1]	**10,500.00**	2,000.00
Scheduled Banks - Unsecured	**4,000.00**	-
Commercial Papers - Unsecured [Refer Note 8.3]	**42,913.52**	37,443.28
	57,413.52	39,443.28
Total	**63,625.45**	42,130.33

8.1 All secured short term borrowing are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29B of the National Housing Bank Act, 1987.

8.2 Deposits includes ₹ **32.25 crore** (Previous Year ₹ 15.40 crore) from related parties [Refer Note 35].

8.3 Commercial papers of the Corporation have a maturity value of ₹ **44,275 crore** (Previous Year ₹ 38,380 crore). Yield on commercial paper varies between **6.25% to 8.50%** (Previous Year: 6.50% to 9.20%).

9. TRADE PAYABLES

₹ in Crore

Particulars	March 31, 2018	March 31, 2017
Trade Payables	**207.59**	147.71
Total	**207.59**	147.71

9.1 The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Corporation. The amount of principal and interest outstanding during the year is given below.

₹ in Crore

Particulars	Current Year	Previous Year
a) Amount outstanding but not due as at year end	-	-
b) Amount due but unpaid as at the year end	**0.19**	0.18
c) Amounts paid after appointed date during the year	-	-
d) Amount of interest accrued and unpaid as at year end	-	-
e) The amount of further interest due and payable even in the succeeding year	-	-
Total	**0.19**	0.18

9.2 As required under Section 125 of the Companies Act, 2013, the Corporation has transferred ₹ **2.76 crore** (Previous Year ₹ 2.16 crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2018, no amount was due for transfer to the IEPF.

9.3 Trade Payables includes ₹ **92.96 crore** (Previous Year ₹ 52.83 crore) due to related parties [Refer Note 35].

10. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars	March 31, 2018	March 31, 2017
Current maturities of long-term borrowings	**1,02,945.24**	87,539.59
Interest accrued but not due on borrowings	**7,143.68**	6,359.50
Premium payable on redemption of Debentures	**465.90**	380.06
Interest accrued and due on matured deposits	**85.84**	107.20
Income and other amounts received in advance	**324.68**	370.96
Unclaimed dividend	**43.05**	24.74
Unclaimed matured deposits	**743.34**	801.39
Payable against Derivatives	**181.23**	891.30
Other payables		
- Statutory Remittances	**226.14**	174.88
- Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78
- Amounts payable - Securitised Loans	**490.55**	574.60
- Others	**77.95**	58.17
	9,790.14	9,750.58
Total	**1,12,735.38**	97,290.17

10.1 Current maturities of Long term borrowings are further sub-classified as under:

₹ in Crore

Sr. No.	Particulars	March 31, 2018	March 31, 2017
	Secured [Refer Notes 10.2 & 10.3]		
(i)	**Bonds and Debentures**		
	- Bonds	**6.85**	6.30
	- Non Convertible Debentures	**43,874.31**	24,213.86
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**13,241.24**	16,586.11
(iii)	**Term Loans from other parties**		
	- Asian Development Bank	**51.91**	48.69
	- National Housing Bank	**1,239.08**	1,201.05
	Total Secured	**58,413.39**	42,056.01
	Unsecured		
(i)	**Term Loans from Banks**		
	- Scheduled Banks	**911.70**	3,235.95
(ii)	**External Commercial Borrowing - Low Cost Affordable Housing**	**1,955.10**	-
(iii)	**Deposits** [Refer Notes 4.8 & 10.3]	**41,665.05**	42,247.63
	Total Unsecured	**44,531.85**	45,483.58
	Total	**1,02,945.24**	87,539.59

10.2 Secured current maturities of long term borrowings are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

10.3 Current maturities of Non-Convertible Debentures includes ₹ **1,815 crore** (Previous Year ₹ 592 crore) and Deposits includes ₹ **42.96 crore** (Previous Year ₹ 0.01 crore) from related parties [Refer Note 35].

11. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2018	March 31, 2017
Provision for Employee benefits [Refer Note 28.3]	**37.29**	116.91
Provision for Tax (Net of Advance Tax)	**91.84**	59.46
Total	**129.13**	176.37

Previous Year figures are in (brackets)

12. TANGIBLE ASSETS

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2017	Additions	Transfer pursuant to implementation of Scheme of Amalgamation (Refer Note 34)	Deductions	As at March 31, 2018	As at March 31, 2017	For the Year	Transfer pursuant to implementation of Scheme of Amalgamation (Refer Note 34)	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Land :												
Freehold	15.67	-	-	-	**15.67**	-	**-**	-	-	-	**15.67**	15.67
	(15.67)	-	-	-	*(15.67)*	-	-	-	-	-	*(15.67)*	*(15.67)*
Leasehold	370.25	-	-	-	**370.25**	20.70	**8.88**	-	-	**29.58**	**340.67**	349.55
	(370.25)	-	-	-	*(370.25)*	*(11.82)*	*(8.88)*	-	-	*(20.70)*	*(349.55)*	*(358.43)*
Buildings :												
Own Use	239.99	**1.35**	-	**0.10**	**241.24**	48.48	**4.59**	-	**0.03**	**53.04**	**188.20**	191.51
	(240.10)	*(0.18)*	-	*(0.29)*	*(239.99)*	*(43.97)*	*(4.58)*	-	*(0.07)*	*(48.48)*	*(191.51)*	*(196.13)*
Leasehold Improvements	65.30	**7.98**	-	**0.51**	**72.77**	53.34	**4.49**	-	**0.41**	**57.42**	**15.35**	11.96
	(60.16)	*(5.35)*	-	*(0.21)*	*(65.30)*	*(40.26)*	*(13.29)*	-	*(0.21)*	*(53.34)*	*(11.96)*	*(19.90)*
Computer Hardware	82.01	**14.12**	-	**1.86**	**94.27**	64.97	**9.32**	-	**1.86**	**72.43**	**21.84**	17.04
	(78.86)	*(8.20)*	-	*(5.05)*	*(82.01)*	*(61.18)*	*(8.84)*	-	*(5.05)*	*(64.97)*	*(17.04)*	*(17.68)*
Furniture and Fittings												
Own Use	64.96	**3.70**	**0.61**	**0.82**	**68.45**	42.92	**3.77**	**0.13**	**0.80**	**46.02**	**22.43**	22.04
	(63.23)	*(3.44)*	-	*(1.71)*	*(64.96)*	*(40.61)*	*(3.92)*	-	*(1.61)*	*(42.92)*	*(22.04)*	*(22.62)*
Office Equipment etc.:												
Own Use	62.62	**7.71**	**0.76**	**1.92**	**69.17**	39.58	**4.67**	**1.21**	**1.73**	**43.73**	**25.44**	23.04
	(58.95)	*(5.20)*	-	*(1.53)*	*(62.62)*	*(36.42)*	*(4.56)*	-	*(1.40)*	*(39.58)*	*(23.04)*	*(22.53)*
Vehicles	16.38	**5.73**	-	**1.48**	**20.63**	8.98	**2.81**	-	**1.27**	**10.52**	**10.11**	7.40
	(14.01)	*(3.15)*	-	*(0.78)*	*(16.38)*	*(6.77)*	*(2.74)*	-	*(0.53)*	*(8.98)*	*(7.40)*	*(7.24)*
Leased Assets :												
Plant & Machinery*	129.18	-	-	-	**129.18**	129.18	-	-	-	**129.18**	-	-
	(129.18)	-	-	-	*(129.18)*	*(129.18)*	-	-	-	*(129.18)*	-	-
Vehicles*	16.37	-	-	-	**16.37**	16.37	-	-	-	**16.37**	-	-
	(16.37)	-	-	-	*(16.37)*	*(16.37)*	-	-	-	*(16.37)*	-	-
Total	1,062.73	**40.59**	**1.37**	**6.69**	**1,098.00**	424.52	**38.53**	**1.34**	**6.10**	**458.29**	**639.71**	638.21
Previous Year	*(1,046.78)*	*(25.52)*	-	*(9.57)*	*(1,062.73)*	*(386.58)*	*(46.81)*	-	*(8.87)*	*(424.52)*	*(638.21)*	*(660.20)*

*Assets held for disposal

12.1 Depreciation charge for the financial year above excludes ₹ **8.49 crore** (Previous Year ₹ 6.50 crore) being depreciation charge on Investment in Properties.

Previous Year figures are in (brackets)

13. INTANGIBLE ASSETS

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2017	Additions	Transfer pursuant to implementation of Scheme of Amalgamation (Refer Note 34)	Deductions	As at March 31, 2018	As at March 31, 2017	For the Year	Transfer pursuant to implementation of Scheme of Amalgamation (Refer Note 34)	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Computer Software	20.37	**2.88**	-	-	**23.25**	16.24	**2.22**	-	-	**18.46**	**4.79**	4.13
	(17.92)	*(2.45)*	-	-	*(20.37)*	*(13.59)*	*(2.65)*	-	-	*(16.24)*	*(4.13)*	*(4.33)*
Total	20.37	**2.88**	-	-	**23.25**	16.24	**2.22**	-	-	**18.46**	**4.79**	4.13
Previous Year	*(17.92)*	*(2.45)*	-	-	*(20.37)*	*(13.59)*	*(2.65)*	-	-	*(16.24)*	*(4.13)*	*(4.33)*

14. NON-CURRENT INVESTMENTS (AT COST)

	As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
Trade Investments :		
Equity Shares - Subsidiaries and Associate Companies	**8,104.66**	8,223.36
Preference Shares - Convertible - Subsidiary Company	**67.00**	67.00
Debentures - Convertible - Subsidiary Company	**90.00**	118.00
Venture Funds	**293.53**	296.24
Non Trade Investments :		
Equity Shares	**765.03**	735.96
Preference Shares - Cumulative Redeemable	**48.69**	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects		63.33
Debentures and Bonds - Convertible - Others*	**376.94**	0.00
Debentures and Bonds - Redeemable - Others	**25.00**	25.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**757.51**	763.91
Security Receipts - Others	**9.80**	12.34
Government Securities	**8,949.06**	6,277.02
Mutual Funds	**20.00**	20.00
Venture Funds	**368.42**	236.64
Properties [Net of Depreciation of ₹ **289.12 crore** (Previous Year ₹ 25.99 crore)]	**415.63**	357.30
	20,291.27	17,202.09
Less : Provision for other than temporary Diminution in Value of Investments	**412.17**	372.15
	19,879.10	16,829.94

*Amount less than ₹ 50,000

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**6,986.02**	**1,34,406.83**
Previous Year	*5,885.70*	*65,836.12*
Aggregate of Investments listed but not quoted	**9,037.39**	
Previous Year	*6,365.35*	
Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)	**20.00**	**20.06**
Previous Year	*20.00*	*20.05*
Aggregate of Unquoted Investments (Others)	**3,440.56**	
Previous Year	*4,222.09*	
Properties	**395.13**	
Previous Year	*336.80*	
	19,879.10	
Previous Year	*16,829.94*	

Notes forming part of the standalone financial statements (Continued)

Trade Investments :

	Number of Units	Face Value ₹	As at March 31, 2018 ₹ in Crore	Number of Units	Face Value ₹	As at March 31, 2017 ₹ in Crore
Equity Shares - Subsidiaries and Associate Companies (fully paid)						
Subsidiaries						
HDFC Credila Financial Services Private Limited	5,30,56,403	10	**152.97**	4,92,72,003	10	102.97
GRUH Finance Ltd.*	21,18,77,850	2	**60.40**	21,30,77,850	2	60.74
HDFC Asset Management Co. Ltd.	12,07,72,800	5	**235.88**	1,50,96,600	10	235.88
HDFC Developers Ltd.	-	-	**-**	59,90,000	10	5.99
HDFC Education and Development Services Pvt. Ltd.	3,70,00,000	10	**37.00**	3,02,00,000	10	30.20
HDFC ERGO General Insurance Co. Ltd.	30,54,09,988	10	**742.30**	30,50,05,688	10	733.33
HDFC Holdings Ltd.	18,00,070	10	**102.40**	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	**66.14**	2,66,70,500	10	66.14
HDFC Property Ventures Ltd.	10,00,000	10	**1.00**	10,00,000	10	1.00
HDFC Capital Advisors Ltd.	19,97,660	10	**2.00**	19,97,660	10	2.00
HDFC Realty Ltd.	-	-	**-**	97,50,070	10	9.31
HDFC Sales Pvt. Ltd.	4,00,00,000	10	**40.01**	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.*	1,03,85,14,075	10	**1,111.74**	1,22,97,60,125	10	1,316.56
HDFC Trustee Co. Ltd.	1,00,000	10	**0.10**	1,00,000	10	0.10
HDFC Venture Capital Ltd.	4,02,500	10	**0.40**	4,02,500	10	0.40
HDFC Ventures Trustee Co. Ltd.	50,000	10	**0.05**	50,000	10	0.05
			2,552.39			2,671.09
Associate Companies						
HDFC Bank Ltd.*	39,32,11,100	2	**5,549.74**	39,32,11,100	2	5,549.74
True North Ventures Private Limited	9,75,002	4	**0.03**	9,75,002	4	0.03
RuralShores Business Services Pvt. Ltd.	4,76,351	10	**2.50**	4,76,351	10	2.50
			5,552.27			5,552.27
			8,104.66			8,223.36
*listed shares						
Preference Shares - Convertible - Subsidiary Company (fully paid)						
0.01% HDFC Credila Financial Services Pvt. Ltd. (Compulsorily Fully Convertible)	6,69,99,956	10	**67.00**	6,69,99,956	10	67.00
			67.00			67.00
Debentures - Convertible - Subsidiary Companies - Zero Coupon						
HDFC Sales Pvt. Ltd.	2,70,00,000	10	**27.00**	1,00,00,000	10	10.00
HDFC Education and Development Services Pvt. Ltd.	6,30,00,000	10	**63.00**	6,30,00,000	10	63.00
HDFC Developers Ltd.	-	-	**-**	2,50,00,000	10	25.00
HDFC Realty Limited	-	-	**-**	2,00,00,000	10	20.00
			90.00			118.00
Venture Funds						
HDFC Investment Trust			**112.63**			141.56
HDFC Investment Trust II			**180.90**			154.68
			293.53			296.24

Notes forming part of the standalone financial statements (Continued)

Non-Trade Investments:

	Number of Units	Face Value ₹	**As at March 31, 2018 ₹ in Crore**	Number of Units	Face Value ₹	As at March 31, 2017 ₹ in Crore
Equity Shares (fully paid)						
Unlisted :						
AEC Cements and Constructions Ltd.	-	-	**-**	2,80,000	10	0.28
Asset Reconstruction Co. (India) Ltd.	75,41,137	10	**46.37**	75,41,137	10	46.37
Computer Age Management Services Pvt. Ltd.	54,06,680	10	**1.51**	54,06,680	10	1.51
Citrus Processing India Pvt Ltd.	11,51,234	10	**34.09**	11,51,234	10	34.09
Feedback Infra Pvt. Ltd.	7,53,114	10	**24.93**	7,53,114	10	24.93
GMR Chhattisgarh Energy Limited	13,95,60,000	10	**139.56**	13,95,60,000	10	139.56
GVFL Ltd.	1,50,000	10	**0.27**	1,50,000	10	0.27
Goods & Services Tax Network	10,00,000	10	**1.00**	10,00,000	10	1.00
IDFC Infrastructure Finance Limited (Erstwhile IDFC Infra Debt Fund Ltd.)	6,00,00,000	10	**60.00**	6,00,00,000	10	60.00
Idhasoft Ltd.	4,71,06,525	1	**8.21**	4,71,06,525	1	8.21
Iridium India Telecom Ltd.*	31,75,750	10	**-**	31,75,750	10	-
INCAB Industries Ltd.	76,188	10	**0.23**	76,188	10	0.23
Infrastructure Development Corporation (Karnataka)	1,50,000	10	**0.15**	1,50,000	10	0.15
Infrastructure Leasing & Financial Services Ltd.	1,15,87,194	10	**78.11**	1,15,87,194	10	78.11
True North Corporate Pvt. Ltd. (Erstwhile IVF Advisors Pvt. Ltd.)	2,000	10	**0.01**	2,000	10	0.01
Kesoram Textile Mills Ltd. (received on demerger in 1999-2000)	22,258	2	**-**	22,258	2	-
Medgenome Labs Limited*	10	2,592	**0.00**	-	-	-
MIEL e-Security Pvt. Ltd.	1,11,112	10	**4.11**	1,11,112	10	4.11
National Investment And Infrastructure Fund Limited	1,217	10	**0.28**	-	-	-
National Stock Exchange of India Ltd.# (FV changed from ₹ 10/- to ₹ 1/-)	8,11,250	1	**21.44**			
Next Gen Publishing Ltd.	19,35,911	10	**1.70**	19,35,911	10	1.70
Novacel Life Sciences Ltd.	7,50,000	10	**0.75**	7,50,000	10	0.75
OCM Private Ltd. (Erstwhile OCM India Ltd.)	22,56,295	10	**3.41**	22,56,295	10	3.41
Tamil Nadu Urban Infrastructure Financial Services Ltd.	1,50,000	10	**0.15**	1,50,000	10	0.15
Tamil Nadu Urban Infrastructure Trustee Co. Ltd.	15,000	10	**0.02**	15,000	10	0.02
The Greater Bombay Co-operative Bank Ltd.*	40	25	**0.00**	40	25	0.00
TVS Credit Services Ltd.	50,00,000	10	**10.00**	50,00,000	10	10.00
VBHC Value Homes Private Limited [Erstwhile Value & Budget Housing Corporation (India) Pvt. Ltd.]	1,89,394	10	**6.08**	1,89,394	10	6.08
Clayfin Technologies Private Limited (Erstwhile Vayana Enterprises Pvt. Ltd.)	6,87,614	10	**2.29**	6,87,614	10	2.29
Utkarsh Micro Finance Ltd.	4,31,589	10	**5.61**	-	-	-
Ziqitza Healthcare Ltd.* (Conversion of Preference Shares into Equity Shares)	2,350	10	**0.50**	2,350	10	0.50
			450.78			423.73
Listed :						
Andhra Cements Ltd.	2,57,42,546	10	**49.41**	2,59,57,055	10	49.82
Bharat Bijlee Ltd.	98,657	10	**2.13**	1,22,480	10	2.65
CL Educate Ltd.	5,94,233	10	**35.08**	5,94,233	10	35.08
Coromandel International Ltd. (received under Scheme of Arrangement in 2003-04)	2,69,330	2	**-**	2,69,330	2	-
Hindustan Oil Exploration Co. Ltd.	1,40,86,303	10	**100.23**	1,48,26,303	10	105.50
Indraprastha Medical Corporation Ltd.	61,46,897	10	**26.39**	61,46,897	10	26.39
Infosys Ltd.	85,000	5	**9.32**	85,000	5	9.32
RBL Bank Ltd.	88,04,680	10	**58.99**	88,04,680	10	58.99
Reliance Naval and Engineering Ltd. (Erstwhile Reliance Defence And Engineering Ltd.)	13,84,994	10	**8.22**	-	-	-
Siemens Ltd.	76,353	2	**2.70**	76,353	2	2.70
State Bank of India	3,25,000	10	**7.82**	3,25,000	10	7.82
Sun Pharmaceuticals Industries Ltd.	1,60,768	1	**13.96**	1,60,768	1	13.96
			314.25			312.23
			765.03			735.96

*Amount less than ₹ 50,000

#Reclassified as Non-Current in the Current Year.

	Number of Units	Face Value ₹	As at March 31, 2018 ₹ in Crore	Number of Units	Face Value ₹	As at March 31, 2017 ₹ in Crore
Preference Shares - Cumulative Redeemable (fully paid)						
0.001% BPL Ltd.	5,99,014	100	**5.99**	5,99,014	100	5.99
0.001% National Investment And Infrastructure Fund Limited	4,53,000	1,000	**0.45**	-	-	-
0.10% Reliance Defence And Engineering Limited	4,22,45,764	10	**42.25**	-	-	-
			48.69			5.99
Debentures and Bonds - Redeemable						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
NHB Sumeru Zero Coupon Bonds (Refer Note 3)# (yield to maturity - 9%)				1,50,000	10,000	63.33
						63.33
# Reclassified as Current in the Current year						
Debentures and Bonds - Convertible - Others (fully paid)						
17.50% Iridium India Telecom Ltd *	28,750	1,000	**0.00**	28,750	1,000	0.00
0.00% Medgenome Labs Limited	1,99,584	1,000	**19.96**	-	-	-
0.00% QUIKR India Private Limited	3,87,013	9,224	**356.98**	-	-	-
			376.94			-
* Amount less than ₹ 50,000						
Debentures and Bonds - Redeemable - Others (fully paid)						
- Listed						
10.25% RBL Bank Ltd	250	10,00,000	**25.00**	250	10,00,000	25.00
			25.00			25.00
Pass Through Certificates & Security Receipts						
- for financing Real Estate Projects						
Pass Through Certificates [Refer Note 17.1]			**32.83**			39.23
Security Receipts			**724.68**			724.68
			757.51			763.91
- Others						
Security Receipts			**9.80**			12.34
			9.80			12.34
Government Securities						
Government of India Loans			**8,949.06**			6,277.02
			8,949.06			6,277.02
Schemes of Mutual Funds						
HDFC Mutual Fund			**20.00**			20.00
			20.00			20.00
Venture Funds						
Faering Capital India Evolving Fund			**17.50**			39.36
Gaja Capital India Fund - I			**2.08**			-
HDFC Capital Affordable Real Estate Fund			**147.85**			58.73
HDFC India Real Estate Fund (HI-REF)			**8.89**			-
IDFC Private Equity Fund IV			**13.49**			7.16
True North Fund (Erstwhile India Value Fund)			**77.34**			85.45
Jhelum Investment Fund			**49.57**			36.57
Kaizen Domestic Scheme 1			**8.68**			9.37
Lok Capital Growth Fund			**8.79**			-
National Investment and Infrastructure Fund			**17.51**			-
Tamil Nadu Urban Development Fund			**16.72**			-
			368.42			236.64

Notes :

1) Unquoted investments include ₹ **94.09 crore** (Previous Year ₹ 94.09 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ **1,111.74 crore** (Previous Year ₹ 35.08 crore) in respect of equity shares which are subject to a lock-in period and include ₹ **60.40 crore** (Previous Year ₹ 60.74 crore) in respect of equity shares, which are subject to restrictive covenant.
2) Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
3) NHB Sumeru Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.

15. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Corporate Deposits [Refer Notes 15.1 & 15.2]	**8.82**	2,958.88
Capital Advances - Unsecured; considered good	**54.93**	16.39
Advance against Investment in Properties	**-**	113.18
Security Deposits - Unsecured; considered good	**26.25**	24.17
Instalments due from borrowers - Secured; Considered doubtful	**148.35**	130.61
Others - Unsecured; Considered doubtful	**49.71**	49.71
Other Long-term Loans and Advances:		
- Staff Loans Others - Secured; considered good	**21.24**	18.47
- Prepaid Expenses - Unsecured; considered good	**137.95**	173.00
- Advance Tax (Net of Provision)	**3,349.78**	3,121.01
Total	**3,797.03**	6,605.42

15.1 Corporate Deposits aggregating to ₹ **7.02 crore** (Previous Year ₹ 2,957.08 crore) are secured or partly secured by one or a combination of the following securities:

(a) Registered/equitable mortgage of property;

(b) Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;

(c) Hypothecation of assets;

(d) Bank guarantees, company guarantees or personal guarantees;

(e) Negative lien;

(f) Assignment of receivables;

(g) Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

15.2 Corporate Deposits include Sub-standard and Doubtful assets of ₹ **8.82 crore** (Previous Year ₹ 8.88 crore).

16. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Receivables on Securitised Loans	**482.38**	417.58
Amounts Receivable on swaps and other derivatives	**507.81**	422.72
Receivable against Derivative	**128.61**	252.04
Interest accrued but not due on Loans	**452.18**	239.85
Interest accrued but not due on Bank Deposits	**0.02**	1.57
Income accrued but not due on Investments	**74.31**	62.96
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	**107.35**	142.88
Total	**1,752.66**	1,539.60

16.1 Bank deposits, with maturities beyond twelve months from the balance sheet date, includes earmarked balances ₹ **106.96 crore** (Previous Year ₹ 132.88 crore) against foreign currency loans [Refer Note 4.4] and ₹ **0.39 crore** (Previous Year ₹ Nil) towards letter of credit issued by Bank.

17. LOANS

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non-Current	**Current**	Non-Current	Current
Loans:				
- Individuals	**2,47,265.34**	**4,191.40**	1,91,833.93	12,602.25
- Corporate Bodies	**87,046.49**	**15,317.37**	69,189.92	18,187.30
- Others	**4,568.33**	**1,053.08**	3,655.58	1,002.86
Total	**3,38,880.16**	**20,561.85**	2,64,679.43	31,792.41

17.1 Investment in Debentures, Pass Through Certificates, Security Receipts and Corporate Deposits amounting to ₹ **1,306.02 crore** (Previous Year ₹ 4,594.92 crore) are towards Financial Real Estate Projects, The Debentures, Pass Through Certificates and Security Receipts are reflected as a part of Investment in Notes 14 and 18. The Corporate Deposits are reflected as part of Loans and Advances in Notes 15 and 21.

17.2 Loans include amounts due from the directors ₹ **0.05 crore** (Previous Year ₹ 0.06 crore) and other related parties ₹ **108.87 crore** (Previous Year ₹ 110.40 crore) [Refer Note 35].

17.3 Loans granted by the Corporation aggregating to ₹ **3,54,779.15 crore** (Previous Year ₹ 2,92,524.88 crore) are secured or partly secured by one or a combination of the following securities;

(a) Registered/equitable mortgage of property;

(b) Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;

(c) Hypothecation of assets;

(d) Bank guarantees, company guarantees or personal guarantees;

(e) Negative lien;

(f) Assignment of receivables;

(g) Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit].

17.4 There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is **Nil** (Previous Year Nil).

17.5 Loans includes Sub-Standard, Doubtful Loans and loss assets of ₹ **4,018.72 crore** (Previous Year ₹ 2,377.69 crore).

17.6 Loans include ₹ **182.12 crore** (Previous Year ₹ 95.73 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

18. CURRENT INVESTMENTS

	As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
Held as current Investments		
(At lower of cost and fair value unless stated otherwise)		
Trade		
Equity Shares - Subsidiary Companies	-	108.67
Debentures - Convertible - Subsidiary Companies	-	265.18
[for Financing Real Estate Projects] - Redeemable		
Non Trade		
Equity Shares - Unlisted	-	21.44
Debentures and Bonds	63.33	
[for Financing Real Estate Projects] - Redeemable		
Current portion of Long Term Investments (at cost)		
Pass Through Certificates & Security Receipts	1.70	3.23
Government Securities	354.06	134.46
Mutual Funds	10,195.00	3,000.00
Venture Funds & Other Funds	40.62	57.09
	10,654.71	3,590.07
Less : Provision for Diminution in Value of Investments	1.30	9.91
	10,653.41	3,580.16

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	-	-
Previous Year	-	-
Aggregate of Investments listed but not quoted	354.06	
Previous Year	*134.46*	
Aggregate of Investments in Unquoted Mutual Funds	10,195.00	10,204.75
Previous Year	*3,000.00*	*3,000.92*
Aggregate of Unquoted Investments (Others)	104.35	
Previous Year	*445.70*	
	10,653.41	
Previous Year	*3,580.16*	

	Number of Units	Face Value ₹	As at March 31, 2018 ₹ in Crore	Number of Units	Face Value ₹	As at March 31, 2017 ₹ in Crore
Held as Current Investments						
Trade Investments :						
Equity Shares - Subsidiary Companies (fully paid)^ (Refer Note 34)						
Grandeur Properties Pvt. Ltd.	-	-	-	10,000	10	49.80
Windermere Properties Pvt. Ltd.	-	-	-	10,000	10	56.68
Winchester Properties Pvt. Ltd.	-	-	-	10,000	10	2.19
Pentagram Properties Pvt. Ltd.	-	-	-	10,000	10	-
Haddock Properties Pvt. Ltd.	-	-	-	10,000	10	-
			-			108.67
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable (fully paid)^ [Refer Notes 17.1 & 34]						
6.40% Haddock Properties Pvt Ltd.	-	-	-	6,981.00	1,00,000	56.39
9.00% Pentagram Properties Pvt Ltd.	-	-	-	5,532.00	1,00,000	54.47
6.50% Winchester Properties Pvt Ltd.	-	-	-	3,912.00	1,00,000	39.12
7.70% Windermere Properties Pvt Ltd.	-	-	-	11,520.00	1,00,000	115.20
			-			265.18
Non-Trade Investments:						
Equity Shares - Unlisted						
National Stock Exchange of India Ltd.# (FV changed from ₹ 10/- to ₹ 1/-)				811,250	10.00	21.44
						21.44
Debentures and Bonds - Redeemable - for financing Real Estate Projects (fully paid) [Refer Note 17.1]						
- Zero Coupon Bonds						
- Listed Unquoted						
NHB Sumeru Zero Coupon Bonds (yield to maturity - 9%)*	1,50,000	10,000	**63.33**			
			63.33			

* Reclassified as Current in the Current Year
^ received as in-specie distribution
# Reclassified as Non-Current in the Current Year

Current portion of Long Term Investments	As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
Pass Through Certificates & Security Receipts		
Security Receipts	**1.70**	3.23
	1.70	3.23
Government Securities		
Government of India Loans	**354.06**	134.46
	354.06	134.46
Schemes of Mutual Funds		
Liquid funds	**5,195.00**	3,000.00
HDFC Mutual Fund	**5,000.00**	-
	10,195.00	3,000.00
Venture Funds and Other Funds		
Faering Capital India Evolving Fund	**19.12**	-
Gaja Capital India Fund - I	-	6.05
HDFC India Real Estate Fund (HI-REF)	-	8.89
Tamil Nadu Urban Development Fund	-	16.72
Tata Capital Growth Fund I	**4.74**	6.47
India Venture Trust - Fund 1	**2.60**	4.18
True North Fund (Erstwhile India Value Fund)	**14.16**	14.78
	40.62	57.09

19. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables - Unsecured; Considered Good, less than six months	**109.59**	109.48
Total	**109.59**	109.48

19.1 Trade Receivables includes amounts due from the related parties ₹ **74.80 crore** (Previous Year ₹ 57.73 crore) [Refer Note 35].

20. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Cash and cash equivalents		
(i) Balances with banks:		
In Current Accounts	**111.14**	108.59
In Deposit accounts with original maturity of 3 months or less	**1,000.00**	4,000.00
(ii) Cash on hand	**0.13**	0.47
(iii) Cheques on hand	**120.40**	99.84
	1,231.67	4,208.90
(b) Other Bank balances		
(i) In other Deposit accounts		
- original Maturity more than 3 months	**69.61**	2,060.00
(ii) Earmarked balance with banks		
- Unclaimed Dividend Account	**43.05**	24.74
- Towards Guarantees Issued by Banks	**0.49**	0.30
- Other - Against Foreign Currency Loans [Refer Note 4.4]	**26.57**	24.86
	139.72	2,109.90
Total	**1,371.39**	6,318.80

21. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Others:		
Current maturities of Staff Loans - others -Secured; Considered good	**6.77**	5.10
Corporate Deposits [Refer Notes 21.1 & 21.2]	**607.19**	2,807.80
Instalments due from borrowers - Secured; Considered good	**1,188.65**	1,039.65
Other Advances - Unsecured; Considered good [Refer Note 21.3]	**50.57**	32.86
Prepaid Expenses - Unsecured; Considered good	**134.73**	129.83
Security Deposits - Unsecured; Considered good	**6.93**	6.08
MAT Credit entitlement	**311.00**	-
Total	**2,305.84**	4,021.32

21.1 Out of the Corporate Deposits, amounts aggregating to ₹ **407.19 crore** (Previous Year ₹ 2,134.50 crore) are secured and considered good.

21.2 Corporate Deposits includes amounts due from the related parties **Nil** (Previous Year ₹ 13.30 crore) [Refer Note 35].

21.3 Other Advances includes amounts due from the related parties ₹ **9.85 crore** (Previous Year ₹ 9.52 crore) [Refer Note 35].

22. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Interest accrued on interest rate swaps	**747.44**	556.88
Receivable against Derivatives	**109.48**	24.31
Receivables on Securitised Loans	**121.45**	91.62
Interest accrued but not due on Loans	**392.39**	311.34
Income accrued but not due on Investments	**166.93**	102.97
Assets held for sale	**170.09**	-
Interest accrued but not due on Corporate Deposits	**11.12**	100.02
Total	**1,718.90**	1,187.14

23. CONTINGENT LIABILITIES AND COMMITMENTS

The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Accounting Standard 29 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

23.1 Given below are amounts in respect of claims asserted by revenue authorities and others:

a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,528.78 crore** (Previous Year ₹ 1,241.88 crore). The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.

b) Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **0.15 crore** (Previous Year ₹ 0.15 crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

23.2 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **511.88 crore** (Previous Year ₹ 628.09 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,838.21 crore** (Previous Year ₹ 1,838.21 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

23.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **1,066.99 crore** (Previous Year ₹ 580.63 crore).

24. REVENUE FROM OPERATIONS

₹ in Crore

Particular	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**32,046.31**	29,402.04
- Other Interest [Refer Note 24.1]	**1,076.52**	1,003.47
- Net (Loss) / Gain on foreign currency transactions and translation	**(0.20)**	0.28
Income from Leases	**35.35**	5.33
Dividends [Refer Note 24.2]	**1,079.28**	909.06
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 24.3]	**425.08**	444.64
Fees and Other Charges [Refer Note 24.4]	**144.76**	346.24
Total	**34,807.10**	32,111.06

24.1 a) Other Interest includes interest on investments amounting to ₹ **627.69 crore** (Previous Year ₹ 500.74 crore), including ₹ **29.01 crore** (Previous Year ₹ 31.32 crore) in respect of investments classified as current investments.

b) Other Interest includes interest on income tax refund ₹ **192.65 crore** (Previous Year ₹ 32.59 crore).

24.2 Dividend income includes ₹ **625.04 crore** (Previous Year ₹ 524.93 crore) received from subsidiary companies which have been classified as Long Term Investments [Refer Note 35].

24.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **425.08 crore** (Previous Year ₹ 444.64 crore) is in respect of investments held as current investments.

24.4 Fees and Other Charges is net of amounts incurred towards Commission to Direct Selling Agents ₹ **670.02 crore** (Previous Year ₹ 502.38 crore).

24.5 Earnings in foreign currency :

₹ in Crore

Particulars	Current Year	Previous Year
Interest on Bank Deposits	**3.21**	3.53
Consultancy and other fees	**1.81**	2.58

24.6 Fees and Other Charges includes brokerage of ₹ **0.05 crore** (Previous Year ₹ 0.07 crore) received in respect of insurance/agency business undertaken by the Corporation.

24.7 Fees and Other Charges includes ₹ **102.61 crore** (Previous Year ₹ 84.38 crore) received from related parties.

25. Profit on sale of investments includes profit of ₹ **265.46 crore** on account of sale of equity shares of HDFC Developers Limited and HDFC Realty Limited (Subsidiary Companies). [Previous Year ₹ 919.90 crore on account of sale of equity shares of HDFC ERGO General Insurance Company Ltd. (Subsidiary Company)].

26. Other Income includes rent of ₹ **26.45 crore** (Previous Year ₹ 26.73 crore).

26.1 In accordance with the Accounting Standard (AS 19) on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **6.30 crore** (Previous Year ₹ 7.47 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Period	**Current Year**	Previous Year
Not later than one year	**3.44**	4.06
Later than one year but not later than five years	**2.46**	0.29
Later than five years	**0.59**	-

27. FINANCE COST

₹ in Crore

Particulars	**Current Year**	Previous Year
Interest		
- Loans	**2,295.58**	2,475.09
- Deposits	**7,324.91**	7,285.30
- Bonds and Debentures [Refer Note 27.1]	**9,795.39**	8,701.26
- Commercial Paper	**2,352.16**	2,254.86
	21,768.04	20,716.51
Net (Gain)/Loss on foreign currency transactions and translation [Refer Note 27.2]	**310.26**	30.87
Other charges [Refer Note 27.3]	**156.70**	148.82
Total	**22,235.00**	20,896.20

27.1 Interest on Bonds and Debentures above includes a net loss of ₹ **17.20 crore** (Previous Year a gain of ₹ 20.59 crore) being a net Loss / (Gain) on derivative valuation of INR derivatives and the underlying hedging instrument as shown below:

₹ in Crore

Particulars	**Current Year**	Previous Year
Realised Loss/(Gain)	**2.97**	0.41
Derivative valuations	**14.23**	(21.00)
Net Loss/(Gain) recognised in Statement of Profit and Loss	**17.20**	(20.59)

27.2 A net loss of ₹ **310.46 crore** (Previous Year loss of ₹ 30.59 crore) has been recognised in the Statement of Profit and Loss being net loss on transaction and translation of foreign currency monetary items and derivative valuations as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Exchange Loss/(Gain) on Translation		
- Foreign Currency Denominated Assets & Foreign Currency Borrowings	**85.02**	62.85
Realised Loss/(Gain)	**228.97**	36.17
Derivative accounting impact	**(3.73)**	(68.15)
Net Loss/(Gain) on foreign currency transaction and translation recognised in Finance Cost	**310.26**	30.87
Realised Loss/(Gain) recognised in Revenue from operations	**0.20**	(0.28)
Net Loss/(Gain) recognised in Statement of Profit and Loss	**310.46**	30.59

27.3 Other Charges is net of exchange gain ₹ **0.13 crore** (Previous Year includes exchange loss of ₹ 0.35 crore).

27.4 Expenditure in foreign currency :

₹ in Crore

Particulars	Current Year	Previous Year
Interest and Other Charges on Loans	**909.96**	426.81
Others	**13.58**	15.55

a) The above amounts are net of tax deducted at source.

b) The above expenses include ₹ **16.23 crore** (Previous Year ₹ 15.06 crore) debited to Securities Premium, being expenses incurred in respect of issuance of Synthetic INR Denominated Bonds.

28 EMPLOYEE BENEFIT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus	**349.87**	315.39
Contribution to Provident Fund and Other Funds	**54.04**	54.93
Staff Training and Welfare Expenses	**21.56**	18.48
Total	**425.47**	388.80

28.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term and Short Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

28.2 Expenditure shown above is net of recovery from subsidiary companies in respect of Salaries ₹ **2.81 crore** (Previous Year ₹ 4.11 crore).

28.3 **Employee Benefits**

(a) **Defined contribution plans**

The Corporation makes Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Corporation is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Corporation recognised ₹ **13.54 crore** (Previous Year ₹ 12.88 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

(b) **Defined benefit plans**

Provident Fund

The Corporation makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Corporation is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Corporation. The Corporation is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **382.06 crore** and ₹ **379.49 crore** respectively (Previous Year ₹ 334.12 crore and ₹ 332.90 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.55 %. The actuarial assumptions include discount rate of **7.73%** (Previous Year 7.27%) and an average expected future period of **14 years** (Previous Year 13.27 years). Expected guaranteed interest rate (weighted average yield) is **8.77%** (Previous Year 8.88%).

The Corporation recognised ₹ **18.29 crore** (Previous Year ₹ 15.90 crore) for provident fund contributions and ₹ **13.54 crore** (Previous Year ₹ 12.88 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Other Post Retirement Benefit Plan

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**237.12**	210.66
Current Service Cost	**10.13**	8.73
Interest Cost	**17.24**	16.56
Benefits Paid	**(15.08)**	(10.85)
Actuarial loss	**6.61**	12.02
Liability at the end of the year*	**256.02**	237.12
*The Liability at the end of the year ₹ **256.02 crore** (Previous Year ₹ 237.12 crore) includes ₹ **57.49 crore** (Previous Year ₹ 53.07 crore) in respect of an un-funded plan.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**176.51**	160.31
Expected Return on Plan Assets	**12.84**	12.60
Contributions	**17.54**	8.76
Actuarial loss on Plan Assets	**(2.97)**	(5.16)
Fair Value of Plan Assets at the end of the year	**203.92**	176.51
Total Actuarial loss to be recognised	**(9.58)**	(17.18)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**12.84**	12.60
Actuarial loss on Plan Assets	**(2.97)**	(5.16)
Actual Return on Plan Assets	**9.87**	7.44
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**60.61**	50.35
Expense recognised	**24.11**	29.87
Contribution by the Corporation	**(17.54)**	(8.76)
Benefits paid by the Corporation/Insurance Companies	**(15.08)**	(10.85)
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" ₹ **51.57 crore** (Previous Year ₹ 60.08 crore) and under "Short term Provision for Employee Benefits" ₹ **0.53 crore** (Previous Year ₹ 0.53 crore).	**52.10**	60.61

₹ in Crore

Particulars	Current Year	Previous Year
Expense Recognised in the Statement of Profit and Loss :		
Current Service Cost	**10.13**	8.73
Interest Cost	**17.24**	16.56
Expected Return on Plan Assets	**(12.84)**	(12.60)
Net Actuarial loss to be recognised	**9.58**	17.18
Expense recognised in the Statement of Profit and Loss under "Staff Expenses"	**24.11**	29.87

₹ in Crore

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**256.02**	237.12	210.66	180.38	146.36
Fair Value of Plan Assets at the end of the year	**203.92**	176.51	160.31	130.47	108.14
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" and "Short term Provision for Employee Benefits"	**52.10**	60.61	50.35	49.91	38.22
Experience Adjustment :					
On Plan Liabilities	**14.22**	3.51	5.11	23.67	20.44
On Plan Assets	**(2.97)**	(5.16)	(1.34)	(0.58)	(3.01)
Estimated Contribution for next year	**5.37**	13.27	11.94	10.49	6.19

Investment Pattern:

% Invested

Particulars	Current Year	Previous Year
Central Government securities	**1.24**	1.86
State Government securities/securities guaranteed by State/Central Government	**24.30**	24.04
Public Sector/Financial Institutional Bonds	**4.51**	4.65
Private Sector Bonds	**17.12**	16.15
Special Deposit Scheme	**1.08**	1.25
Equity Shares	**46.08**	47.04
Others (including bank balances)	**5.67**	5.01
Total	**100.00**	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

Compensated Absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **104.80 crore** (Previous Year ₹ 98.86 crore).

Principal Assumptions:

Particulars	Current Year	Previous Year
Discount Rate	**7.73%**	7.27%
Return on Plan Assets	**7.73%**	7.27%
Salary Escalation	**6.00%**	6.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

29. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 29.1]	**63.29**	57.00
Rates and Taxes	**5.06**	2.85
Repairs and Maintenance - Buildings	**11.07**	7.29
General Office Expenses	**3.20**	2.97
Electricity Charges	**16.45**	15.37
Insurance Charges	**0.95**	0.74
Total	**100.02**	86.22

29.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made :

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **0.29 crore** (Previous Year ₹ 0.41 crore).

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.24**	0.31
Later than one year but not later than five years	-	-
Later than five years	-	-

30. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**17.11**	15.76
Printing and Stationery	**9.98**	8.89
Postage, Telephone and Fax	**29.03**	26.85
Advertising	**42.05**	34.75
Business Development Expenses	**43.09**	25.38
Loan Processing Expenses	**45.76**	38.36
Manpower Outsourcing	**47.28**	38.30
Repairs and Maintenance - Other than Buildings	**9.97**	8.43
Office Maintenance	**35.15**	29.13
Legal Expenses	**17.39**	14.68
Computer Expenses	**24.69**	20.05
Directors' Fees and Commission	**4.75**	4.46
Miscellaneous Expenses [Refer Note 30.1]	**52.39**	36.27
Auditors' Remuneration [Refer Note 30.2]	**4.42**	4.47
Total	**383.06**	305.78

30.1 Miscellaneous Expenses include Securities Transaction Tax amounting to ₹ **0.07 crore** (Previous Year ₹ 0.04 crore).

30.2 **Auditors' Remuneration:**

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**1.74**	1.71
ICFR Fees	**0.30**	0.30
Limited Reviews	**1.20**	1.20
Tax Matters	**1.00**	0.99
Other Matters and Certification	**0.15**	0.26
Reimbursement of Expenses	**0.03**	0.01
Total	**4.42**	4.47

a) Auditors' Remuneration for the year ended March 31, 2018 comprises of remuneration of ₹ 1.00 crore paid to the previous auditor.

b) Audit Fees in the previous year include ₹ 0.04 crore paid to Branch Auditors.

c) Auditors' Remuneration exclude ₹ **0.75 crore** (Net of tax ₹ 0.49 crore) being certification fees in respect of Qualified Institutional Placements (QIP) issue of equity shares, Preferential issue of equity shares & Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account. [Previous Year exclude ₹ 1.55 crore (Net of tax ₹ 1.01 crore) being certification fee in respect of Rupee Denominated Bonds and for Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account].

d) Auditors' Remuneration above is excluding Goods and Service Tax, Service Tax, Swachh Bharat Cess and Krishi Kalyan Cess.

31. Exceptional items:

During the year, the Corporation has offered 19,12,46,050 equity shares of ₹ 10 each of HDFC Standard Life Insurance Company Limited (HDFC Life), a material subsidiary representing 9.52% of its issued and paid-up share capital in the initial public offering of HDFC Life, resulting in a profit of ₹ 5,256.59 crore (net of expenses).

In accordance with past practice and with the objective of further strengthening the Corporation's balance sheet, the Corporation has made an additional provision of ₹ 1,575 crore to shore up the Provision and Contingencies Account and thereby recognise provisions towards specific loans against future risks.

The transaction has triggered the provision of Minimum Alternate Tax under section 115JB of the Income-tax Act, 1961. The tax expense has been adjusted accordingly.

32. In accordance with the Accounting Standard (AS) 20 on 'Earnings Per Share':

(i) In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **12,163.69 crore** (Previous Year ₹ 7,442.64 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **175.05 crore** (Previous Year ₹ 146.27 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ **11,988.63 crore** (Previous Year ₹ 7,296.37 crore) and the weighted average number of shares during the year of ₹ **160.22 crore** (Previous Year ₹ 158.34 crore).

(ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows:

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**74.83**	46.08
Effect of outstanding Stock Options	**(1.10)**	(0.38)
Diluted Earnings Per Share	**73.73**	45.70

(iii) The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows:

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**160.22**	158.34
Diluted effect of outstanding Stock Options	**2.39**	1.31
Weighted average number of shares for computation of Diluted Earnings Per Share	**162.61**	159.65

33. SUMMARY OF TOTAL BORROWINGS, LOANS AND INVESTMENTS

Borrowings

₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term borrowings	**1,53,341.42**	1,50,062.23
Short-term borrowings	**63,625.45**	42,130.33
Current maturities of long-term borrowings	**1,02,945.24**	87,539.59
Unclaimed matured deposits	**743.34**	801.39
Total Borrowings	**3,20,655.45**	2,80,533.54
Category-wise Break-up		
Bonds and Debentures	**1,38,732.34**	1,19,246.52
Term Loans :		
- Banks	**30,167.94**	24,254.06
- External Commercial Borrowing	**7,657.47**	7,619.88
- Others	**8,941.55**	5,395.57
Commercial Papers	**42,913.52**	37,443.28
Deposits	**92,242.63**	86,574.24
Total Borrowings	**3,20,655.45**	2,80,533.54

Loans ₹ in Crore

Term-wise Break-up	**Current Year**	Previous Year
Long-term loans	**3,38,880.16**	2,64,679.43
Short-term loans	**20,561.85**	31,792.41
Net Loan Book	**3,59,442.01**	2,96,471.84
Category-wise Break-up		
Individual	**2,51,456.74**	2,04,436.18
Corporate Bodies	**1,02,363.86**	87,377.22
Others	**5,621.41**	4,658.44
Net Loan Book	**3,59,442.01**	2,96,471.84

Investments ₹ in Crore

Particulars	**Current Year**	Previous Year
Non-Current Investments	**19,879.10**	16,829.94
Current Investments	**10,653.41**	3,580.16
Total Investments	**30,532.51**	20,410.10

34. Amalgamation of Grandeur Properties Pvt Ltd, Haddock Properties Pvt Ltd, Pentagram Properties Pvt Ltd, Windermere Properties Pvt Ltd, Winchester Properties Pvt Ltd with the Corporation

The National Company Law Tribunal, Mumbai Bench approved the merger of erstwhile Grandeur Properties Pvt Ltd (eGPPL), erstwhile Haddock Properties Pvt Ltd (eHPPL), erstwhile Pentagram Properties Pvt Ltd (ePPPL), erstwhile Windermere Properties Pvt Ltd (eWPPL), erstwhile Winchester Properties Pvt Ltd (eWtPPL) (Transferor Companies) into and with the Corporation vide its order dated March 28, 2018, having appointed date as April 1, 2016. The said order was filed with the Registrar of Companies on April 27, 2018. The entire business with all the assets, liabilities, reserves and surplus of Transferor Companies were transferred to and vested in the Corporation, on a going concern basis with effect from appointed date of April 1, 2016, while the Scheme has become effective from April 27, 2018. Since the Scheme received all the requisite approvals after the financial statements for the years ending March 31, 2017 were adopted by the shareholders, the impact of amalgamation has been given in the current financial year with effect from the appointed date.

The Amalgamation has been accounted as per “Pooling of Interest” method as prescribed by the Accounting Standard 14 “Accounting for Amalgamations”. Accordingly, the accounting treatment has been given as under:-

The assets and liabilities as at April 1, 2017 of eGPPL, eHPPL, ePPPL, eWPPL and eWtPPL were incorporated in the financial statement of the Corporation at its book value.

Notes forming part of the standalone financial statements (Continued)

In terms of the Scheme, assets acquired and liabilities discharged are as under: ₹ in Crore

Particulars	eGPPL	eHPPL	ePPPL	eWPPL	eWtPPL	Total
Assets						
Tangible assets (net of Depreciation)	12.29	17.11	17.81	35.66	12.66	95.53
Cash and bank balance	0.56	14.05	0.28	0.41	0.11	15.41
Net Tax assets	6.31	2.87	5.80	8.37	2.42	25.77
Other current assets	2.79	-	0.57	7.81	0.16	11.33
Total Assets	**21.95**	**34.03**	**24.46**	**52.25**	**15.35**	**148.04**
Liabilities						
Loans and advances from related parties	10.60	78.69	69.12	118.99	47.45	324.85
Security deposits	0.81	0.62	4.85	5.07	0.64	11.99
Other current liabilities	0.08	12.15	0.02	0.38	0.41	13.04
Total Liabilities	**11.49**	**91.46**	**73.99**	**124.44**	**48.50**	**349.88**
Net Assets/(Liabilites) taken over	10.46	(57.43)	(49.53)	(72.19)	(33.15)	(201.84)
Profits/(loss) on operations for FY 16-17	(4.14)	(1.38)	(6.02)	(12.30)	(7.24)	(31.08)
(Debit)/Credit to General reserve	**6.32**	**(58.81)**	**(55.55)**	**(84.49)**	**(40.39)**	**(232.92)**
(Debit)/Credit to General reserve on account of cancellation of equity holding						**(101.82)**
Total (Debit)/Credit to General reserve of the Corporation on account of amalgamation						**(334.74)**

Operations of eGPPL, eHPPL, ePPPL, eWPPL, eWtPPL from April 1, 2017 to March 31, 2018, as detailed below, have been accounted for in the current year's Statement of Profit and Loss, after the profit for the year before impact of the scheme of amalgamation.

₹ in Crore

Particulars	eGPPL	eHPPL	ePPPL	eWPPL	eWtPPL	Total
Income from leases	1.69	4.96	6.86	13.75	1.77	29.03
Other income	0.03	0.01	0.04	-	0.10	0.18
Total Income	**1.72**	**4.97**	**6.90**	**13.75**	**1.87**	**29.21**
Interest Expenses	1.34	7.00	8.18	11.85	5.56	33.93
Depreciation	0.26	0.29	0.44	0.88	0.27	2.14
Other expenses	0.96	0.36	1.06	3.03	0.95	6.36
Total Expenses	**2.56**	**7.65**	**9.68**	**15.76**	**6.78**	**42.43**
Profit Before Tax	**(0.84)**	**(2.68)**	**(2.78)**	**(2.01)**	**(4.91)**	**(13.22)**

The depreciation of tangible assets includes adjustment on account of alignment of accounting policy arising from the amalgamation.

Further, pursuant to the merger of Transferor Companies the authorised share capital of the Corporation has further increased to ₹ 457.61 crore comprising 228,80,50,000 equity shares of ₹ 2 each.

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard on 'Related Party Disclosures' (AS 18), the related parties of the Corporation are as follows:

A) Subsidiary Companies

HDFC Holdings Ltd.
HDFC Trustee Company Ltd.
HDFC Standard Life Insurance Company Ltd.
HDFC Venture Capital Ltd.
HDFC Ventures Trustee Company Ltd.
GRUH Finance Ltd.
Griha Investments (Subsidiary of HDFC Holdings Ltd.)
HDFC Education and Development Services Pvt. Ltd.
HDFC Investments Ltd.
HDFC Asset Management Company Ltd.
HDFC Capital Advisors Ltd.
HDFC Realty Ltd. (till 24th January, 2018)
HDFC Developers Ltd. (till 24th January, 2018)
HDFC ERGO General Insurance Company Ltd. (Formerly HDFC General Insurance Limited from September 14, 2016 and L&T General Insurance Company Limited upto September 13, 2016)
HDFC Sales Pvt. Ltd.
HDFC Property Ventures Ltd.
HDFC Credila Financial Services Private Ltd.
Griha Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)
HDFC Pension Management Company Ltd.
(subsidiary of HDFC Standard Life Insurance Company Ltd.)
HDFC International Life and Re Company Limited
(subsidiary of HDFC Standard Life Insurance Company Ltd.)

B) Associate Companies

HDFC Bank Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.
True North Ventures Private Limited

C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II)
H T Parekh Foundation

D) Key Management Personnel

Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

E) Relatives of Key Management Personnel

(Where there are transactions)
Mr. Nikhil Singhal
Ms. Swarn Sud
Mr. Rishi Sud

Notes forming part of the standalone financial statements (Continued)

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Dividend Income										
HDFC Asset Management Company Ltd.	**193.24**	138.89	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Bank Ltd.	**-**	-	**432.53**	373.55	**-**	-	**-**	-	**-**	-
HDFC Investments Ltd.	**168.02**	160.02	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**141.24**	135.27	**-**	-	**-**	-	**-**	-	**-**	-
Others	**122.55**	90.75	**-**	0.01	**-**	-	**-**	-	**-**	-
Interest Income										
HDFC Investment Trust - II (HIT-II)	**-**	-	**-**	-	**23.59**	6.69	**-**	-	**-**	-
HDFC Investment Trust (HIT)	**-**	-	**-**	-	**35.99**	33.02	**-**	-	**-**	-
HDFC Property Ventures Ltd.	**13.19**	11.91	**-**	-	**-**	-	**-**	-	**-**	-
Others	**3.03**	4.69	**5.66**	5.57	**-**	-	**-**	-	**0.03**	0.04
Consultancy, Fees & Other Income										
HDFC ERGO General Insurance Company Ltd.	**29.60**	23.75	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**70.94**	58.50	**-**	-	**-**	-	**-**	-	**-**	-
Others	**2.07**	2.13	**-**	-	**-**	-	**-**	-	**-**	-
Rent Income										
HDFC Asset Management Company Ltd.	**12.31**	11.75	**-**	-	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**6.67**	6.34	**-**	-	**-**	-	**-**	-	**-**	-
Others	**6.06**	7.03	**2.13**	2.15	**-**	-	**-**	-	**-**	-
Support Cost Recovered										
HDFC Asset Management Company Ltd.	**1.37**	1.52	**-**	-	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**0.70**	0.79	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Realty Ltd.	**0.87**	0.93	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**1.29**	2.46	**-**	-	**-**	-	**-**	-	**-**	-
Others	**1.03**	1.35	**0.41**	0.49	**0.36**	0.31	**-**	-	**-**	-
Other Income										
HDFC Bank Ltd.	**-**	-	**329.97**	276.54	**-**	-	**-**	-	**-**	-
HDFC Investment Trust (HIT)	**-**	-	**-**	-	**26.27**	47.68	**-**	-	**-**	-
Others	**0.41**	3.81	**-**	-	**-**	-	**-**	-	**-**	-
Interest Expense										
HDFC Bank Ltd.	**-**	-	**34.02**	(0.34)	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**19.01**	18.55	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**55.94**	88.85	**-**	-	**-**	-	**-**	-	**-**	-
Others	**0.27**	0.41	**-**	-	**4.99**	0.03	**0.24**	0.25	**0.01**	0.01
Bank & Other Charges										
HDFC Bank Ltd.	**-**	-	**3.34**	0.41	**-**	-	**-**	-	**-**	-
Remuneration*										
Mr. Keki M. Mistry	**-**	-	**-**	-	**-**	-	**12.04**	10.26	**-**	-
Mr. V. Srinivasa Rangan	**-**	-	**-**	-	**-**	-	**7.29**	6.30	**-**	-
Ms. Renu Sud Karnad	**-**	-	**-**	-	**-**	-	**10.90**	9.51	**-**	-
Other Expenses/Payments										
HDFC Bank Ltd.	**-**	-	**248.20**	193.37	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**314.65**	241.30	**-**	-	**-**	-	**-**	-	**-**	-
Others	**13.76**	12.25	**-**	-	**-**	-	**-**	-	**0.10**	0.10

*Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Company basis at the end of each year and, accordingly, have not been considered in the above information.

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Investments made										
HDFC Credila Financial Services Private Ltd.	**50.00**	55.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Developers Ltd.	**39.75**	15.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**8.98**	288.97	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Investment Trust - II (HIT-II)	**-**	-	**-**	-	**74.22**	41.42	**-**	-	**-**	-
HDFC Realty Ltd.	**33.48**	20.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**52.99**	-	**-**	-	**-**	-	**-**	-	**-**	-
Others	**6.80**	38.00	**-**	-	**6.43**	4.11	**-**	-	**-**	-
Investments sold/Redeemed										
HDFC ERGO General Insurance Company Ltd.	**-**	200.60	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Investment Trust - II (HIT-II)	**-**	-	**-**	-	**48.00**	8.00	**-**	-	**-**	-
HDFC Investment Trust (HIT)	**-**	-	**-**	-	**35.36**	38.90	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**204.82**	-	**-**	-	**-**	-	**-**	-	**-**	-
Others	**45.34**	-	**-**	-	**-**	-	**-**	-	**-**	-
Investments										
HDFC Bank Ltd.	**-**	-	**5,549.74**	5,549.74	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**1,111.74**	1,316.56	**-**	-	**-**	-	**-**	-	**-**	-
Others	**1,597.65**	1,539.53	**2.53**	2.53	**293.53**	296.24	**-**	-	**-**	-
Loans given										
HDFC Property Ventures Ltd.	**122.00**	95.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**34.00**	51.00	**-**	-	**-**	-	**-**	-	**-**	-
Others	**12.00**	6.50	**-**	-	**-**	-	**-**	-	**-**	-
Loans repaid										
HDFC Property Ventures Ltd.	**108.50**	95.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**49.00**	56.00	**-**	-	**-**	-	**-**	-	**-**	-
Others	**12.00**	24.51	**-**	-	**-**	-	**0.01**	0.01	**0.02**	0.02
Loans sold										
HDFC Bank Ltd.	**-**	-	**5,623.94**	13,845.65	**-**	-	**-**	-	**-**	-
Loans										
HDFC Property Ventures Ltd.	**108.50**	95.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**-**	15.00	**-**	-	**-**	-	**-**	-	**-**	-
Others	**-**	-	**-**	-	**-**	-	**0.05**	0.06	**0.37**	0.40
Bank Deposits placed										
HDFC Bank Ltd.	**-**	-	**1,060.41**	60.02	**-**	-	**-**	-	**-**	-
Bank Deposits matured/withdrawn										
HDFC Bank Ltd.	**-**	-	**60.16**	60.00	**-**	-	**-**	-	**-**	-
Bank balance and Deposits										
HDFC Bank Ltd.	**-**	-	**1,233.13**	199.32	**-**	-	**-**	-	**-**	-
Corporate Deposits placed										
HDFC Developers Ltd.	**15.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**10.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Venture Capital Ltd.	**-**	13.30	**-**	-	**-**	-	**-**	-	**-**	-
Others	**-**	2.00	**-**	-	**-**	-	**-**	-	**-**	-
Corporate Deposits Redeemed/withdrawn										
HDFC Developers Ltd.	**15.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Realty Ltd.	**-**	2.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**10.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Venture Capital Ltd.	**13.30**	12.58	**-**	-	**-**	-	**-**	-	**-**	-
Others	**-**	1.50	**-**	-	**-**	-	**-**	-	**-**	-
Corporate Deposits										
HDFC Venture Capital Ltd.	**-**	13.30	**-**	-	**-**	-	**-**	-	**-**	-

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Trade Receivable										
HDFC Bank Ltd.	**-**	-	**32.37**	4.10	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**9.10**	27.64	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**31.71**	24.94	**-**	-	**-**	-	**-**	-	**-**	-
Others	**1.62**	1.04	**-**	-	**-**	-	**-**	-	**-**	-
Other Advances/Receivables										
HDFC Bank Ltd.	**-**	-	**34.39**	4.51	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**2.14**	1.76	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Property Ventures Ltd.	**3.37**	2.93	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**7.61**	7.60	**-**	-	**-**	-	**-**	-	**-**	-
Others	**0.03**	0.09	**-**	-	**-**	-	**-**	-	**0.06**	0.06
Deposits Received										
HDFC Developers Ltd.	**4.25**	9.25	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Education & Development Services Pvt. Ltd.	**19.60**	35.40	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Realty Ltd.	**-**	10.01	**-**	-	**-**	-	**-**	-	**-**	-
H T Parekh Foundation	**-**	-	**-**	-	**60.00**	70.00	**-**	-	**-**	-
Others	**-**	-	**-**	-	**-**	-	**0.02**	2.84	**-**	0.11
Deposits repaid/matured										
HDFC Developers Ltd.	**4.25**	9.75	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Education & Development Services Pvt. Ltd.	**32.75**	20.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Realty Ltd.	**-**	10.01	**-**	-	**-**	-	**-**	-	**-**	-
Others	**-**	-	**-**	-	**-**	-	**0.01**	2.39	**0.11**	0.09
Deposits										
HDFC Education & Development Services Pvt. Ltd.	**2.25**	15.40	**-**	-	**-**	-	**-**	-	**-**	-
Ms. Renu Sud Karnad	**-**	-	**-**	-	**-**	-	**2.85**	2.85	**-**	-
H T Parekh Foundation	**-**	-	**-**	-	**130.00**	70.00	**-**	-	**-**	-
Others	**-**	-	**-**	-	**-**	-	**0.01**	-	**-**	0.11
Non-Convertible Debentures (Allotments under Primary Market)										
HDFC Bank Ltd.	**-**	-	**2,105.00**	2,320.00	**-**	-	**-**	-	**-**	-
Non-Convertible Debentures - Redemption										
HDFC Bank Ltd.	**-**	-	**65.00**	-	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**25.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**102.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
Non-Convertible Debentures										
HDFC Bank Ltd.	**-**	-	**1,610.00**	-	**-**	-	**-**	-	**-**	-
HDFC ERGO General Insurance Company Ltd.	**279.00**	259.00	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**1,106.00**	998.00	**-**	-	**-**	-	**-**	-	**-**	-
Commercial Paper- Redemption										
HDFC ERGO General Insurance Company Ltd.	**25.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other Liabilities/Payables										
HDFC Bank Ltd.	**-**	-	**52.47**	25.69	**-**	-	**-**	-	**-**	-
HDFC Sales Pvt. Ltd.	**38.10**	9.44	**-**	-	**-**	-	**-**	-	**-**	-
HDFC Standard Life Insurance Company Ltd.	**51.69**	49.42	**-**	-	**-**	-	**-**	-	**-**	-
H T Parekh Foundation	**-**	-	**-**	-	**24.97**	17.85	**-**	-	**-**	-
Others	**12.24**	9.41	**-**	-	**-**	-	**0.33**	0.11	**0.02**	0.01
Donation										
H T Parekh Foundation	**-**	-	**-**	-	**169.97**	136.85	**-**	-	**-**	-

36. EXPOSURES IN FOREIGN CURRENCY

Disclosure as per Guidance Note on Accounting for Derivative Contracts issued by The Institute of Chartered Accountants of India.

	Foreign Currency	Current Year		
		Exchange Rate	Amount in Foreign currency (USD mn)	Amount in INR (₹ in Crore)
I. Assets				
Receivables (trade & other)				
Other Monetary assets (e.g. ICDs/Loans given in FC)	USD	65.17	367.39	2,394
Total Receivables (A)			**367.39**	**2,394**
Hedges by derivative contracts (B)			-	-
Unhedged Receivables (C=A-B)			**367.39**	**2,394**
II. Liabilities				
Payables (trade & other)				
Borrowings (ECB and Others)	USD	65.17	3,029.15	19,741
Total Payables (D)			**3,029.15**	**19,741**
Hedges by derivative contracts (E)	USD	65.17	2,325.00	15,152
Unhedged Payables (F=D-E)			**704.15**	**4,589**

	Foreign Currency	Previous Year		
		Exchange Rate	Amount in Foreign currency (USD mn)	Amount in INR (₹ in Crore)
I. Assets				
Receivables (trade & other)				
Other Monetary assets (e.g. ICDs/Loans given in FC)	USD	64.85	401.66	2,605
Total Receivables (A)			**401.66**	**2,605**
Hedges by derivative contracts (B)			-	-
Unhedged Receivables (C=A-B)			**401.66**	**2,605**
II. Liabilities				
Payables (trade & other)				
Borrowings (ECB and Others)	USD	64.85	2,944.46	19,095
Total Payables (D)			**2,944.46**	**19,095**
Hedges by derivative contracts (E)	USD	64.85	2,554.92	16,569
Unhedged Payables (F=D-E)			**389.54**	**2,526**

37. SEGMENT REPORTING

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard (AS) 17 on 'Segment Reporting'.

Segment reporting is done in the Consolidated financial statements as prescribed by AS 17.

38. The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

39. DISCLOSURES REQUIRED BY THE NATIONAL HOUSING BANK

39.1 **Minimum Disclosures**

The following additional disclosures have been made as required under the "Housing Finance Companies Corporate Governance (NHB) Directions 2016".

39.2 **Summary of Significant Accounting Policies**

The accounting policies regarding key areas of operations are disclosed as note 1 to the accounts.

39.3 **Disclosure:**

39.3.1 **Capital**

Particulars	**Current Year**	Previous Year
(i) CRAR (%)	**19.16**	15.79
(ii) CRAR – Tier I Capital (%)	**17.30**	13.08
(iii) CRAR – Tier II Capital (%)	**1.86**	2.71
(iv) Amount of subordinated debt raised as Tier - II Capital	**-**	-
(v) Amount raised by issue of Perpetual Debt Instruments	**-**	-

39.3.2 **Reserve Fund u/s 29C of NHB Act, 1987**

₹ in Crore

Particulars	**Current Year**	Previous Year
Balance at the beginning of the year		
a) Statutory Reserve under Section 29C of The NHB Act	**3,849.42**	3,604.42
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**9,509.95**	8,262.95
	13,359.37	11,867.37
Addition/Appropriation/Withdrawal during the year		
Add :		
a) Amount transferred under Section 29C of the NHB Act	**1,078.00**	245.00
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act.	**1,355.00**	1,247.00

₹ in Crore

Particulars	Current Year	Previous Year
Less :		
a) Amount appropriated from Statutory Reserve under Section 29C of the NHB Act	-	-
b) Amount withdrawn from Special Reserve under Section 36 (1)(viii) of the Income Tax Act which has been taken into account for the purpose of provision under Section 29C of the NHB Act	-	-
	15,792.37	13,359.37
Balance at the end of the year		
a) Statutory Reserve under Section 29C of the NHB Act	**4,927.42**	3,849.42
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**10,864.95**	9,509.95
	15,792.37	13,359.37

Note: The Reserve Fund under Section 29C of the NHB Act includes all the transfers to Special Reserve No. II except for ₹ **302 crore** that was transferred to Special Reserve No. II prior to the notification of Section 29C.

39.3.3 Investments

₹ in Crore

Particulars			Current Year	Previous Year
1.	**Value of Investments**			
(i)	Gross value of Investments			
	(a)	In India	**30,945.98**	20,792.16
	(b)	Outside India	-	-
(ii)	Provisions for Depreciation			
	(a)	In India	**413.47**	382.06
	(b)	Outside India	-	-
(iii)	Net value of Investments			
	(a)	In India	**30,532.51**	20,410.10
	(b)	Outside India	-	-
2.	**Movement of provisions held towards depreciation on investments**			
(i)	Opening balance		**382.06**	90.63
(ii)	Add: Provisions made		**43.79**	291.43
(iii)	Less: Write-off / Written-back of excess provisions during the year		**12.38**	-
(iv)	Closing balance		**413.47**	382.06

39.3.4 Derivatives

39.3.4.1 Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)

₹ in Crore

Particulars		Current Year	Previous Year
(i)	The notional principal of swap agreements	**48,270**	30,809
(ii)	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	**1,330**	1,180
(iii)	Collateral required by the HFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps*	**100%**	100%
(v)	The fair value of the swap book	**1,195**	1,059

*Concentration of credit risk arising from swaps is with banks.

The nature and terms of hedging portfolio are set out below:

Benchmark	Current Year	Previous Year	Terms
	Notional Principal (₹ in Crore)		
OIS	45,670	26,855	Fixed Receivable V/s Floating Payable
INBMK	2,600	3,500	Fixed Receivable V/s Floating Payable
	Notional Principal (USD mn)		
USD LIBOR	-	70	Fixed Payable V/s Floating Receivable

39.3.4.2 **Exchange Traded Interest Rate (IR) Derivatives**

The Corporation has not entered into any exchange traded derivatives.

39.3.4.3 **Disclosures on Risk Exposure in Derivatives**

A. Qualitative Disclosure

Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include liquidity risk, exchange risk, interest rate risk and counter party risk.

The Financial Risk Management and Hedging Policy as approved by the Board sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profiles. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, and dollar denominated assets. Counter party risk is reviewed periodically to ensure that exposure to various counter parties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities into floating rate linked to various benchmarks.

Constituents of Derivative Business

Financial Risk Management of the Corporation constitutes the Audit Committee, Asset Liability Committee (ALCO), Derivative Committee, Risk management and hedging team.

The Corporation periodically monitors various counter party risk and market risk limits, within the risk architecture and processes of the Corporation.

Hedging Policy

The Corporation has a Financial Risk Management policy and Hedging policy approved by the Board of Directors. For derivative contracts designated as hedges, the Corporation documents at inception, the relationship between the hedging instrument and hedged item. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed by the Derivative Committee at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cashflows of the hedged item that are attributed to the hedged risk are offset by changes in the fair value or cashflows of the hedging instrument.

Measurement and Accounting

The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India is effective from April 1, 2016.

On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability.

The Corporation has entered into fair value hedges through interest rate swaps on fixed rate rupee liabilities as a part of the Asset Liability management whereby a portion of the fixed rate liabilities are converted to floating rate. The Corporation has a mark to market gain of ₹ 1,195 crore on outstanding Fair value hedges.

The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability. Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities.

Foreign exchange forward contracts outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

The Corporation has entered into cashflow hedges to hedge the floating rate benchmark on certain foreign currency loans and forward contracts to cover future interest on foreign currency borrowings. Under the cashflow hedge, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognized in equity i.e., Cash flow Hedge reserve. In order to match the gains and losses of the hedged item and the hedging instrument in the Statement of Profit and Loss, the changes in fair value of the hedging instrument and the hedged item is recognized at the same time in the Statement of Profit and Loss. The outstanding notional of forward contracts to cover future interest on foreign currency borrowings is USD 34.77mn.

Movements in the Cash flow hedge reserve are as follows:

₹ in Crore

Particulars	**Current Year**	Previous Year
Opening Balance	**(0.54)**	-
Debit/(Credits) in the Cash flow reserve	**(0.70)**	(5.33)
Amount transferred to Statement of Profit and Loss	**2.13**	4.79
Closing Balance	**(0.89)**	(0.54)

B. Quantitative Disclosure

₹ in Crore

Particulars			Currency Derivatives		Interest Rate Derivatives	
			Current Year	Previous Year	**Current Year**	Previous Year
(i)	Derivatives (Notional Principal Amount)		**15,479**	17,069	**48,270**	30,809
(ii)	Marked to Market Positions					
	(a)	Assets (+)	**52**	24	**1,330**	1,180
	(b)	Liability (-)	**(294)**	(526)	**(135)**	(121)
(iii)	Credit Exposure		**823**	1,019	**1,698**	1,416
(iv)	Unhedged Exposures		**-**	-	**-**	-

*Currency Derivatives includes Forward contracts, Principal Only swaps, Cross Currency Interest rate swaps

39.3.5 **Securitisation**

39.3.5.1

₹ in Crore

Particulars			**Current Year No. /Amount**	Previous Year No. /Amount
1.	No of SPVs sponsored by the HFC for securitisation transactions		**2**	2
2.	Total amount of securitised assets as per books of the SPVs sponsored		**968.68**	1,155.26
3.	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet			
	(I)	Off-balance sheet exposures towards Credit Concentration		
		a) Corporate Guarantee	**97.83**	97.83
	(II)	On-balance sheet exposures towards Credit Concentration		
		a) Investment in PTC	**32.83**	39.23
4.	Amount of exposures to securitisation transactions other than MRR		**Nil**	Nil

39.3.5.2 **Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction**

₹ in Crore

Particulars		**Current Year**	Previous Year
(i)	No. of accounts	**4**	2
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	**230.32**	649.87
(iii)	Aggregate consideration	**165.91**	863.89
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
(v)	Aggregate gain/loss over net book value	**64.41**	53.77

39.3.5.3 Details of Assignment transactions undertaken

₹ in Crore

Particulars		Current Year	Previous Year
(i)	No. of accounts	**31,732**	84,965
(ii)	Aggregate value (net of provisions) of accounts assigned	**6,453.14**	15,082.32
(iii)	Aggregate consideration	**6,453.14**	15,082.32
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**Nil**	Nil
(v)	Aggregate gain/loss over net book value	**Nil**	Nil

39.3.5.4 Details of non-performing financial assets purchased/sold

A. Details of non-performing financial assets purchased:

₹ in Crore

Particulars			Current Year	Previous Year
1.	(a)	No. of accounts purchased during the year	-	-
	(b)	Aggregate outstanding	-	-
2.	(a)	Of these, number of accounts restructured during the year	-	-
	(b)	Aggregate outstanding	-	-

B. Details of non-performing financial assets sold:

₹ in Crore

Particulars		Current Year	Previous Year
1.	No. of accounts sold	**4**	2
2.	Aggregate outstanding	**306.53**	917.66
3.	Aggregate consideration received	**165.91**	863.89

39.3.6 Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)

₹ in Crore

Maturity Buckets	Liabilities			
	Deposits	Borrowings from Bank	Market Borrowing	Foreign Currency Liabilities
Up to 30/31 days (one month)	**2,179.67**	**1,350.00**	**815.58**	**-**
Over one month to 2 months	**1,338.68**	**-**	**1,368.71**	**-**
Over 2 to 3 months	**1,806.54**	**1,731.09**	**2,772.09**	**18.86**
Over 3 to 6 months	**8,703.92**	**3,918.67**	**3,020.09**	**2,272.80**
Over 6 months to 1 year	**9,659.69**	**1,809.31**	**15,732.10**	**5,039.18**
Over 1 to 3 years	**34,580.77**	**8,954.70**	**62,194.14**	**7,892.73**
Over 3 to 5 years	**23,277.01**	**4,806.88**	**41,527.79**	**3,999.04**
Over 5 to 7 years	**9,953.01**	**2,587.33**	**39,575.36**	**488.41**
Over 7 to 10 years	**-**	**1,765.47**	**14,640.00**	**-**
Over 10 years	**-**	**132.50**	**-**	**-**
Total	**91,499.29**	**27,055.95**	**1,81,645.86**	**19,711.02**

₹ in Crore

Maturity Buckets	Assets		
	Advances	Investments	Foreign Currency Assets
Up to 30/31 days (one month)	**4,380.43**	**-**	**11.13**
Over one month to 2 months	**4,826.88**	**-**	**81.86**
Over 2 to 3 months	**4,859.79**	**6,459.15**	**154.72**
Over 3 to 6 months	**12,954.58**	**6,001.67**	**383.90**
Over 6 months to 1 year	**29,364.56**	**5,408.20**	**123.74**
Over 1 to 3 years	**1,01,730.39**	**2,065.79**	**1,148.37**
Over 3 to 5 years	**73,123.41**	**1,059.20**	**251.27**
Over 5 to 7 years	**44,617.60**	**9,036.05**	**26.74**
Over 7 to 10 years	**39,327.88**	**281.41**	**-**
Over 10 years	**42,074.76**	**221.04**	**-**
Total	**3,57,260.28**	**30,532.51**	**2,181.73**

39.3.7 **Exposure**

39.3.7.1 **Exposure to Real Estate Sector**

₹ in Crore

Category			Current Year	Previous Year
a)	**Direct Exposure**			
	(i)	**Residential Mortgages -**		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual Housing Loans upto ₹ 15 Lacs: ₹ **27,460.16 crore** (Previous Year ₹ 24,788.46 crore)	**2,38,744.42**	1,95,270.94
	(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;	**93,162.69**	80,087.66
	(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
		a) Residential	**32.83**	39.23
		b) Commercial Real Estate	**-**	-
b)	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		**185.77**	183.76

39.3.7.2 **Exposure to Capital Market**

₹ in Crore

Particulars		Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**904.66**	528.30
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	**50.69**	155.30
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**-**	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	**-**	-
(v)	secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	**95.07**	55.24
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**10,527.39**	8,896.94
(vii)	bridge loans to companies against expected equity flows / issues;	**-**	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**1,487.01**	1,100.23
	Total Exposure to Capital Market	**13,064.82**	10,736.01

39.3.7.3 **Details of financing of parent company products**

These details are not applicable since the Corporation is not a subsidiary of any company.

39.3.7.4 **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC**

The Corporation has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the financial year.

39.3.7.5 **Advances against Intangible Collateral**

₹ in Crore

Particulars		Advances against Intangible Collateral	Value of such Intangible Collateral
(i)	Corporate Loans	**2,043.44**	**1,885.16**
(ii)	Project Loans	**5,724.49**	**10,331.53**
(iii)	Deposits	**2,233.19**	**1,653.83**
Total		**10,001.12**	**13,870.52**

39.4 Miscellaneous

39.4.1 Registration obtained from other financial sector regulators

Regulator	Registration No.
Insurance Regulatory and Development Authority: As corporate agent (Composite)	CA0058
Securities and Exchange Board of India: As share transfer agent in Category II	INR000003159

39.4.2 Disclosure of Penalties imposed by NHB and other regulators

During FY 2017-18, there were no penalties imposed by NHB or any other regulators.

39.4.3 Related party Transactions

Details of all material transactions with related parties are disclosed in note 35. The policy on Related Party Transaction is set out in this annual report.

39.4.4 Rating assigned by Credit Rating Agencies and migration of rating during the year

Instrument	Rating Agency	Ratings Assigned
Deposits	ICRA Limited CRISIL Limited	ICRA MAAA/ Stable CRISIL FAAA/ Stable
Bonds/ Non-Convertible Debentures	ICRA Limited CRISIL Limited	ICRA AAA/Stable CRISIL AAA/ Stable
Non-Convertible Debentures with Warrants	ICRA Limited CRISIL Limited	ICRA AAA/Stable CRISIL AAA/ Stable
Subordinated Debt	ICRA Limited CRISIL Limited	ICRA AAA/Stable CRISIL AAA/ Stable
Short Term Debt	ICRA Limited CRISIL Limited Credit Analysis & Research Ltd.	ICRA A1+ CRISIL A1+ CARE A1+
Long Term Bank Facilities Short Term Bank Facilities	Credit Analysis & Research Ltd.	CARE AAA CARE A1+
Long Term Bank Facilities Short Term Bank Facilities	ICRA Limited	ICRA AAA ICRA A1+

Note: The Corporation has been assigned the highest ratings in all the above-mentioned instruments.

There were no changes in any of the ratings or outlook during the year.

39.4.5 Remuneration of Directors

Details of Remuneration of Directors are disclosed as part of the Directors Report.

39.4.6 **Management**

Refer to the Management Discussion and Analysis report for the relevant disclosures.

39.4.7 **Net Profit or Loss for the period, prior period items and changes in accounting policies**

There are no prior period items that have impact on the current year's profit and loss.

39.4.8 **Revenue Recognition**

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

39.4.9 **Accounting Standard 21 – Consolidated Financial Statements (CFS)**

Refer to the Consolidated Financial Statements for the relevant disclosures.

39.5 Additional Disclosures

39.5.1 **Provisions and Contingencies**

₹ in Crore

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1. Provisions for depreciation on Investment & Properties	**40.68**	47.57
2. Provision towards NPA	**190.61**	148.25
3. Provision for Standard Assets * (with details like teaser loan, CRE, CRE-RH etc.)	**163.85**	264.90
4. Other Provisions and Contingencies	**1,634.86**	239.28
5. Total Debit to Statement of Profit and Loss	**2,030.00**	700.00
6. Provision made towards Income tax	**3,100.00**	3,284.00

* Provision for Standard Assets includes CRE - RH of ₹ **27.72 crore** (Previous Year ₹ 9.96 crore), CRE - Non RH of ₹ **97.98 crore** (Previous Year ₹ 160.04 crore) and Non CRE of ₹ **38.15 crore** (Previous Year ₹ 94.90 crore)

₹ in Crore

Break up of Loan, Advances & Other Assets and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	**2,45,581.69**	2,05,313.13	**1,13,566.36**	97,484.76
b) Provisions made	**833.56**	949.26	**764.89**	655.67
Sub-Standard Assets				
a) Total Outstanding Amount	**1,050.28**	606.14	**1,534.72**	538.37
b) Provisions made	**157.56**	95.23	**230.21**	80.76
Doubtful Assets – Category-I				
a) Total Outstanding Amount	**252.09**	265.75	**407.83**	391.17
b) Provisions made	**72.62**	80.27	**108.52**	106.60

₹ in Crore

Break up of Loan, Advances & Other Assets and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	**Current Year**	Previous Year
Doubtful Assets – Category-II				
a) Total Outstanding Amount	**184.15**	161.77	**236.78**	259.00
b) Provisions made	**76.73**	70.78	**100.41**	142.86
Doubtful Assets – Category-III				
a) Total Outstanding Amount	**112.34**	159.20	**89.73**	54.87
b) Provisions made	**112.34**	159.20	**89.73**	54.87
Loss Assets				
a) Total Outstanding Amount	**102.20**	-	**107.12**	-
b) Provisions made	**102.20**	-	**107.12**	-
Total				
a) Total Outstanding Amount	**2,47,282.75**	2,06,505.99	**1,15,942.54**	98,728.17
b) Provisions made as per NHB Regulation (A)	**1,355.01**	1,354.74	**1,400.88**	1,040.76
Additional Provision towards identified assets (B)	**1,285.60**	250.43	**958.31**	420.72
Total Provisions made (A+B)	**2,640.61**	1,605.17	**2,359.19**	1,461.48

39.5.2 Draw Down from Reserves

During FY 2017-18, there were no draw down from Reserves.

39.5.3 Concentration of Public Deposits, Advances, Exposures and NPAs

39.5.3.1 Concentration of Public Deposits

₹ in Crore

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	**5,466.29**	5,615.23
Percentage of Deposits of twenty largest depositors to Total Deposits of the Corporation	**8.65%**	9.32%

39.5.3.2 Concentration of Loans & Advances

₹ in Crore

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	**34,160.18**	32,180.00
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Corporation	**9.49%**	11.00%

39.5.3.3 Concentration of all Exposure (including off-balance sheet exposure)

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	**34,175.08**	32,200.00
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	**9.48%**	11.00%

39.5.3.4 Concentration of NPAs

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	**2,052.34**	1,077.30

39.5.3.5 Sector-wise NPAs

Sl. No.	Sector	Percentage of NPA to Total Advances in that Sector
A.	**Housing Loans:**	
	1. Individual	0.58%
	2. Builder/Project Loans	1.41%
	3. Corporates	0.61%
B.	**Non-Housing Loans:**	
	1. Individual	0.96%
	2. Builder/Project Loans	0.79%
	3. Corporates	5.02%

39.5.4 Movement of NPAs

₹ in Crore

Particulars	Current Year	Previous Year
i. Net NPAs to Net Advances (%)	**0.80%**	0.54%
ii. Movement of NPAs (Gross)		
a) Opening balance	**2,436.27**	1,884.46
b) Additions during the year	**2,677.37**	1,196.12
c) Reductions during the year	**1,036.40**	644.30
d) Closing balance	**4,077.25**	2,436.27
iii. Movement of Net NPAs		
a) Opening balance	**1,645.69**	1,266.59
b) Additions during the year	**2,025.01**	993.45
c) Reductions during the year	**750.89**	614.35
d) Closing balance	**2,919.82**	1,645.69
iv. Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	**790.58**	617.87
b) Additions during the year	**652.36**	202.66
c) Reductions during the year	**285.51**	29.95
d) Closing balance	**1,157.43**	790.58

39.5.5 Overseas Assets

₹ in Crore

Particulars	Current Year	Previous Year
Bank Balances	**0.43**	1.23
Fixed assets	**0.09**	0.12
Advances and Prepaid expenses	**1.03**	1.20

39.5.6 **Off-balance Sheet SPVs sponsored**

(which are required to be consolidated as per accounting Norms)

Name of the SPV sponsored	
Domestic	**Overseas**
HDFC Investment Trust	N.A.
HDFC Investment Trust II	N.A.

39.6 Disclosure of Complaints

39.6.1 Customer Complaints

Particulars		Current Year	Previous Year
a)	No. of complaints pending at the beginning of the year	**1,286**	205
b)	No. of complaints received during the year	**19,433**	14,812
c)	No. of complaints redressed during the year	**20,563**	13,731
d)	No. of complaints pending at the end of the year	**156**	1,286

40. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, April 30, 2018

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

Bimal Jalan
(DIN: 00449491)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Independent Auditors' Report

TO THE MEMBERS OF
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the 'Holding Company' or the 'Corporation'), and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and associates, which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the state of affairs, profit/loss and cash flows of the Group including associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group and its associates to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph (a), (b), (d), (e) and (f) of the 'Other matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the management certified financial information in respect of the Transferor Companies for the period from April 1, 2017 to March 28, 2018 and the reports of the other auditors on separate financial statements of the subsidiaries and associates and on the financial information of the Transferor Companies for the year ended March 31, 2017, all referred to in the 'Other matters' paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matters

(a) We did not audit the financial statements of 15 subsidiaries, whose financial statements reflect total assets of ₹ 1,37,464 crores as at March 31, 2018, total revenues of ₹ 32,899 crores for the year ended on that date and net cash inflows amounting to ₹ 2,375 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) 3 of the aforesaid subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Corporation's management has converted the financial statements of these 3 subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Corporation's management. Our opinion in so far as it relates to the amounts and disclosures included in respect of these 3 subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Corporation and audited by us.

(c) We did not audit the financial statement of 2 subsidiaries whose financial statements reflects total revenue of ₹ 20 crores for the year ended March 31, 2018. Investment in equity shares of these 2 subsidiaries have been sold during quarter ended March 31, 2018 and these entities ceased to be subsidiaries of the Holding Company effective 24 January 2018. The financial statements of these entities for the period ended 24 January 2018 have been furnished to us by management and our report on the consolidated financial statements in so far as it relates to the amounts included in respect of these entities are based solely on such unaudited financial information as certified by management of the Corporation.

(d) The consolidated financial statements includes the Group's share of net profit after tax of ₹ 3,730 crores for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 2 associates, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on the reports of the other auditors.

The auditor of one of the aforesaid associates has reported, 'the consolidated financial statements also includes the Group's share of profit after tax of ₹ 52 lacs, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by management, and our opinion on this statement, in so far as it relates to the amounts and disclosures included in respect of the associate, is based solely on such unaudited financial statements as certified by the management of that associate. In our opinion and according to the information and explanations given to us by the Bank's Management, these financial statements are not material to the Group'.

(e) The standalone financial statements of the Holding Company include the financial information of Grandeur Properties Private Limited ('GPPL'), Haddock Properties Private Limited ('HPPL'), Pentagram Properties Private Limited ('PPPL'), Winchester Properties Private Limited ('Winchester Limited') and Windermere Properties Private Limited ('Windermere Limited') (hereinafter all these 5 entities together referred to as 'Transferor Companies') consequent to its merger into the Holding Company which has been effected on March 28, 2018, with the appointed date of 1 April 2016 (Refer Note 41 to the consolidated financial statements). We did not audit the financial information of the aforesaid Transferor Companies included in the standalone financial statements of the Holding Company, included in the Group whose financial information reflect total assets of ₹ 99 crores as at March 28, 2018, total revenue of ₹ 59 crores for the year ended on March 31, 2017 and for the period from April 1, 2017 to March 28, 2018 and net cash outflows of ₹ 5 crores for the period from 1 April 2016 to March 28, 2018. We have been provided with the financial information of Transferor Companies for the financial year ended March 31, 2017 which has been audited by other auditors whose reports have been furnished to us and for the period from April 1, 2017 to March 28, 2018 by the management of the Corporation and our opinion on the consolidated financial statements in so far as it relates to the amounts included in respect of these entities are based solely on the reports of the other auditors for the year ended March 31, 2017 and the financial information for the period from April 1, 2017 to March 28, 2018 as certified by the management of the Corporation.

(f) Claims paid pertaining to Insurance Business includes charge for actuarial valuation of liabilities for life policies in force, in respect of one subsidiary and the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the subsidiaries' appointed actuaries, and in their respective opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their opinion on the financial statements of the said subsidiaries.

(g) Attention is drawn to the fact that the corresponding figures for the year ended March 31, 2017 as reported in these consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements, dated 4 May 2017.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information as certified by the management of the Corporation and the actuarial valuation of liabilities for the life insurance policies in force and of the estimate of claims IBNR and claims IBNER.

Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, referred in the 'Other matters' paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India;

(e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, declarations from the Directors of the Transferor Companies as provided to us by the management of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the Directors of the Group companies, Transferor Companies and its associate companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of the other auditors on separate financial statements and also the other financial information of subsidiaries and associate:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates– Refer Note 26 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts – Refer Note 42 to the consolidated financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended March 31, 2018.

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
April 30, 2018

Annexure "A" to the Independent Auditors' Report

(Referred to in our report of even date)

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

In conjunction with our audit of the Consolidated Financial Statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Holding Company, its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and associates which are companies incorporated in India, as of that date.

Claims paid pertaining to Insurance Business includes charge for actuarial valuation of liabilities for life policies in force, in respect of one subsidiary and the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the subsidiaries' appointed actuaries, and in their respective opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their opinion on the financial statements of the said subsidiaries.

Management's responsibility for internal financial controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group and its associates which are Companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by the ICAI and specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the 'Other matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Group and its associate companies, which are companies incorporated in India.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 over financial reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the 'Other matters' paragraph below, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the 12 subsidiaries and two associate companies, which are companies incorporated in India, is solely based on the corresponding reports of the respective auditors.

The financial statements and internal financial controls over financial reporting in relation to an associate company (i.e. component of one associate company), which is a company incorporated in India, is unaudited. Our opinion on the internal financial controls over financial reporting of the aforesaid entity excludes consideration of the internal financial controls over financial reporting in respect of this associate.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and representations of the Board of Directors and the management of the Corporation.

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

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
April 30, 2018

Housing Development Finance Corporation Limited

Consolidated Balance Sheet as at March 31, 2018

	Notes	₹ in Crore	₹ in Crore	March 31, 2017 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	335.18		317.73
Reserves and Surplus	5	86,155.84		59,690.48
Money received against warrants	5.11	50.38		51.10
			86,541.40	60,059.31
MINORITY INTEREST			4,697.65	3,472.57
NON-CURRENT LIABILITIES				
Policy Liabilities (Policyholder's Fund)		85,946.93		74,256.39
Long-term borrowings	7	1,61,709.86		1,61,952.00
Deferred tax liabilities (net)	17	2,493.59		2,514.22
Other Long-term liabilities	8	2,853.14		2,492.52
Long-term provisions	9	5,911.46		3,847.56
			2,58,914.98	2,45,062.69
CURRENT LIABILITIES				
Short-term borrowings	10	69,618.96		42,447.95
Trade Payables	11	7,114.45		5,927.15
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		16,795.41		14,274.24
- Borrowings		1,05,301.56		89,394.67
- Others		10,439.84		10,646.96
Short-term provisions	13	3,277.01		2,851.80
			2,12,547.23	1,65,542.77
			5,62,701.26	4,74,137.34
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	14	1,236.40		1,206.03
(ii) Intangible assets	15	94.04		82.66
(iii) Capital work in Progress		12.62		40.48
(iv) Intangible assets under Development		11.06		13.20
GOODWILL ON CONSOLIDATION		221.85		620.04
Non-current investments	16	1,39,486.35		1,19,045.97
Deferred tax asset (net)	17	18.40		15.67
Long-term loans and advances	18	4,329.45		7,132.97
Other non-current assets	19	1,948.69		1,628.68
			1,47,358.86	1,29,785.70
LOANS	20			
Non-current Loans		3,57,455.75		280,107.81
Current Loans		21,717.01		32,783.64
			3,79,172.76	3,12,891.45
CURRENT ASSETS				
Current investments	21	23,742.12		13,809.31
Trade receivables	22	1,488.05		1,482.43
Cash and bank balances	23	3,012.39		7,496.78
Short-term loans and advances	24	4,500.39		5,335.93
Other current assets	25	3,426.69		3,335.74
			36,169.64	31,460.19
			5,62,701.26	4,74,137.34

See accompanying notes forming part of the financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, April 30, 2018

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Nasser Munjee
(DIN: 00010180)

D. M. Sukthankar
(DIN: 00034416)

B. S. Mehta
(DIN: 00035019)

J. J. Irani
(DIN: 00311104)

D. N. Ghosh
(DIN: 00012608)

Bimal Jalan
(DIN: 00449491)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	27	38,245.24	35,005.26
Profit on sale of Investments	28	641.93	1,177.26
Other Income		24.10	53.28
Premium from Insurance Business		26,361.62	21,729.13
Other Operating Income from Insurance Business		3,868.78	3,122.70
Total Revenue		69,141.67	61,087.63
EXPENSES			
Finance Cost	29	23,452.42	21,953.15
Employee Benefits Expenses	30	1,048.14	913.02
Establishment Expenses	31	162.61	142.49
Other Expenses	32	1,193.10	1,078.00
Claims paid pertaining to Insurance Business		15,337.43	11,888.33
Commission and operating expenses pertaining to Insurance Business		4,163.34	3,118.88
Other expenses pertaining to Insurance Business		9,072.73	8,491.21
Depreciation and Amortisation	14 & 15	74.11	107.98
Provisions and Contingencies		489.61	745.02
Total Expenses		54,993.49	48,438.08
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		14,148.18	12,649.55
EXCEPTIONAL ITEMS	39	3,454.33	-
PROFIT BEFORE TAX		17,602.51	12,649.55
Tax Expense			
Current Tax (MAT)	39	4,339.38	3,504.91
MAT Credit Entitlement	39	(317.51)	-
Deferred Tax	17	(20.67)	515.88
PROFIT FOR THE YEAR		13,601.31	8,628.76
Share of profit of Minority Interest		(1,076.58)	(797.02)
Net share of Profit from Associates		3,730.23	3,219.38
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	5.1	16,254.96	11,051.12
EARNINGS PER SHARE (Face Value ₹ 2)	34		
Basic (₹)		100.35	68.87
Diluted (₹)		98.88	68.30

See accompanying notes forming part of the financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, April 30, 2018

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

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(DIN: 00449491)

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Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2018

			Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit after tax attributable to the Group			**16,254.96**	11,051.12
	Add: Provision for Taxation			**4,001.20**	4,020.79
	Profit Before Tax			**20,256.16**	15,071.91
	Adjustments for:				
	Depreciation and Amortisation*		**14 & 15**	**149.23**	179.45
	Provision and Contingencies			**2,064.61**	745.02
	Interest Expense		**29**	**22,970.23**	21,761.08
	Net (Gain)/Loss on translation of foreign currency monetary assets and liabilities			**309.64**	34.75
	Net gain on derivative valuation of INR derivatives & underlying hedging instrument			**17.20**	(20.59)
	Interest Income		**27**	**(35,461.03)**	(32,360.40)
	Shelter Assistance Reserve - utilisation			**(176.53)**	(146.26)
	Reserve for Unexpired Risk			**464.85**	407.04
	Policy Liabilities (net)			**14,211.71**	16,383.87
	Surplus from Deployment in Cash Management Schemes of Mutual Funds		**27**	**(440.12)**	(453.75)
	Profit on Sale of Investments			**(5,671.26)**	(1,177.26)
	Dividend Income		**27**	**(66.78)**	(42.23)
	Provision for Diminution in Value of Investments			**(15.95)**	15.00
	Bad debts written off			**1.46**	1.30
	(Profit)/Loss on Sale of Fixed Assets (net)			**(4.92)**	(7.95)
	Operating Profit before Working Capital changes			**18,608.50**	20,390.98
	Adjustments for:				
	Current and Non Current Assets			**1,083.61**	564.35
	Current and Non Current Liabilities			**957.39**	3,581.62
	Cash generated from operations			**20,649.50**	24,536.95
	Interest Received			**34,794.19**	32,242.88
	Interest Paid			**(21,960.31)**	(20,418.79)
	Premium paid on redemption of Debentures			**(616.17)**	(1,714.54)
	Dividend Received			**66.78**	42.23
	Taxes Paid			**(4,600.76)**	(4,225.40)
	Net cash from operations			**28,333.23**	30,463.33
	Loans disbursed (net)			**(66,331.91)**	(40,224.99)
	Corporate Deposits (net)			**5,135.28**	(4,411.43)
	Net cash used in operating activities	**[A]**		**(32,863.40)**	(14,173.09)
	* Includes depreciation included under Other expenses pertaining to Insurance Business				
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets			**(222.84)**	(281.48)
	Sale of Fixed Assets			**20.33**	63.34
	Goodwill (net)			**-**	(432.23)
	Investments (net)			**(23,504.34)**	(26,577.92)
	Net cash used in investing activities	**[B]**		**(23,706.85)**	(27,228.29)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Share Capital - Equity		**4.1**	**17.45**	1.76
	Securities Premium		**5**	**14,402.41**	730.67
	Deposits, CPs and other Short Term Borrowings (net)			**701.75**	2,390.18
	Proceeds from long-term borrowings			**1,85,415.27**	1,75,767.03
	Repayment of long-term borrowings			**(1,44,246.11)**	(1,33,497.80)
	Dividend paid			**(2,956.62)**	(2,685.52)
	Tax paid on Dividend			**(682.81)**	(597.77)
	Bonus and Securities Issue Expenses			**(72.99)**	(1.73)
	Increase in Minority Interest			**1,390.28**	1,020.49
	Net cash from financing activities	**[C]**		**54,027.93**	43,127.32
	Net (Decrease)/Increase in cash and cash equivalents	**[A+B+C]**		**(2,542.32)**	1,725.94
	Add: Cash and cash equivalents as at the beginning of the year		**23**	**5,357.78**	3,639.32
	Add: Exchange difference on bank balance			**-**	(7.48)
	Cash and cash equivalents as at the end of the year		**23**	**2,815.46**	5,357.78

See accompanying notes forming part of the financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, April 30, 2018

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Vice Chairman & Chief Executive Officer
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(DIN: 00311104)

Bimal Jalan
(DIN: 00449491)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BACKGROUND

Housing Development Finance Corporation Limited (‘HDFC’ or ‘the Corporation’) was incorporated in 1977 as the first specialised mortgage company in India. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial property in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies (Refer Note 2.1).

1.2 ACCOUNTING CONVENTION

OTHER THAN INSURANCE COMPANIES

These financial statements have been prepared and presented on an accrual basis in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent applicable. The Balance Sheet and the Statement of Profit and Loss of the Corporation are prepared in accordance with the provisions contained in Section 129 of the Companies Act 2013, read with Schedule III.

INSURANCE COMPANIES

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002, (‘the IRDA Financial Statements Regulations’), provisions of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Act, 1938, circulars/notifications issued by the Insurance Regulatory and Development Authority of India ('the IRDAI') from time to time, the Companies Act, 2013 and applicable Accounting Standards specified under Section 133 of the Companies Act, 2013.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

1.3 GAIN OR LOSS ON DILUTION

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

1.4 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

1.5 **INFLATION**

Assets and liabilities are recorded at historical cost to the Group. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.6 **OPERATING CYCLE**

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.7 **CASH FLOW STATEMENT**

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. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

1.8 **CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)**

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

1.9 **LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES**

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any lumpsum principal repayment (prepayment).

A loan is recognised as non-performing ("NPA") or as a "doubtful" or as a "loss" asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as directed from time to time. Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.

The Corporation recognises general provision towards standard assets as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as updated from time to time. In addition to the above, the Corporation, on a prudent basis, recognises provisions on standard assets, on the basis of consideration of economic and business conditions impacting a specific exposure or a group of advances. These provisions are recognised as per the Board approved policy and included as part of 'Other Provision and Contingencies - Accelerated Provisioning'. These provisions are transferred as provision on the same/ specific advance/ group of advances in case it slips into non-performing asset. When such provision is no longer required the same will be reversed in the Statement of Profit and Loss.

In addition to the above, the Corporation, as per a Board approved policy, sets aside a portion of significant one off gains arising on sale of its shares in subsidiaries/associates as additional provisions on specific loans and advances. Such provisions are either recognised against specifically identified standard assets/projects or additional provisions (over and above the regulatory requirements) against specific non-performing assets. These provisions are included as part of 'Other Provision and Contingencies - Accelerated Provisioning'. These provisions are transferred as provision on the same/specific standard advance/group of advances in case it slips into non-performing asset. When such provision is no longer required the same will be reversed in the Statement of Profit and Loss.

1.10 INTEREST INCOME ON LOANS

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is generally computed on a monthly rest basis on the principal outstanding at the beginning of the relevant period.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as "non-performing" is recognised only on realisation.

1.11 DIVIDEND

Dividend income is recognised when the right to receive has been established. Dividends from units of mutual funds, where received, are accounted on receipt of such amounts.

1.12 FEES AND OTHER REVENUE

Fees, charges and other revenue, net of amounts incurred towards commission to Direct Selling Agents, is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.

1.13 PREMIUM INCOME FROM INSURANCE BUSINESS

LIFE INSURANCE BUSINESS

Premium Income

Premium income is accounted for when due from the policyholders and reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.

Income from Linked Policies

Income from linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted for on due basis, at the time when related premium income is accounted for in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

GENERAL INSURANCE BUSINESS

Premium Income

Premium including Reinsurance accepted (net of service tax/good and service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellation of premiums are accounted for in the year in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellation of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

Commission received

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

1.14 **INCOME FROM LEASES**

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its subsidiaries/associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not confirm any minimum lease payment or contingent rent payments.

1.15 **MANAGEMENT AND TRUSTEESHIP FEES**

Management and Trusteeship fees are accounted on accrual basis.

1.16 **INCOME FROM INVESTMENTS**

Interest Income on Debentures/Bonds and Government Securities is accounted on accrual basis.

Any discount/premium on account of these investments, held as long term investments, is recognised over the life of security on a prorata basis.

The gain/loss on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

1.17 **BORROWING AND BORROWING COSTS**

The Corporation borrows funds, primarily in Indian Rupees, and carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts some of such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and generally holds these instruments till maturity.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses and discounts of certain securities are charged to the securities premium.

Brokerage and incentive brokerage on deposits are amortised over the period of the deposit.

1.18 **TRANSLATION OF FOREIGN CURRENCY**

Initial recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract.

The net loss/gain on translation of long term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as “Foreign currency monetary item translation difference account”. The net loss/gain on translation of short term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

1.19 **ACCOUNTING FOR DERIVATIVE CONTRACTS**

Consequent to the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2016, on and from that date, all derivative contracts are recognised in the balance sheet and measured at fair value. The corresponding fair value changes are recognised in the Statement of Profit and Loss, unless hedge accounting is applied.

In case of fair value hedges, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item.

For derivative contracts designated as cash flow hedges, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognised within equity i.e., Cashflow Hedge Reserve. Amounts recognised in equity are transferred to the Statement of Profit and Loss in the same period as the cash flows of hedged items affect the Statement of Profit and Loss. When a derivate contract expires or is sold or if a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss in the Cash Flow Hedge Reserve is retained in equity until the hedged cash flow is recognised in the Statement of Profit and Loss. However, if hedged cashflows are no longer expected to occur, the profit or loss against the corresponding derivative contract, accumulated in the Cashflow Hedge Reserve, is immediately released through the Statement of Profit and Loss.

Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit and Loss.

1.20 **BROKERAGE - MUTUAL FUND EXPENSE**

Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively.

Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

Recurring expenses of schemes of HDFC Mutual Fund are borne by one of the subsidiary company, including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India, are accounted in the respective heads in the Statement of Profit and Loss.

1.21 **INVESTMENTS**

(i) **OTHER THAN INSURANCE COMPANIES**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the market value of such investments. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13) and is recognised through the Provision for Contingencies Account.

Current investments are carried individually, at the lower of cost and market value. Investment properties acquired as part of the debt asset settlement are recorded at the fair value on the date of the transfer. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

(ii) **INSURANCE COMPANIES**

Investments are made in accordance with the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority of India (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority of India (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority of India (Investment) (Fifth Amendment) Regulations, 2013, wherever applicable and various other circulars/notifications/clarifications issued by the IRDA in this context from time to time.

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes if any, and excluding accrued interest (i.e. since the previous coupon date) as on the date of purchase.

In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), Investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve in the Balance Sheet. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Revenue Account or the Profit and Loss Account.

1.22 **TANGIBLE FIXED ASSETS**

Fixed Assets (including such assets which have been leased out by the Corporation) including any cost attributable for bringing the same to its working condition are capitalised at cost inclusive of legal, registration and/or installation expenses.

1.23 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, less accumulated amortisation and Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.24 **CAPITAL WORK IN PROGRESS**

Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

1.25 **IMPAIRMENT OF ASSETS**

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

1.26 **DEPRECIATION AND AMORTISATION**

Tangible Fixed Assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on Management's technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

a. Computers and data processing equipment - 4 years
b. Vehicles - 5 years
c. Leasehold land is amortised over the duration of the lease.

Intangible Assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computers Software - 4 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Investment In Properties

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

1.27 **PROVISIONS AND CONTINGENCIES**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

1.28 **EMPLOYEE BENEFITS**

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

Defined contribution plans

Superannuation Fund

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

Defined benefit plans

Provident Fund

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by various trustees. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. The guidance on implementing AS-15, Employee Benefits issued by the ICAI, states that benefits involving employer established provident funds, which require interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability is recognised.

Gratuity and Other Post Retirement Benefits

For defined benefit plans in the form of leave encashment/compensated absences, gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date based on actuarial valuation.

1.29 CLAIMS PAID AND OTHER EXPENSES PERTAINING TO INSURANCE BUSINESS

(i) LIFE INSURANCE BUSINESS

Benefits paid

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

Non-linked business

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payment and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

Linked business

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt on intimation when associated units are de-allocated. Amounts payable on lapsed policies are accounted for on expiry of lock in period, which is the period after which policies cannot be revived. Surrenders and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

Policy acquisition costs

Policy acquisition costs mainly consist of commission to insurance intermediaries, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses incurred to source and issue the policy. These costs are expensed in the period in which they are incurred.

(ii) GENERAL INSURANCE BUSINESS

Claims incurred

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in the estimate liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in the light of past experience and progressively modified for changes as appropriate on availability of further information and include insurance claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

Acquisition costs

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed out in the period in which they are incurred.

Premium Deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk.

1.30 **LEASES**

(i) **Finance leases**

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss.

Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term.

(ii) **Operating leases**

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight line basis, over the non-cancellable lease period.

1.31 **EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

1.32 TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Minimum Alternative Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss where appropriate. The credit available under the Act in respect of MAT paid is recognised as an asset where there is convincing evidence that the Corporation will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability.

1.33 GOODS AND SERVICES TAX INPUT CREDIT

Goods and Services tax input credit is accounted for in the books in the period in which the underlying supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.34 SECURITISED/ASSIGNED LOANS AND SECURITISATION LIABILITIES

The Corporation enters into transactions through direct assignment route. Transfers of pools of mortgages under the direct assignment route involve transfer of proportionate shares in the pools of mortgages. Such transfers result in derecognition only of that proportion of the mortgages which meets the derecognition criteria. The portion retained by the Corporation continue to be accounted for as loans.

The Corporation also periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred. In respect of pools securitised, wherever required, the Corporation provides credit enhancement in the form of guarantees and undertaking.

The Corporation also acts as a servicing agent for pools assigned/securitised.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

1.35 **POLICY LIABILITIES**

Actuarial liabilities, for all inforce policies and policies where premiums are discontinued, but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, regulations notified by the IRDA and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDA.

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2000 and the APS2 & APS7 issued by the Institute of Actuaries of India.

1.36 **RESERVE FOR UNEXPIRED RISK OF GENERAL INSURANCE BUSINESS**

Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365th method, or as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938, i.e., subject to a minimum of 100% in case of marine hull business and 50% in case of other businesses based on net premium written during the year, whichever is higher. As per the Master Circular on preparation of financial statements - General Insurance Business, the net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance sheet date.

2. The consolidated financial statements relate to Housing Development Finance Corporation Limited ("HDFC Ltd." or "the Corporation"), its subsidiaries, jointly controlled entities and Group's share of profit/loss in its associates as on March 31, 2018 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' (AS 21).

(ii) The Corporation's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill/capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23).

(iii) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2018.

(iv) The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation's portion of equity is recognised in the financial statements as Goodwill.

(v) The excess of the Corporation's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.

(vi) Minority Interest in the net assets of consolidated subsidiaries consists of:

a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

b) The minorities' share of movements in equity since the date the relationship came into existence.

(vii) Minority interest's share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

(viii) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

2.1 The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21).

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Name of Subsidiary	**Proportion of Ownership Interest (%)**	
	Current Year	Previous Year
HDFC Developers Ltd. (Refer Note 40)	**100.00**	100.00
HDFC Investments Ltd.	**100.00**	100.00
HDFC Holdings Ltd.	**100.00**	100.00
HDFC Asset Management Co. Ltd.	**57.36**	59.99
HDFC Trustee Co. Ltd.	**100.00**	100.00
HDFC Realty Ltd. (Refer Note 40)	**100.00**	100.00
GRUH Finance Ltd.	**57.93**	58.45
HDFC Venture Capital Ltd.	**80.50**	80.50
HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00
HDFC Standard Life Insurance Co. Ltd.	**51.62**	61.53
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**51.62**	61.53
HDFC International Life and Re Company Limited (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**51.62**	61.53
HDFC ERGO General Insurance Co. Ltd. (Formerly HDFC General Insurance Limited from September 14, 2016 and L&T General Insurance Company Limited upto September 13, 2016)	**50.48**	50.80
HDFC Sales Pvt. Ltd.	**100.00**	100.00
HDFC Property Ventures Ltd.	**100.00**	100.00
HDFC Investment Trust	**100.00**	100.00
HDFC Investment Trust - II	**100.00**	100.00
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	**100.00**	100.00
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	**100.00**	100.00
HDFC Credila Financial Services Pvt. Ltd.	**82.22**	81.12
HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00
HDFC Capital Advisors Ltd.	**100.00**	100.00

2.2 Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

2.3 The accounts of H T Parekh Foundation, a section 8 Company under Companies Act, 2013, are not consolidated in these financial statements, since, the Corporation will not derive any economic benefits from H T Parekh Foundation.

3. Investment made by the Corporation and its subsidiaries in the following associates, have been accounted for, under the equity method, in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23):

Name of Associate	Nature of Business	Proportion of Ownership Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	**20.93**	21.20
True North Ventures Pvt. Ltd	Venture Capital	**21.51**	21.51
RuralShores Business Services Pvt. Ltd. #	BPO	**27.08**	27.08
Magnum Foundations Pvt. Ltd. *	Real Estate	**50.00**	50.00

As per Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23), the investments in RuralShores Business Services Pvt. Ltd. has been excluded from consolidation since the share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of account of HDFC Ltd.

* As per the Accounting Standard on Consolidated Financial Statements (AS 23), Investments in Magnum Foundations Pvt. Ltd. by one of the subsidiary company has been excluded from consolidation, since it is exclusively held with a view to their subsequent disposal in the near future by such subsidiary company.

HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.

4. SHARE CAPITAL

	As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
AUTHORISED		
228,80,50,000 Equity Shares of ₹ 2 each	**457.61**	350.00
(Previous Year 175,00,00,000 Equity Shares of ₹ 2 each)		
	457.61	350.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
167,58,79,893 Equity Shares of ₹ 2 each	**335.18**	317.73
(Previous Year 158,86,72,140 Equity Shares of ₹ 2 each)		
	335.18	317.73

4.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**158,86,72,140**	**317.73**	157,98,46,340	315.97
Shares allotted pursuant to exercise of stock options	**1,19,74,230**	**2.40**	88,25,800	1.77
Shares allotted pursuant to issue of shares under QIP, Preferential basis & Conversion of Warrants into equity shares	**7,52,33,523**	**15.05**	-	-
Equity shares outstanding as at the end of the year	**167,58,79,893**	**335.18**	158,86,72,140	317.73

4.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2018. Details of shareholders holding more than 5 percent shares in the Corporation as at March 31, 2017 are given below:

Particulars	As on March 31, 2017	
	Number	Percentage of shares held to total Shares
Life Insurance Corporation of India (All accounts)	8,60,26,344	5.41%

4.3 The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

As at March 31, 2018, **11,04,53,219 shares** (Previous Year 12,29,51,224 shares) were reserved for issuance as follows:

a) **7,44,67,819 shares** of ₹ 2 each (Previous Year 8,64,51,224 shares of ₹ 2 each) towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 4.4].

b) **3,59,85,400 shares** of ₹ 2 each (Previous Year 3,65,00,000) towards outstanding share warrants [Refer Note 5.11].

4.4 Through postal ballot held on March 10, 2017, the shareholders had approved the issue of 4,98,51,524 equity shares of ₹ 2 each to the eligible employees and directors of the Corporation. The Nomination and Remuneration Committee of Directors (NRC) at its meeting held during the year on various dates, approved the grant of 4,28,45,977 new stock options, representing 4,28,45,977 equity shares of ₹ 2 each under ESOS-2017, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the postal ballot held on March 10, 2017 plus 10,59,040 options lapsed under previous schemes (ESOS-11: 3,90,350 options, and ESOS-14 : 6,68,690 options), net of 80,64,587 options reserved. The options were granted at an exercise price ranging between ₹ 1,569.85 to ₹ 1,908.30 per option, being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

4.5 Through postal ballot held on February 14, 2018, the shareholders of the Corporation had approved the following :

a) Increase in the Authorised Share Capital of the Corporation to ₹ 370 crores comprising 185,00,00,000 equity shares of ₹ 2 each.

b) Issue of 6,43,29,882 equity shares of face value of ₹ 2 each on a preferential basis at a price of ₹ 1,726.05 per Equity share.

c) Issue of equity shares on a Qualified Institutional Placement basis for a total consideration not exceeding ₹ 1,896 crore.

Pursuant to the said approval, the Corporation has allotted 6,43,29,882 equity shares of face value of ₹ 2 each on a preferential basis at a price ₹ 1,726.05 per Equity share during the year. The Corporation has also allotted 1,03,89,041 equity shares of face value of ₹ 2 each on a Qualified Institutional Placement basis at a price of ₹ 1,825 per Equity share.

4.6 In terms of ESOS-17, the options would vest over a period of 1-3 years from the date of grant, but not later than Dec 1, 2020, depending upon options grantee completing continuous service of three years with the

Corporation. Accordingly, no options have vested during the current year. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted **62,73,064** options at an exercise price of ₹ **5,073.25** per option representing **3,13,65,320** equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **49,902 options** (Previous Year 1,57,799 options) were vested. In the current year **1,799 options** (Previous Year 22,390 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted **61,02,475** options at an exercise price of ₹ **3,177.50** per option representing **3,05,12,375** equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **27** options (Previous Year 1,936 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted **57,90,000** options at an exercise price of ₹ **1,350.60** per option representing **57,90,000** equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **Nil options** (Previous Year 228 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted **54,56,835** options at an exercise price of ₹ **2,149** per option representing **54,56,835** equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

Method used for accounting for share based payment plan:

The Corporation has used intrinsic value method to recognise for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the compensation cost is also Nil.

Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Number of options (Previous Year figures are in brackets)

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	-	**54,08,364** *(60,71,671)*	**16,87,772** *(28,13,951)*	**4,874** *(5,102)*	**5,287** *(5,287)*
Granted during the year	**42,845,977**	**-** -	**-** -	**-** -	**-** -
Vested during the year	-	**49,902** *(1,57,799)*	**-** -	**-** -	**-** -
Exercised during the year	-	**11,42,355** *(6,40,917)*	**12,52,491** *(11,24,243)*	**-** -	**-** -
Lapsed during the year	**4,03,871**	**1,799** *(22,390)*	**27** *(1,936)*	**-** *(228)*	**-** -
Outstanding at the end of the year	**4,24,42,106** -	**42,64,210** *(54,08,364)*	**4,35,254** *(16,87,772)*	**4,874** *(4,874)*	**5,287** *(5,287)*
Unvested at the end of the year	**4,24,42,106** -	**-** *(49,902)*	**-** -	**-** -	**-** -
Exercisable at the end of the year	- -	**42,64,210** *(53,58,462)*	**4,35,254** *(16,87,772)*	**4,874** *(4,874)*	**5,287** *(5,287)*
Weighted average price per option	**₹ 1,571.33**	**₹ 5,073.25**	**₹ 3,177.50**	**₹ 1,350.60**	**₹ 2,149.00**

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows:

Particulars	ESOS-2017	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ **Nil** (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

₹ in Crore

Particulars	**Current Year**	Previous Year
Net Profit (as reported)	**16,254.96**	11,051.12
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **920.17 crore** (Previous Year ₹ Nil)] (pro-forma)	**601.72**	-
Net Profit (pro-forma)	**15,653.24**	11,051.12
Less: Amounts utilised out of Shelter Assistance Reserve	**176.54**	146.27
Net Profit considered for computing EPS (pro-forma)	**15,476.70**	10,904.85

Amount in ₹

Particulars	**Current Year**	Previous Year
Basic earnings per share (as reported)	**100.35**	68.87
Basic earnings per share (pro-forma)	**96.60**	68.87
Diluted earnings per share (as reported)	**98.88**	68.30
Diluted earnings per share (pro-forma)	**95.18**	68.30

4.7 The Corporation has not allotted any shares pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

5. RESERVES AND SURPLUS

		As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
Special Reserve No. I	[Refer Note 5.2]	**51.23**	51.23
Special Reserve No. II	[Refer Note 5.2]	**11,483.38**	10,069.08
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934		**82.57**	67.04
General Reserve		**16,486.30**	13,937.12
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		**4,943.49**	3,865.63
Securities Premium	[Refer Note 5.3]	**24,292.92**	10,307.22
Capital Redemption Reserve		**26.29**	27.67
Debenture Redemption Reserve		**9.81**	9.72
Shelter Assistance Reserve		**18.15**	193.21
Corporate Social Responsibility Account		**-**	1.55
Foreign Currency Translation Reserve		**9.35**	6.38
Foreign Currency Monetary Item Translation Difference Account (Debit Balance)	[Refer Notes 5.7 and 5.8]	**(168.54)**	(171.69)
Cashflow Hedge Reserve		**0.89**	(0.54)
Capital Reserve		**0.04**	0.04
Capital Reserve on Consolidation		**48.30**	48.30
Surplus in the Statement of Profit and Loss (of subsidiaries and associates)	[Refer Note 5.1]	**28,871.66**	21,278.52
		86,155.84	59,690.48

5.1 **SURPLUS IN THE STATEMENT OF PROFIT AND LOSS**

		As at March 31, 2018 ₹ in Crore	As at March 31, 2017 ₹ in Crore
Opening Balance		**21,278.52**	12,536.95
Add / (Less): Opening Adjustment	[Refer Note 2.2]	**(0.19)**	121.31
Add: Profit after Tax for the year attributable to the Corporation		**16,254.96**	11,051.12
Add: Adjustment on account of Sale of Subsidiaries	[Refer Note 40]	**30.87**	-
Amounts available for appropriations		**37,564.16**	23,709.38
APPROPRIATIONS:			
Special Reserve No. II	[Refer Note 5.2]	**1,416.56**	1,296.10
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)		**15.14**	14.36
General Reserve		**2,519.84**	70.99
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		**1,078.00**	245.00
Shelter Assistance Reserve		**-**	185.00
Debenture Redemption Reserve		**4.91**	9.72
Final dividend paid	[Refer Note 5.5]	**2,388.89**	-
Tax on Final Dividend	[Refer Note 5.5]	**495.08**	-
Tax on Dividend credit taken	[Refer Note 5.4]	**-**	(9.98)
Interim Dividend Paid	[Refer Note 5.10]	**586.35**	476.13
Tax on Interim Dividend	[Refer Note 5.10]	**187.73**	139.82
Dividend [including tax of ₹ **Nil** (Previous Year ₹ 0.63 crore)] pertaining to previous year paid during the year	[Refer Note 5.4]	**-**	3.72
		28,871.66	21,278.52

5.2 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of HDFC Ltd. and a Subsidiary. Special Reserve No. I relates to the amounts transferred upto Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under Section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation and one of its subsidiary has created the residual deferred tax liability of ₹ 1,158.17 crore on balance of accumulated Special Reserve as on April 1, 2014 by debiting the General reserve in the previous year.

The Corporation and one of its subsidiary has transferred an amount of ₹ **1,416.56 crore** (Previous Year ₹ 1,296.10 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961, ₹ **1,078 crore** (Previous Year ₹ 245 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)" and ₹ **15.14 crore** (Previous Year ₹ 14.36 crore) has been transferred by its subsidiaries to Special Reserve (As per Section 45-IC of The Reserve Bank of India Act, 1934).

5.3 During the year, ₹ **547.66 crore** (Previous Year ₹ 575.08 crore) has been utilised out of the Securities Premium in accordance with Section 52 of the Companies Act, 2013. Out of the above, ₹ **47.70 crore** (Previous Year ₹ 1.13 crore) has been utilised by the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses and ₹ **499.93 crore (net of tax ₹ 264.08 crore)** [(Previous Year ₹ 573.95 crore) (net of tax ₹ 303.76 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non Convertible Debentures and issue expenses in respect of Rupee Denominated Bonds and Medium Term Note Programme (MTN Programme).

5.4 During the previous year, the Corporation availed a credit of ₹ 9.98 crore (for FY 2015-16), which is adjusted against the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115-O(1A) of the Income Tax Act, 1961.

In respect of equity shares issued pursuant to Employee Stock Option Schemes between April 1, 2016 and the date of the Annual General Meeting, the Corporation, in the previous year, paid dividend of ₹ 3.09 crore for the year 2015-16 and tax on dividend of ₹ 0.63 crore as approved by the shareholders at the Annual General Meeting held on July 27, 2016 and GRUH Finance Ltd, in the previous year, paid dividend of ₹ 33,718 for the FY 2015-16 and tax on dividend ₹ 6,865 as approved by the shareholders at the Annual General Meeting held on June 22, 2016.

5.5 According to the amendment in Companies (Accounting Standards) Rules, 2006 ('principal rules'), proposed Dividend is not recorded as Liability effective from FY 2016-17. Accordingly, the Corporation has paid dividend of ₹ **2,389.35 crore** along with additional tax on dividend of ₹ **474.27 crore**. Also, GRUH Finance Ltd, a subsidiary company has paid Dividend of ₹ **123.00 crore** including tax on dividend of ₹ **20.81 crore** pertaining to previous year during the year ended March 31, 2018.

5.6 The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India was effective from April 1, 2016. On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability as explained in Note 5.7.

5.7 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **168.54 crore** (without considering future tax benefit of ₹ **58.33 crore**) [(Previous Year ₹ 171.69 crore) (without considering future tax benefits of ₹ 59.42 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2018. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 3 years.

5.8 During the year, there was a net addition of ₹ **3.15 crore** (Previous Year net addition ₹ 49.62 crore) in the Foreign Currency Monetary Items Translation Difference Account as under:

₹ in Crore

Particulars	**Current Year**	Previous Year
Adjusted against General reserve on fair valuation of derivatives as on April 1, 2016	-	162.20
Net Revaluation of monetary assets & liabilities	**(298.56)**	(351.59)
Net Debit/(Credit) on account of repayments during the year	**226.06**	82.57
Net amortisation Debit/(Credit) during the year	**75.65**	57.20
Net reduction/(addition) during the year	**3.15**	(49.62)

5.9 The Board of Directors have proposed dividend on equity shares at ₹ **16.50** per share at their meeting held on April 30, 2018. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in ensuing Annual General Meeting.

5.10 The Board of Directors of the Corporation at its meeting held on March 16, 2018, *inter alia*, has approved the payment of an interim dividend of ₹ **3.50** (Previous Year ₹ 3.00) per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2017-18.

5.11 The Corporation has on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity shares of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Corporation is eligible to forfeit the amounts received towards the warrants. During the year **5,14,600 warrants** were converted to equity shares of ₹ 2 each.

6. The Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect the excess/deficit of income over expenses/expenses over income respectively and appropriations in each accounting period arising in the Company's policyholders' fund. Any allocation to the par policyholders would also give rise to a transfer to Shareholders' Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies unlikely to be revived. This surplus is required to be held within the policyholders' fund till the time policyholders are eligible for revival of their policies.

7. LONG-TERM BORROWINGS

₹ in Crore

Particulars		**As at March 31, 2018**	As at March 31, 2017
Bonds and Debentures [Refer Note 7.8]		**98,469.18**	97,456.36
Term Loans: [Refer Note 7.8]			
- Banks	**3,534.89**		7,712.02
- External Commercial Borrowing - Low Cost Affordable Housing	**5,702.38**		7,619.88
- Others	**9,403.87**	**18,641.14**	7,325.79
Deposits [Refer Note 7.7]		**44,599.54**	41,837.95
		161,709.86	161,952.00

7.1 Long-Term Borrowings are further sub-classified as follows:

₹ in Crore

Sr. No.	**Particulars**		**As at March 31, 2018**	As at March 31, 2017
	Secured: [Refer Note 7.2]			
a)	**Bonds and Debentures**			
	- Bonds	**27.35**		34.20
	- Non Convertible Debentures	**82,918.83**		83,349.16
b)	**Term Loans from Banks**			
	- Scheduled Banks	**2,284.89**		6,712.02
c)	**Term Loans from other parties**			
	- Asian Development Bank [Refer Note 7.3]	**209.00**		260.26
	- National Housing Bank	**9,194.87**		7,065.53
	Total Secured		**94,634.94**	97,421.17
	Unsecured :			
a)	**Bonds and Debentures**			
	- Non Convertible Subordinated Debentures	**5,723.00**		5,623.00
	- Perpetual Debt Instrument	**200.00**		150.00
	- Synthetic INR Denominated Bonds [Refer Note 7.5]	**9,600.00**		8,300.00
b)	**Term Loans from Banks**			
	- Scheduled Banks	**1,250.00**		1,000.00
c)	**External Commercial Borrowing - Low Cost Affordable Housing** [Refer Note 7.4]	**5,702.38**		7,619.88
d)	**Deposits** [Refer Note 7.7]	**44,599.54**		41,837.95
	Total Unsecured		**67,074.92**	64,530.83
			1,61,709.86	1,61,952.00

7.2 All secured Long-Term Borrowings are secured by

(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

7.3 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

The loan availed from the Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

7.4 The Corporation had availed External Commercial Borrowing (ECBs) of **USD 1,175 million**, for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The currency exposure on the interest has been hedged by way of forward contracts.

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

7.5 The Corporation has raised ₹ **9,600 crore** through Rupee Denominated Bonds to overseas investors till date. The Corporation was the first Indian corporate issuer of such bonds. Out of the said issuances, ₹ **5,000 crore** has been issued through standalone issuances to various investors under the automatic route.

The Corporation established a Medium Term Note Programme (MTN Programme) for **USD 750 million** so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approvals. During the year, the Corporation has upsized its MTN Programme from **USD 750 million** to **USD 1.3 billion**. Subsequently, during the annual updation of the MTN Programme on the London Stock Exchange, the Corporation increased the limit of the Programme by another USD 1.5 billion. Consequently, the MTN Programme limit currently is **USD 2.8 billion**.

During the year, the Corporation raised ₹ **1,300 crore** through issue of Rupee Denominated Bonds under the MTN Programme to International Finance Corporation (IFC) through the approval route. IFC, member of the World bank group has partnered with the Corporation, to finance the construction of affordable housing projects in the country for an amount of ₹ **5,200 crore**. Under the said agreement, IFC contributes ₹ **1,300 crore**, by subscribing to the said Bonds. The Corporation shall contribute the balance amount of ₹ **3,900 crore**. The Corporation shall finance eligible sub projects by way of loans to eligible sub borrowers.

The Corporation has raised ₹ **4,600 crore** till date under the MTN Programme through the approval route with the external commercial guidelines issued by the Reserve Bank of India (RBI).

The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

7.6 As on March 31, 2018, the Corporation has foreign currency borrowings of **USD 3,029.15 million equivalent** (Previous Year USD 2,944.46 million equivalent). The Corporation has undertaken currency swaps and forward contracts of a notional amount of **USD 2,325 million equivalent** (Previous Year USD 2,554.92 million equivalent) and dollar denominated assets and foreign currency arrangements of **USD 367.39 million** (Previous Year 401.66 million) to hedge the foreign currency risk. As on March 31, 2018, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD 336.76 million** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD Nil** (Previous Year USD 70 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **48,270 crore** (Previous Year ₹ 30,355 crore) and Cross currency interest rate swaps of a notional amount of ₹ **100 crore** (Previous Year ₹ 300 crore) as on March 31, 2018 for varying maturities into floating rate liabilities linked to various benchmarks. The Corporation has entered into currency swaps of a notional amount of **USD Nil** (Previous Year USD 49.42 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

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

7.8 **Terms of redemption of bonds and debentures and for repayment terms of term loans:**

A) BONDS & DEBENTURES

Previous Year figures are in (brackets)
₹ in Crore

Bonds & Debentures - Secured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
6.03% - 8%	**36,896.16** *(18,821.00)*	**396.39** -	**3,314.12** *(3,350.82)*	**40,606.67** *(22,171.82)*
8.01% - 10%	**23,089.15** *(31,474.84)*	**5,685.41** *(13,227.53)*	**9,747.86** *(7,020.38)*	**38,522.42** *(51,722.75)*
10.01% - 11.95%	**-** *(4,200.28)*	**-** -	**-** -	**-** *(4,200.28)*
Zero Coupon	**3,789.74** *(5,254.31)*	**-** -	**-** -	**3,789.74** *(5,254.31)*
Variable Rate - Linked to G Sec	**14.95** *(14.10)*	**12.40** *(15.90)*	**-** *(4.20)*	**27.35** *(34.20)*
Total Secured **A** *A*	**63,790.00** *(59,764.53)*	**6,094.20** *(13,243.43)*	**13,061.98** *10,375.40)*	**82,946.18** *(83,383.36)*

Previous Year figures are in (brackets)
₹ in Crore

Bonds & Debentures - Unsecured					
Maturities -		1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest					
Non-Convertible Subordinated Debentures and Perpetual Debt Instrument					
8.65% - 12.00%		**1,500.00** *(500.00)*	**1,035.00** *(2,000.00)*	**3,388.00** *(3,273.00)*	**5,923.00** *(5,773.00)*
Synthetic INR Denominated Bonds					
6.87% - 7.88%		**8,300.00** *(5,000.00)*	**1,300.00** *(3,300.00)*	**-** -	**9,600.00** *(8,300.00)*
Total Unsecured	**B** *B*	**9,800.00** *(5,500.00)*	**2,335.00** *(5,300.00)*	**3,388.00** *(3,273.00)*	**15,523.00** *(14,073.00)*
Total (Secured & Unsecured)	**A+B** *A+B*	**73,590.00** *(65,264.53)*	**8,429.20** *(18,543.43)*	**16,449.98** *(13,648.40)*	**98,469.18** *(97,456.36)*

B) TERM LOANS FROM BANKS

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Banks - Secured					
Maturities -		1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
7.01% - 9%		**1,024.10** *(701.07)*	**568.54** *(1,399.90)*	**692.25** *(4,463.21)*	**2,284.89** *(6,564.18)*
9.01% - 12.00%		*(93.94)*	*(53.90)*		**-** *(147.84)*
Total Secured	**A** *A*	**1,024.10** *(795.01)*	**568.54** *(1,453.80)*	**692.25** *(4,463.21)*	**2,284.89** *(6,712.02)*
Term Loans from Banks - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
6.65% - 7.60%		**-** -	**1,000.00** *(1,000.00)*	**250.00** -	**1,250.00** *(1,000.00)*
Total Unsecured	**B** *B*	**-** -	**1,000.00** *(1,000.00)*	**250.00** -	**1,250.00** *(1,000.00)*
Total (Secured & Unsecured)	**A+B** *A+B*	**1,024.10** *(795.01)*	**1,568.54** *(2,453.80)*	**942.25** *(4,463.21)*	**3,534.89** *(7,712.02)*

C) EXTERNAL COMMERCIAL BORROWING - LOW COST AFFORDABLE HOUSING - UNSECURED

Previous Year figures are in (brackets)
₹ in Crore

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
USD LIBOR + 107-175 bps	**-** *(1,945.50)*	**-** -	**-** -	**-** *(1,945.50)*
USD LIBOR + 120 bps	**3,258.50** -	**-** *(3,242.50)*	**-** -	**3,258.50** *(3,242.50)*
USD LIBOR + 126 bps	**-** -	**2,443.88** *(2,431.88)*	**-** -	**2,443.88** *(2,431.88)*
Total Unsecured	**3,258.50** *(1,945.50)*	**2,443.88** *(5,674.38)*	**-** -	**5,702.38** *(7,619.88)*

D) TERM LOANS FROM OTHER PARTIES - SECURED

Previous Year figures are in (brackets)

₹ in Crore

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Asian Development Bank USD LIBOR + 40 bps	**58.29** *(54.55)*	**48.67** *(61.68)*	**-** *(16.65)*	**106.96** *(132.88)*
Variable linked to Bank PLR	**29.82** *(28.04)*	**24.89** *(31.71)*	**-** *(8.55)*	**54.71** *(68.30)*
Variable linked to G Sec	**25.79** *(24.25)*	**21.53** *(27.43)*	**-** *(7.40)*	**47.32** *(59.08)*
National Housing Bank 4.61% - 5.99%	**364.62** -	**364.63** -	**645.18** -	**1,374.43** -
5.50% - 8%	**2,035.03** *(1,982.54)*	**1,641.54** *(1,497.70)*	**2,339.12** *(716.76)*	**6,015.69** *(4,197.00)*
8.01% - 10%	**599.63** *(1,179.12)*	**382.06** *(507.32)*	**823.06** *(1,182.09)*	**1,804.75** *(2,868.53)*
Total Secured	**3,113.18** *(3,268.50)*	**2,483.33** *(2,125.84)*	**3,807.36** *(1,931.45)*	**9,403.87** *(7,325.79)*

8. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Interest Accrued but not due on Borrowings	**1,724.09**	1,508.90
Premium payable on redemption of Debentures	**752.75**	690.25
Payable against Derivative	**197.09**	133.26
Security and Other Deposits Received	**30.04**	6.95
Income Received in Advance	**55.42**	45.52
Trade Payables	**82.17**	87.44
Others	**11.58**	20.20
Total	**2,853.14**	2,492.52

9. LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits [Refer Note 30.2]	**191.91**	99.90
Provision and Contingencies [Refer Notes 9.1 and 9.2]	**5,153.89**	3,189.10
Reserve for Unexpired Risk (Includes Insurance Reserve)	**565.66**	558.56
Total	**5,911.46**	3,847.56

9.1 Provision and Contingencies includes provisions for standard assets and all other contingencies. In accordance with the prudential norms of National Housing Bank and Reserve Bank of India, the minimum provision required to be carried forward is ₹ **1,664.54 crore** (Previous Year ₹ 1,668.04 crore) and ₹ **17.01 crore** (Previous Year ₹ 11.60 crore) respectively.

9.2 **Movement in Provisions and Contingencies Account during the year is as under:**

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**3,189.10**	2,794.95
Additions during the year (Net)	**2,064.61**	746.02
Utilised during the year towards diminution in value of Investments	**(36.48)**	(306.07)
Utilised during the year towards loans and others written off	**(63.33)**	(45.80)
Closing Balance	**5,153.89**	3,189.10

10. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Loans repayable on demand:		
- From Banks - Unsecured	**4,650.00**	-
Deposits - Unsecured [Refer Note 7.7]	**6,283.03**	2,694.64
Other loans and advances		
- Scheduled Banks - Secured [Refer Note 10.1]	**10,537.37**	2,038.02
- Scheduled Banks - Unsecured	**4,000.00**	-
- Commercial Papers - Unsecured [Refer Note 10.2]	**44,148.56**	37,715.29
	69,618.96	42,447.95

10.1 All secured Short-Term Borrowings are secured by:

(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

10.2 Commercial papers of the Corporation have a maturity value of ₹ **45,570 crore** (Previous Year ₹ 38,655 crore). Yield on commercial paper varies between **6.08% to 8.50%** (Previous Year 6.50% to 9.20%).

11. TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables	**7,114.45**	5,927.15
Total	**7,114.45**	5,927.15

12. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2018	As at March 31, 2017
Policy Liabilities (Policyholder's Fund)		**16,795.41**	14,274.24
Current maturities of long-term borrowings		**1,05,301.56**	89,394.67
Interest accrued but not due on borrowings	**7,228.84**		6,415.68
Premium payable on redemption of Debentures	**465.90**		380.06
Interest accrued and due on matured deposits	**85.84**		104.27
Income and other amounts received in advance	**361.55**		409.11
Unclaimed dividend	**44.91**		26.29
Unclaimed matured deposits	**752.86**		827.78
Payable against Derivatives	**181.23**		891.30
Other payables			
- Statutory Remittances	**396.36**		234.19
- Financial Assistance from Kreditanstalt für Wiederaufbau	**7.78**		7.78
- Amounts payable - Securitised Loans	**490.55**		574.60
- Amounts payable to Gratuity Fund	**0.17**		0.42
- Others	**423.85**		775.48
Sub Total		**10,439.84**	10,646.96
Total		**1,32,536.81**	1,14,315.87

12.1 Current maturities of Long-Term Borrowings are further sub classified as follows:

₹ in Crore

Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
	Secured [Refer Note 12.2]		
a)	**Bonds and Debentures**		
	- Bonds	**6.85**	6.30
	- Non-Convertible Debentures	**44,019.31**	24,286.86
b)	**Term Loans from Banks**		
	- Scheduled Banks	**13,737.47**	16,953.87
c)	**Term Loans from other parties**		
	- Asian Development Bank	**51.91**	48.69
	- National Housing Bank	**1,533.97**	1,792.33
	Unsecured		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures	**1,022.00**	350.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**911.70**	3,235.95
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**1,955.10**	-
d)	**Deposits** [Refer Note 7.7]	**42,063.25**	42,720.67
		1,05,301.56	89,394.67

12.2 Secured Current maturities of Long Term Borrowings are secured by:

(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd. and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29B of the National Housing Bank Act, 1987.

(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

13. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017
Provision for Employee benefits [Refer Note 30.2]	**123.10**	208.10
Provision for Tax (Net of Advance Tax)	**109.89**	130.26
Claims Incurred but not reported (IBNR) & Incurred but not enough reported (IBNER)	**1,328.46**	1,255.63
Reserve for Unexpired Risk (Includes Insurance Reserve)	**1,715.56**	1,257.81
Total	**3,277.01**	2,851.80

14. TANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2017	**Additions**	**Adjustments**	**Deductions**	**As at March 31, 2018**	As at March 31, 2017	**For the Year**	**Adjustments**	**Deductions**	**As at March 31, 2018**	**As at March 31, 2018**	As at March 31, 2017
Land :												
Freehold	56.80	-	-	**0.04**	**56.76**	-	-	-	-	-	**56.76**	56.80
	(56.80)	-	-	-	(56.80)	-	-	-	-	-	(56.80)	(56.80)
Leasehold	370.24	-	-	-	**370.24**	20.68	**8.88**	-	-	**29.56**	**340.68**	349.56
	(370.24)	-	-	-	(370.24)	(11.80)	(8.88)	-	-	(20.68)	(349.56)	(358.44)
Buildings :												
Own Use	653.66	**78.18**	-	**41.11**	**690.73**	121.63	**5.47**	-	**26.16**	**100.94**	**589.79**	532.03
	(709.46)	(0.18)	-	(55.98)	(653.66)	(114.66)	(8.63)	-	(1.66)	(121.63)	(532.03)	(594.80)
Under Operating Lease	276.34	-	**(276.34)**		-	222.04	-	**(222.04)**		-	-	54.30
	(287.85)	-	-	(11.51)	(276.34)	(204.75)	(25.58)	-	(8.29)	(222.04)	(54.30)	(83.10)
Leasehold Improvements	140.09	**15.37**	**(0.05)**	**5.29**	**150.12**	110.77	**10.29**	**(0.04)**	**4.75**	**116.27**	**33.85**	29.32
	(127.26)	(14.56)	-	(1.73)	(140.09)	(89.02)	(20.49)	-	1.26	(110.77)	(29.32)	(38.24)
Computer Hardware	280.54	**46.04**	**(2.39)**	**9.99**	**314.20**	220.65	**15.79**	**(1.88)**	**(11.74)**	**246.30**	**67.90**	59.89
	(258.76)	(31.13)	(3.74)	(13.09)	(280.54)	(199.42)	(14.31)	(2.45)	4.47	(220.65)	(59.89)	(59.34)
Furniture & Fittings :												
Own Use	175.92	**20.33**	**0.55**	**2.59**	**194.21**	126.66	**5.94**	**0.11**	**(2.38)**	**135.09**	**59.12**	49.26
	(164.19)	(10.49)	(5.08)	(3.84)	(175.92)	(116.68)	(5.63)	(3.83)	0.52	(126.66)	(49.26)	(47.51)
Under Operating Lease	0.13	-	-	**0.13**	-	0.13	-	-	**0.13**	-	-	-
	(0.13)	-	-	-	(0.13)	(0.12)	(0.01)	-	-	(0.13)	-	(0.01)
Office Equipment etc.												
Own Use	176.71	**23.96**	**0.55**	**6.93**	**194.29**	126.76	**9.03**	**1.11**	**(0.75)**	**137.65**	**56.64**	49.95
	(167.23)	(13.95)	(0.88)	(5.35)	(176.71)	(116.43)	(7.81)	(0.61)	1.91	(126.76)	(49.95)	(50.80)
Under Operating Lease	1.24	-	-	**1.24**	-	1.20	-	-	**1.20**	-	-	0.04
	(1.24)	-	-	-	(1.24)	(1.14)	(0.06)	-	-	(1.20)	(0.04)	(0.10)

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2017	Additions	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2017	For the Year	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Vehicles :												
Owned	49.48	18.56	-	8.93	59.11	24.61	4.30	-	1.46	27.45	31.66	24.87
	(41.37)	(12.19)	-	(4.08)	(49.48)	(17.96)	(4.00)	-	2.65	(24.61)	(24.87)	(23.41)
Under Finance Lease	0.01	-	-	0.01	-	-	-	-	-	-	-	0.01
	(0.01)	-	-	-	(0.01)	-	-	-	-	-	(0.01)	(0.01)
Leased Assets :												
Plant & Machinery*	129.18	-	-	-	129.18	129.18	-	-	-	129.18	-	-
	(129.18)	-	-	-	(129.18)	(129.18)	-	-	-	(129.18)	-	-
Vehicles*	16.37	-	-	-	16.37	16.37	-	-	-	16.37	-	-
	(16.37)	-	-	-	(16.37)	(16.37)	-	-	-	(16.37)	-	-
Total	**2,326.71**	**202.44**	[3] **(277.68)**	**76.26**	**2,175.21**	**1,120.68**	[1][2] **59.70**	[3] **(222.74)**	**18.83**	**938.81**	**1,236.40**	**1,206.03**
Previous Year	*(2,330.09)*	*(82.50)*	*(9.70)*	*(95.58)*	*(2,326.71)*	*(1,017.53)*	*(95.40)*	*(6.89)*	*0.86*	*(1,120.68)*	*(1,206.03)*	*(1,312.56)*

(*) Assets held for disposal

Notes :

(1) Net of depreciation for the year amounting to ₹ **42.61 crore** (Previous Year ₹ 41.05 crore) included in Other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **8.49 crore** (Previous Year ₹ 6.50 crore) being depreciation charge on Investment in Properties.

(3) Represents acquisition/sale of subsidiary.

15. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2017	Additions	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2017	For the Year	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Computer Software												
Owned	397.13	50.37	-	1.21	446.29	320.72	5.00	31.74	-	357.46	88.83	76.41
	(242.41)	(49.21)	(105.86)	(0.35)	(397.13)	(181.63)	(4.93)	(104.09)	30.07	(320.72)	(76.41)	(60.78)
Goodwill	157.74	-	-	-	157.74	151.70	0.83	-	-	152.53	5.21	6.04
	(157.74)	-	-	-	(157.74)	(150.87)	(0.83)	-	-	(151.70)	(6.04)	(6.87)
Website Development	3.12	0.03	-	3.10	0.05	2.91	0.09	-	2.95	0.05	-	0.21
	(2.81)	(0.31)	-	-	(3.12)	(2.58)	(0.33)	-	-	(2.91)	(0.21)	(0.23)
Total	**557.99**	**50.40**	[2] **-**	**4.31**	**604.08**	**475.33**	[1] **5.92**	[2] **31.74**	**2.95**	**510.04**	**94.04**	**82.66**
Previous Year	*(402.96)*	*(49.52)*	*(105.86)*	*(0.35)*	*(557.99)*	*(335.08)*	*(6.09)*	*(104.09)*	*30.07*	*(475.33)*	*(82.66)*	*(67.88)*

Notes :

(1) Net of depreciation for the year amounting to ₹ **32.51 crore** (Previous Year ₹ 30.42 crore) included in Other expenses pertaining to Insurance Business.

(2) Represents acquisition/sale of subsidiary.

16. NON-CURRENT INVESTMENTS

₹ in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017
Investment in Associates:		
Equity Shares		
Equity Investments in Associates by the Holding Company	**1,468.97**	1,468.97
Equity Investments in Associate by Subsidiaries	**73.32**	73.32
	1,542.29	1,542.29
Add: Goodwill on Acquisition of Associates (share of pre-acquisition of profits)	**3,891.12**	3,891.12
	5,433.41	5,433.41

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	**21,403.44**	17,906.49
	26,836.85	23,339.90
Less: Provision for Diminution in Value of Investments	**(2.50)**	(2.50)
(A)	**26,834.35**	23,337.40
Other Investments:		
Insurance Companies		
Equity Shares - Other Companies	**41,796.87**	37,806.44
Preference Shares	**132.60**	235.26
Non Convertible Debentures and Bonds	**25,392.61**	21,747.10
Pass Through Certificates & Security Receipts	**1.70**	4.22
Government Securities	**33,310.25**	27,466.09
Mutual Funds and Other Funds	**191.82**	82.81
Fixed Deposits	**45.30**	46.08
	1,00,871.15	87,388.00
Add: Fair Value Adjustment	**(676.32)**	(494.94)
(B)	**1,00,194.83**	86,893.06
Investments related to Policy Holders	**45,134.50**	35,016.96
Investments to cover linked liabilities	**4,129.45**	4,126.98
Investments related to Shareholders	**50,930.88**	47,749.12
Total	**1,00,194.83**	86,893.06

16.1 **Encumbrances**

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2018, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/margin with exchange and collateral securities issued.

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Issued in India	**76.59**	104.64
(ii) Issued outside India	**0.09**	0.09
Total	**76.68**	104.73

₹ in Crore

Particulars		As at March 31, 2018	As at March 31, 2017
Other Investments			
Other than Insurance Companies			
Equity Shares - Other Companies		**884.93**	843.70
Preference Shares		**159.32**	91.17
Debentures and Bonds		**1,159.75**	394.06
Pass Through Securities & Security Receipts		**767.31**	776.25
Government Securities		**9,048.58**	6,437.71
Mutual Funds and Other Funds		**440.97**	297.65
Properties (Net of Depreciation)		**415.63**	357.30
		12,876.49	9,197.84
Less: Provision for Diminution in Value of Investments		**(419.32)**	(382.33)
	(C)	**12,457.17**	8,815.51
Total	(A) + (B) + (C)	**1,39,486.35**	1,19,045.97

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**892.90**	**1,314.57**
Previous Year	*518.72*	*981.14*
Aggregate book value of Investments listed but not quoted	**9,199.89**	
Previous Year	*6,508.06*	
Aggregate book value of Investments in Unquoted Mutual Funds	**22.61**	***20.67**
Previous Year	*22.00*	*20.05*
Aggregate book value of Unquoted Investments (Others)	**1,946.64**	
Previous Year	*1,429.93*	
Properties	**395.13**	
Previous Year	*336.80*	
	12,457.17	
	8,815.51	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

Note:

Quoted investments include ₹ **Nil** (Previous Year ₹ 35.08 crore) in respect of equity shares, which are subject to a lock-in period and unquoted investments include ₹ **94.09 crore** (Previous Year ₹ 94.09 crore) in respect of equity shares, which are subject to restrictive covenant.

17. DEFERRED TAX ASSET/LIABILITIES

In compliance with the Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), credit has been recognised for ₹ **20.67 crore** (Previous Year debit had been taken ₹ 515.88 crore) in the Statement of Profit and Loss for the year ended March 31, 2018 towards deferred tax liability (net) for the year, arising on account of timing differences. In the Previous Year ₹ 1,158.17 crore has been adjusted against utilisation from the General Reserve (as per Note 5.2).

Major components of deferred tax assets and liabilities arising on account of timing differences are:

₹ in Crore

Particulars	Deferred Tax Liability		Deferred Tax Assets	
	Assets / (Liabilities)		Assets / (Liabilities)	
	Current Year	Previous Year	**Current Year**	Previous Year
(a) Depreciation	**(65.36)**	(66.39)	**8.26**	8.95
(b) Preliminary Expenses	-	-	**0.01**	0.01
(c) Special Reserve II	**(4,107.96)**	(3,564.56)	-	-
(d) Provision for Contingencies	**1,630.86**	1,150.95	**6.16**	4.23
(e) Provision for Employee Benefits	**67.68**	57.28	**2.73**	2.38
(f) Others (net)	**(18.81)**	(91.50)	**1.24**	0.10
Total	**(2,493.59)**	(2,514.22)	**18.40**	15.67

17.1 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ **193.29 crore** (Previous Year ₹ 173.99 crore), ₹ **175.55 crore** charged to the Revenue Account (Previous Year ₹ 151.98 crore) and ₹ **17.74 crore** charged to the Profit and Loss Account (Previous Year ₹ 22.01 crore), in accordance with the Income tax Act, 1961 and Rules and Regulations thereunder as applicable to the Company.

18. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017
Corporate Deposits	**8.82**	2,958.88
Capital Advances - Unsecured; considered good	**58.67**	20.86
Advance against Investment in Properties	-	113.18
Security Deposits - Unsecured; considered good	**87.75**	82.20
Instalment due from Borrowers - Secured; considered doubtful	**148.36**	130.61
Other Long Term Loans and Advances		
- Staff Loan others - Secured, considered good	**21.24**	18.47
- Prepaid Expenses - Unsecured, considered good	**157.79**	198.57
- Advance Tax (Net of Provision)	**3,765.84**	3,524.83
- MAT credit entitlement	**25.00**	-
- Others - Unsecured, considered good	**6.27**	35.66
- Others - Unsecured, considered doubtful	**49.71**	49.71
Total	**4,329.45**	7,132.97

18.1 Corporate Deposits aggregating to ₹ **7.02 crore** (Previous Year ₹ 2,957.08 crore) are secured or partly secured by one or a combination of the following securities:

(a) Registered/equitable mortgage of property;

(b) Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;

(c) Hypothecation of assets;

(d) Bank guarantees, company guarantees or personal guarantees;

(e) Negative lien;

(f) Assignment of receivables;

(g) Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

18.2 Corporate Deposits include Sub standard and Doubtful assets of ₹ **8.82 crore** (Previous Year ₹ 8.88 crore).

19. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Receivable on Securitised Loans	**482.38**	417.59
Amounts receivable on Swaps and other derivatives	**507.81**	422.72
Receivable against derivatives	**128.61**	252.04
Interest accrued but not due on Loans	**452.18**	239.85
Interest accrued but not due on Bank Deposits	**6.99**	4.93
Income accrued but not due on Investments	**139.84**	62.97
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	**230.88**	228.58
Total	**1,948.69**	1,628.68

19.1 Bank deposits with maturities beyond twelve months includes earmarked balances ₹ **106.96 crore** (Previous Year ₹ 132.88 crore) against foreign currency loans, ₹ **0.39 crore** (Previous Year ₹ 0.10 crore) towards letter of credit issued by bank.

20. LOANS

₹ in Crore

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non Current	Current	Non Current	Current
Loans:				
- Individuals	**2,65,561.38**	**5,066.58**	2,07,043.61	13,368.23
- Corporate Bodies	**86,937.98**	**15,317.37**	69,053.21	18,172.30
- Others	**4,956.39**	**1,333.06**	4,010.99	1,243.11
Total	**3,57,455.75**	**21,717.01**	2,80,107.81	32,783.64

20.1 Out of Loans, amounts aggregating to ₹ **3,86,019.14 crore** (Previous Year ₹ 3,36,840.66 crore) are secured or partly secured by one or a combination of the following securities:

(a) Registered/equitable mortgage of property;

(b) Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;

(c) Hypothecation of assets;

(d) Bank guarantees, company guarantees or personal guarantees;

(e) Negative lien;

(f) Assignment of receivables;

(g) Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit].

20.2 Long Term Loans and Advances include Sub-Standard, Doubtful loans and Loss assets of ₹ **4,090.61 crore** (Previous Year ₹ 2,419.79 crore).

20.3 Loans include ₹ **218.82 crore** (Previous Year ₹ 124.29 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

21. CURRENT INVESTMENTS

Insurance Companies [Refer Note 16.1]

₹ in Crore

Particulars		As at March 31, 2018	As at March 31, 2017
Non-Convertible Debentures and Bonds		**2,334.01**	844.90
Preference Shares		**10.00**	-
Government Securities		**1,335.98**	2,075.36
Securities Receipts		**3.54**	1.78
Mutual Funds and Other Funds		**1,135.32**	201.16
Fixed Deposits		**290.75**	135.84
Commercial Papers		**941.66**	120.56
Certificate of Deposits		**268.61**	165.42
Treasury Bills		**992.96**	1,951.62
Repo Investments		**4,262.98**	3,882.82
Less: Fair Value Change		**(7.82)**	(4.30)
		11,567.99	9,375.16
Add/(Less): Fair Value Adjustment		**-**	-
Total	(A)	**11,567.99**	9,375.16

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Investments related to Policy Holders	**6,143.87**	3,904.72
Investments to cover Linked Liabilities	**661.06**	525.32
Investments related to Shareholders	**4,763.06**	4,527.50
Investments towards Unclaimed Fund	**-**	417.62
Total	**11,567.99**	9,375.16

Other than Insurance Companies

₹ in Crore

Particulars		As at March 31, 2018	As at March 31, 2017
Held as Current Investments (At cost or market value whichever is lower unless stated otherwise)			
Equity Shares - Associate Companies		**23.25**	21.75
Equity Shares - Unlisted Company		**-**	21.44
Non Convertible Debentures and Bonds		**63.33**	21.44
Mutual Funds		**11,626.04**	4,196.18
Current Maturities of Long Term Investments (At cost)			
Security Receipts		**1.70**	3.23
Government Securities		**430.41**	134.46
Venture Funds and Other Funds		**40.62**	57.09
		12,185.35	4,434.15
Less: Provision for Diminution in Value of Investments		**(11.22)**	-
	(B)	**12,174.13**	4,434.15
Total	(A) + (B)	**23,742.12**	13,809.31

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**432.83**	**433.22**
Previous Year	*362.74*	*362.74*
Aggregate book value of Investments listed but not quoted	**354.06**	
Previous Year	*134.45*	
Aggregate book value of Investments in Unquoted Mutual Funds	**11,263.30**	***11,233.33**
Previous Year	*3,833.45*	*3,864.10*
Aggregate book value of Unquoted Investments (Others)	**123.94**	
Previous Year	*103.51*	
Total	**12,174.13**	
Previous Year	*4,434.15*	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

22. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables – Unsecured; Considered good, less than six months	**1,466.70**	1,451.33
Trade Receivables – Unsecured; Considered good, more than six months	**21.35**	31.10
Total	**1,488.05**	1,482.43

23. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Cash and cash equivalents		
(i) Balances with banks:		
- In Current Accounts	**1,333.23**	969.25
- In Deposit Accounts with original maturity of 3 months or less	**1,114.50**	4,046.73
(ii) Cash on Hand	**0.17**	0.53
(iii) Cheques on Hand	**367.56**	341.27
Sub Total	**2,815.46**	5,357.78
(b) Other Bank balances:		
(i) Earmarked balances with banks		
- Unclaimed Dividend Account	**44.91**	26.29
- Against Foreign Currency Loans [Refer Note 7.3]	**26.68**	24.97
- Towards Guarantees Issued by Banks	**0.49**	0.30
(ii) Short-term bank deposits with original maturity more than 3 months [Refer Note 23.1]	**124.85**	2,087.44
Total	**3,012.39**	7,496.78

23.1 Bank Deposits of the subsidiary companies of ₹ **0.09 crore** (Previous Year ₹ 1.25 crore) are marked as lien for overdraft facility.

24. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of Staff Loans - Others - Secured; considered good	**7.02**	5.25
Corporate Deposits [Refer Note 24.1]	**653.08**	2,838.30
Instalments due from borrowers - Secured, considered good	**1,685.42**	1,543.92
Prepaid Expenses - Unsecured; considered good	**135.19**	131.04
Sundry Deposits - Unsecured; considered good	**17.83**	12.37
MAT credit entitlement	**311.00**	-
Other Advances - Unsecured; considered good	**1,658.96**	778.47
Loans and Advances to Related parties	**31.89**	26.58
Total	**4,500.39**	5,335.93

24.1 Out of Corporate deposits, amounts aggregating to ₹ **453.09 crore** (Previous Year ₹ 2,180.40 crore) are secured and considered good [Refer Note 18.1].

25. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2018	As at March 31, 2017
Receivables on Securitised Loans	**121.45**	91.63
Receivables on sale of Investments	**-**	457.91
Interest accrued on interest rate swaps	**747.44**	556.88
Receivable against Derivatives	**109.48**	24.31
Interest accrued but not due on Loans	**407.25**	322.68
Interest accrued and due on Loans	**0.19**	1.69
Income accrued but not due on Investments	**2,015.96**	1,754.63
Interest accrued but not due on Corporate Deposits	**24.92**	126.01
Total	**3,426.69**	3,335.74

26. CONTINGENT LIABILITIES AND COMMITMENTS

The Group is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Accounting Standard on 'Provisions, Contingent Liabilities and Contingent Assets' - (AS - 29) and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

26.1 Given below are amounts in respect of claims asserted by revenue authorities and others:

a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed, amounts to ₹ **1,546.02 crore** (Previous Year ₹ 1,260.72 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ **1,535.75 crore** (Previous Year ₹ 1,250.12 crore) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in the favour of HDFC Ltd. and the respective subsidiary companies.

b) Contingent Liability in respect of disputed dues towards wealth tax, interest on lease tax and payment towards employers' contribution to ESIC not provided for by HDFC Ltd. amounts to ₹ **0.15 crore** (Previous Year ₹ 0.15 crore).

c) The subsidiary companies have received show cause cum demand notices, amounting to ₹ **95.69 crore** (Previous Year ₹ 93.12 crore), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. One of the subsidiary has filed appeals to the appellate authorities on the said show cause notices. The subsidiary has been advised by an expert that their grounds of appeal are well supported in law. As a result, the subsidiary is confident to defend the appeal against the demand and does not expect the demand to crystalise into a liability.

d) One of the subsidiary company has received show cause notice in respect of a Service tax matter amounting to ₹ **21.69 crore** (Previous Year ₹ 21.69 crore). Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

26.2 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **512.52 crore** (Previous Year ₹ 628.38 crore).

b) Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ **1,838.21 crore** (Previous Year ₹ 1,838.21 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Company's financial condition.

c) In terms of Senior Citizens' Welfare Fund Rules, 2016, as amended, notified by the Department of Economic Affairs, Ministry of Finance, Government of India, dated March 18, 2016 and Master Circular No. IRDA/F&A/CIR/Misc/173/07/2017 dated July 25, 2017, on Unclaimed Amount of Policyholders, issued by IRDAI, the Company has transferred an amount of ₹ **4.75 crore** (Previous Year ₹ Nil) being unclaimed amount of Policyholders outstanding for a period more than 10 years as on September 30, 2017 alongwith interest to the Senior Citizens Welfare Fund.

26.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ **1,792.76 crore** (Previous Year ₹ 714.05 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **0.77 crore** (Previous Year ₹ 0.78 crore).

26.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **1,892.55 crore** (Previous Year ₹ 1,254.52 crore).

27. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income:		
- Interest on Loans	**34,092.56**	31,174.28
- Other Interest [Refer Note 27.1]	**1,368.47**	1,186.12
Net (Loss) / Gain on foreign currency transactions and translation [Refer Note 29.2]	**(0.20)**	0.28
Dividends [Refer Note 27.2]	**66.78**	42.23
Management & Trusteeship Fees	**1,820.11**	1,541.71
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 27.3]	**440.12**	453.75
Income from Leases [Refer Note 27.4]	**57.38**	27.17
Fees and Other Charges [Refer Note 27.5]	**400.02**	579.72
Total	**38,245.24**	35,005.26

27.1 a) Other Interest includes interest on investments amounting to ₹ **657.21 crore** (Previous Year ₹ 537.67 crore).

b) Other Interest includes interest on investments amounting to ₹ **4.84 crore** (Previous Year ₹ 3.50 crore) in respect of current investments.

c) Other Interest includes Interest on Income Tax Refund ₹ **192.65 crore** (Previous Year ₹ 32.59 crore).

27.2 Dividend income includes ₹ **34.83 crore** (Previous Year ₹ 17.89 crore) in respect of current investments.

27.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **440.12 crore** (Previous Year ₹ 453.75 crore) is in respect of investments held as current investments.

27.4 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures are made in respect of Operating Leases:

Income from Leases includes ₹ **6.30 crore** (Previous Year ₹ 7.47 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**3.44**	4.06
Later than one year but not later than five years	**2.46**	0.29
Later than five years	**0.59**	-

27.5 Fees and other charges is net of the amounts paid to Direct Selling Agents ₹ **414.25 crore** (Previous Year ₹ 307.90 crore).

28. Profit on sale of investments includes ₹ **111.44 crore** (Previous Year ₹ 114.06 crore) in respect of current investments.

29. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
Interest		
- Loans	**2,702.16**	3,005.23
- Deposits	**7,450.36**	7,421.83
- Bonds and Debentures [Refer Note 29.1]	**10,180.59**	8,777.89
- Commercial Paper	**2,637.12**	2,556.13
	22,970.23	21,761.08
Net Loss on foreign currency transactions and translation [Refer Note 29.2]	**312.41**	30.76
Other Charges [Refer Note 29.3]	**169.78**	161.31
Total	**23,452.42**	21,953.15

29.1 Interest on Bonds and Debentures above includes a net loss of ₹ **17.20 crore** (Previous Year net gain of ₹ 20.59 crore) being net loss/(gain) on derivative valuation of INR derivatives and the underlying hedging instrument as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Realised (Gain)/Loss	**2.97**	0.41
Derivative valuations	**14.23**	(21.00)
Net (Gain)/Loss recognised in statement of Profit and Loss	**17.20**	(20.59)

29.2 ₹ **312.61 crore** (Previous Year Loss of ₹ 30.48 crore) has been recognised in the Statement of Profit and Loss being net loss on transaction and translation of foreign currency monetary assets and liabilities as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Exchange (Gain)/Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings	**85.02**	62.62
Realised (Gain)/Loss	**231.12**	36.29
Derivative accounting impact	**(3.73)**	(68.15)
Net (Gain)/Loss on translation and transactions recognised in Finance cost	**312.41**	30.76
Realised (Gain)/Loss recognised in Revenue from Operations [Refer Note 27]	**0.20**	(0.28)
Net (Gain)/Loss recognised in Statement of Profit and Loss	**312.61**	30.48

29.3 Other Charges is net of Exchange gain ₹ **0.13 crore** (Previous Year includes exchange loss of ₹ 0.35 crore).

30. EMPLOYEE BENEFITS EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus	**937.48**	808.64
Contribution to Provident Fund and Other Funds	**78.19**	77.98
Gratuity Expenses	**3.97**	4.49
Staff Training and Welfare Expenses	**28.50**	21.91
Total	**1,048.14**	913.02

30.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term and Short Term Employee Benefits and has been actuarially determined as per the Accounting Standard on Employee Benefits (AS 15).

30.2 **Employee Benefits**

In accordance with the Accounting Standard 15 on Employee Benefits (AS 15), the following disclosures have been made:

a) **Defined contribution plans**

The Corporation makes Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Corporation is required to contribute a specified percentage of the payroll costs to fund the benefits.

b) **Defined benefit plans**

Provident Fund

The Corporation makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **382.06 crore** and ₹ **379.49 crore** respectively (Previous Year ₹ 334.12 crore and ₹ 332.90 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of **8.55%**. The actuarial assumptions include discount rate of **7.73%** (Previous Year 7.27%) and an average expected future period of **14 years** (Previous Year 13.27 years). Expected guaranteed interest rate (weighted average yield) is **8.77%** (Previous Year 8.88%).

The Company recognised ₹ **18.29 crore** (Previous Year ₹ 15.90 crore) for provident fund contributions and ₹ **13.54 crore** (Previous Year ₹ 12.88 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The following amounts are recognised in the Statement of Profit and Loss which are included as under:

₹ in Crore

Particulars	Contributions to Provident Fund and Other Funds under Staff Expenses		Other expenses pertaining to Insurance Business	
	Current Year	Previous Year	**Current Year**	Previous Year
Provident Fund	**37.27**	32.09	**34.94**	31.14
Superannuation Fund	**14.43**	13.69	**0.69**	0.54
Employees' Pension Scheme-1995	**3.51**	3.49	**-**	-
Employees' State Insurance Corporation	**5.28**	2.73	**-**	-
Labour Welfare Fund	**0.03**	0.02	**-**	-
National pension scheme	**-**	-	**3.03**	18.41

c) **Other post retirement plans**

The details of the Group's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuaries and relied upon by the auditors:

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**340.40**	290.21
Acquisition/(transfer) during the year	**(0.57)**	2.27
Current Service Cost	**26.35**	21.11
Interest Cost	**24.82**	22.87
Benefits Paid	**(24.42)**	(16.16)
Actuarial loss	**4.52**	20.10
Liability at the end of the year *	**371.10**	340.40
* The Liability at the end of the year ₹ **371.10 crore** (Previous Year ₹ 340.40 crore) includes ₹ **70.51 crore** (Previous Year ₹ 64.30 crore) in respect of un-funded plans.		

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Current Year	Previous Year
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**253.97**	220.08
Expected Return on Plan Assets	**18.58**	17.36
Contributions	**28.92**	23.62
Benefits Paid	**(8.53)**	(4.48)
Actuarial loss on Plan Assets	**3.85**	(2.61)
Fair Value of Plan Assets at the end of the year	**296.79**	253.97
Total Actuarial loss to be recognised	**(0.67)**	(22.71)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**18.58**	17.36
Actuarial loss on Plan Assets	**3.85**	(2.61)
Actual Return on Plan Assets	**22.43**	14.75
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**26.35**	21.11
Interest Cost	**24.82**	22.87
Expected Return on Plan Assets	**(18.58)**	(17.36)
Net Actuarial loss to be recognised	**0.67**	22.71
Expense recognised in the Statement of Profit and Loss		
Included under Contribution to Provident Fund and Other Funds	**23.79**	40.23
Included under Other expenses pertaining to Insurance Business	**9.47**	9.10
Total	**33.26**	49.33
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**86.43**	70.13
Acquisition/(transfer) during the year	**(0.57)**	2.27
Expense recognised	**33.26**	49.33
Contribution by the Corporation	**(28.92)**	(23.62)
Benefits paid in respect of unfunded plans	**(15.89)**	(11.68)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**74.31**	86.43

₹ in Crore

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**371.10**	340.40	290.21	244.42	190.67
Fair Value of Plan Assets at the end of the year	**296.79**	253.97	220.08	175.70	141.56
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**74.31**	86.43	70.13	68.72	49.11
Experience Adjustment:					
On Plan Liabilities	**11.12**	3.20	6.99	26.81	22.14
On Plan Assets	**3.78**	0.02	0.09	1.59	(3.09)
Estimated Contribution for next year	**17.73**	26.14	23.60	28.18	19.54

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	**15.13**	22.92
State Government securities/securities guaranteed by State/Central Government	**9.63**	3.27
Public Sector/Financial Institutional Bonds	**10.33**	30.04
Private Sector Bonds	**16.36**	2.35
Special Deposit Scheme	**0.23**	0.02
Deposits with Banks and Financial Institutions	**17.33**	-
Investment in Insurance Companies*	**18.29**	29.75
Investment in Equity Shares	**10.97**	9.26
Others (including bank balances)	**1.73**	2.39
Total	**100.00**	100.00

Based on the above allocation and the prevailing yields on these assets, the long-term estimate of the expected rate of return on fund assets has been arrived at.

* As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	**6.57 to 7.89**	6.57 to 7.90
Return on Plan Assets	**7.27 to 8.01**	7.26 to 7.52
Salary Escalation	**3 to 12**	3 to 10

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

31. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 31.1]	**109.49**	96.36
Rates and Taxes	**9.38**	6.02
Repairs and Maintenance - Buildings	**11.22**	10.45
General Office Expenses	**3.43**	3.42
Electricity Charges	**26.94**	25.10
Insurance Charges	**2.15**	1.14
Total	**162.61**	142.49

31.1 In accordance with the Accounting Standard 19 on 'Leases' (AS 19), the following disclosures are made in respect of Operating and Finance Leases:

(a) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to ₹ **96.30 crore** (Previous Year ₹ 94.39 crore).

The future lease payments in respect of the above are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**25.11**	24.78
Later than one year but not later than five years	**22.18**	25.98

(b) Certain motor cars have been acquired under Operating Lease by subsidiary companies. In respect of these operating leases, the lease rentals charged to the Statement of Profit and Loss are ₹ **0.24 crore** (Previous Year ₹ 0.49 crore) included under Other expenses pertaining to Insurance business.

32. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**35.39**	32.46
Printing and Stationery	**42.34**	34.42
Postage, Telephone and Fax	**42.20**	40.31
Advertising	**161.67**	141.73
Business Development Expenses	**40.46**	25.61
Loan Processing Expenses	**45.76**	38.36
Manpower Outsourcing	**67.26**	67.55
Repairs and Maintenance - Other than Buildings	**26.08**	21.99
Office Maintenance	**45.75**	38.75
Legal Expenses	**13.94**	51.34
Computer Expenses	**26.59**	22.16
Directors' Fees and Commission	**11.81**	10.33
Miscellaneous Expenses [Refer Note 32.1]	**626.77**	545.45
Auditors' Remuneration [Refer Note 33]	**7.08**	7.54
Total	**1,193.10**	1,078.00

32.1 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid in cash	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above	**30.67**	-	**30.67**

33. AUDITORS' REMUNERATION

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**4.83**	5.15
Fees for Internal Control over Financial Reporting	**0.37**	0.39
Limited Reviews	**1.66**	1.48
Tax Matters	**1.23**	1.40
Other Matters and Certification	**1.61**	1.57
Reimbursement of Expenses	**0.15**	0.12
	9.85	10.11
Less: Included under commission & operating expenses pertaining to Insurance Business	**2.77**	2.57
Total	**7.08**	7.54

a) Auditors' Remuneration exclude ₹ **0.75 crore (Net of tax ₹ 0.49 crore)** being certification fees in respect of Qualified Institutional Placements (QIP) issue of equity shares, Preferential issue of equity shares & Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account. [Previous Year exclude ₹ 1.55 crore (Net of tax ₹ 1.01 crore) being certification fee in respect of Rupee Denominated Bonds and for Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account].

b) Auditors' Remuneration for the year ended March 31, 2018 comprises of remuneration of ₹ **1.03 crore** paid to the previous auditor.

c) Auditors' remuneration above is excluding Goods and Services tax, Service tax, Swachh Bharat Cess and Krishi Kalyan Cess.

34. In accordance with the Accounting Standard 20 on 'Earning per Share' (AS 20), the following disclosures have been made:

(i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ **16,254.96 crore** (Previous Year ₹ 11,051.12 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **176.54 crore** (Previous Year ₹ 146.27 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ **16,078.42 crore** (Previous Year ₹ 10,904.85 crore) and the weighted average number of shares during the year of **160.22 crore** (Previous Year 158.34 crore).

(ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows:

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**100.35**	68.87
Effect of outstanding Stock Options	**(1.47)**	(0.57)
Diluted Earnings Per Share	**98.88**	68.30

(iii) The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows:

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**160.22**	158.34
Diluted effect of outstanding Stock Options	**2.39**	1.31
Weighted average number of shares for computation of Diluted Earnings Per Share	**162.61**	159.65

35. SEGMENT REPORTING

As per the Accounting Standard 17 on 'Segment Reporting' (AS 17), the main segments and the relevant disclosures relating thereto are as follows:

₹ in Crore

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Segment Revenue	**42,229.73**	34,665.24	**27,056.07**	22,190.93	**3,636.83**	3,041.98	**1,924.44**	1,682.66	**423.23**	433.44	**(1,210.64)**	(1,027.05)	**111.34**	100.43	**74,171.00**	61,087.63
Segment Result	**15,528.97**	10,894.77	**1,300.61**	1,061.21	**513.27**	423.36	**1,012.05**	805.23	**2.39**	33.27	**(866.08)**	(668.27)	**111.30**	99.98	**17,602.51**	12,649.55
Income-tax (Current)													**4,339.38**	3,504.91	**4,339.38**	3,504.91
MAT Credit Entitlement													**(317.51)**	-	**(317.51)**	-
Deferred tax													**(20.67)**	515.88	**(20.67)**	515.88
Total Result	**15,528.97**	10,894.77	**1,300.61**	1,061.21	**513.27**	423.36	**1,012.05**	805.23	**2.39**	33.27	**(866.08)**	(668.27)	**(3,889.90)**	(3,920.81)	**13,601.31**	8,628.76
Segment Assets	**4,09,459.68**	3,41,847.62	**1,08,720.55**	93,738.57	**10,042.30**	8,870.31	**989.94**	1,027.60	**352.37**	428.33	**-**	-	**33,136.42**	28,224.91	**5,62,701.26**	4,74,137.34
Segment Liabilities	**3,54,506.27**	3,10,008.88	**1,05,457.43**	90,210.40	**8,550.38**	6,975.89	**226.69**	307.24	**63.65**	485.68	**-**	-	**2,657.79**	2,617.37	**4,71,462.21**	4,10,605.46
Net Assets	**54,953.41**	31,838.74	**3,263.12**	3,528.17	**1,491.92**	1,894.42	**763.25**	720.36	**288.72**	(57.35)	**-**	-	**30,478.63**	25,607.54	**91,239.05**	63,531.88
Other Information																
Capital Expenditure	**49.77**	31.31	**33.58**	46.88	**96.31**	156.70	**19.07**	12.42	**24.11**	34.17	**-**	-	**-**	-	**222.84**	281.48
Depreciation	**52.97**	59.27	*** 44.64**	* 40.96	*** 30.67**	* 30.71	**11.97**	12.71	**8.98**	35.80	**-**	-	**-**	-	**149.23**	179.45
Non cash expenses other than Depreciation	**2,265.14**	873.51	**11.31**	2.92	**77.07**	19.17	**17.72**	5.16	**8.09**	13.18	**-**	-	**-**	-	**2,379.33**	913.94

a) The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

c) Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

d) Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue/expenses/assets/ liabilities.

e) Asset Management segment includes portfolio management, mutual fund and property investment management.

f) Others includes project management, investment consultancy and property related services.

g) The group does not have any material operations outside India and hence, disclosure of geographic segments is not given.

* Included in Other expenses relating to Insurance Business

36. RELATED PARTY TRANSACTIONS

As per the Accounting Standard 18 on 'Related Party Disclosures' (AS 18), the related parties of the Corporation are as follows:

A) Associate Companies

HDFC Bank Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.
True North Ventures Private Limited

B) Investing Party and its Group Companies

Standard Life Investments Ltd.
Standard Life (Mauritius Holdings) 2006 Ltd.
ERGO International AG
Munich Re

C) Entities over which control is Exercised

H T Parekh Foundation

D) Key Management Personnel

Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

E) Relatives of Key Management Personnel -
(Where there are transactions)

Ms. Arnaaz K. Mistry
Mr. Nikhil Singhal
Ms. Swarn Sud
Mr. Bharat Karnad
Mr. Rishi Sud

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Dividend Income										
- HDFC Bank Ltd.	**617.47**	537.07	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**-**	0.01	**-**	-	**-**	-	**-**	-	**-**	-
Interest Income										
- HDFC Bank Ltd.	**15.00**	19.23	**-**	-	**-**	-	**-**	-	**-**	-
- Magnum Foundations Pvt Ltd	**2.16**	2.24	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**-**	-	**0.03**	0.04
Consultancy and Other Fees										
- Standard Life Investments Ltd	**-**	-	**1.91**	0.87	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Rent Income										
- HDFC Bank Ltd.	**2.13**	2.15	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Reinsurance Income										
- Munich Re	**-**	-	**115.35**	49.64	**-**	-	**-**	-	**-**	-
Support cost recovered										
- HDFC Bank Ltd.	**0.41**	0.49	**-**	-	**-**	-	**-**	-	**-**	-
- H T Parekh Foundation	**-**	-	**-**	-	**0.36**	0.31	**-**	-	**-**	-
Miscellaneous Services rendered										
- HDFC Bank Ltd.	**404.44**	331.83	**-**	-	**-**	-	**-**	-	**-**	-
- ERGO International AG	**-**	-	**2.75**	-	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.02**	0.01	**0.02**	-

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Interest Expense										
- HDFC Bank Ltd.	**169.91**	17.71	**-**	-	**-**	-	**-**	-	**-**	-
- ERGO International AG	**-**	-	**12.92**	5.06	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**4.99**	0.03	**0.24**	0.25	**0.01**	0.01
Bank and Other Charges/ Payments										
- HDFC Bank Ltd.	**37.87**	99.75	**-**	-	**-**	-	**-**	-	**-**	-
Reinsurance Expense										
- Munich Re	**-**	-	**228.75**	96.41	**-**	-	**-**	-	**-**	-
Remuneration *										
- Mr. Keki M. Mistry	**-**	-	**-**	-	**-**	-	**12.77**	10.71	**-**	-
- Mr. V. Srinivasa Rangan	**-**	-	**-**	-	**-**	-	**7.49**	6.50	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**-**	-	**11.49**	9.84	**-**	-
Dividend Expenses										
- ERGO International AG	**-**	-	**58.44**	36.53	**-**	-	**-**	-	**-**	-
- Standard Life (Mauritius Holdings) 2006 Ltd	**-**	-	**80.19**	76.80	**-**	-	**-**	-	**-**	-
- Standard Life Investments Ltd	**-**	-	**128.82**	92.59	**-**	-	**-**	-	**-**	-
Other Expenses										
- HDFC Bank Ltd.	**1,773.66**	1,234.06	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**-**	-	**0.10**	0.10
Investments made										
- HDFC Bank Ltd.	**673.30**	354.10	**-**	-	**-**	-	**-**	-	**-**	-
Investments sold / Redeemed										
- HDFC Bank Ltd.	**72.16**	-	**-**	-	**-**	-	**-**	-	**-**	-
- Magnum Foundations Pvt Ltd	**2.16**	1.50	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Securities purchased										
- HDFC Bank Ltd.	**135.65**	260.57	**-**	-	**-**	-	**-**	-	**-**	-
Investments										
- HDFC Bank Ltd.	**9,038.55**	8,462.00	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**22.12**	24.28	**-**	-	**-**	-	**-**	-	**-**	-
Bank Deposits placed										
- HDFC Bank Ltd.	**1,272.04**	415.59	**-**	-	**-**	-	**-**	-	**-**	-
Bank Deposits matured / withdrawn										
- HDFC Bank Ltd.	**136.33**	475.12	**-**	-	**-**	-	**-**	-	**-**	-
Bank Balance and Deposits										
- HDFC Bank Ltd.	**2,514.73**	1,003.81	**-**	-	**-**	-	**-**	-	**-**	-
Loans given										
- Magnum Foundations Pvt Ltd	**0.22**	0.27	**-**	-	**-**	-	**-**	-	**-**	-

* - Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Corporation basis at the end of each year and, accordingly, have not been considered in the above information.

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loans repaid										
- Magnum Foundations Pvt Ltd	-	1.38	-	-	-	-	-	-	-	-
- Mr Nikhil Singhal	-	-	-	-	-	-	-	-	0.02	0.02
- Ms. Renu Sud Karnad	-	-	-	-	-	-	0.01	0.01	-	-
Loans Sold										
- HDFC Bank Ltd.	5,623.94	13,845.65	-	-	-	-	-	-	-	-
Loans										
- Magnum Foundations Pvt Ltd	26.80	26.58	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	0.05	0.06	0.37	0.40
Trade Receivable										
- HDFC Bank Ltd.	32.37	4.11	-	-	-	-	-	-	-	-
Other Advances / Receivables										
- HDFC Bank Ltd.	36.20	8.80	-	-	-	-	-	-	-	-
- Magnum Foundations Pvt Ltd	3.96	2.02	-	-	-	-	-	-	-	-
- Others	-	-	4.67	0.28	-	-	-	-	0.06	0.06
Prepaid Premium										
- Standard Life (Mauritius Holdings) 2006 Ltd	-	-	0.62	-	-	-	-	-	-	-
Deposits Placed										
- H T Parekh Foundation	-	-	-	-	70.00	60.00	-	-	-	-
- Others	-	-	-	-	-	-	0.03	2.84	-	0.11
Deposits Matured / Repaid										
- Ms. Renu Sud Karnad	-	-	-	-	-	-	0.01	2.39	-	-
- Ms. Swarn Sud	-	-	-	-	-	-	-	-	0.11	0.09
- Others	-	-	-	-	-	-	-	-	-	-
Deposits										
- H T Parekh Foundation	-	-	-	-	130.00	60.00	-	-		
- Others	-	-	-	-	-	-	2.86	2.85	-	0.11
Debentures										
- ERGO International AG	-	-	170.00	170.00	-	-	-	-	-	-
- Others	1,315.00	-	-	-	-	-	-	-	-	-
Non-Convertible Debentures (Allotments under Primary Market)										
- HDFC Bank Ltd.	2,105.00	2,320.00	-	-	-	-	-	-	-	-
Non-Convertible Debentures - Redemption										
- HDFC Bank Ltd.	65.00	-	-	-	-	-	-	-	-	-
Non-Convertible Debentures										
- HDFC Bank Ltd.	1,610.00	-	-	-	-	-	-	-	-	-
Other Liabilities / Payables										
- HDFC Bank Ltd.	865.95	840.64	-	-	-	-	-	-	-	-
- Munich Re	-	-	123.70	22.69	-	-	-	-	-	-
- Others	-	-	4.79	4.79	-	-	0.33	0.11	0.02	0.01
Donation										
- H T Parekh Foundation	-	-	-	-	171.14	136.85	-	-	-	-

37. Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(As on/for the year ended March 31, 2018)

Sr. No.	Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit/(Loss)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated Profit or loss	Amount (₹ in crore)
Parent					
1	Housing Development Finance Corporation Limited		61,402.54		12,163.69
	Less: Inter Company eliminations		(11,769.05)		(1,074.10)
	Net of eliminations	**54.42%**	**49,633.49**	**68.23%**	**11,089.59**
Subsidiaries					
Indian					
1	GRUH Finance Ltd.	1.53%	1,392.89	2.24%	363.89
2	HDFC Standard Life Insurance Co. Ltd.	3.81%	3,475.82	7.08%	1,151.10
3	HDFC ERGO General Insurance Co. Ltd.	1.62%	1,479.61	2.77%	450.59
4	HDFC Asset Management Co. Ltd.	2.36%	2,156.51	4.53%	737.06
5	HDFC Trustee Co. Ltd.	0.00%	2.50	0.00%	0.35
6	HDFC Investment Trust	0.08%	76.67	0.12%	18.80
7	HDFC Investment Trust - II	0.23%	213.77	0.21%	34.35
8	HDFC Venture Capital Ltd.	0.02%	21.40	0.00%	(0.42)
9	HDFC Ventures Trustee Co. Ltd.	0.00%	1.10	0.00%	(0.05)
10	HDFC Property Venture Ltd.	0.12%	106.44	-0.11%	(17.70)
11	HDFC Pension Management Co. Ltd.	0.03%	27.05	0.00%	(0.12)
12	HDFC Capital Advisors	0.02%	15.11	0.04%	6.55
13	HDFC Investments Ltd.	0.18%	160.81	0.25%	40.84
14	HDFC Holdings Ltd.	0.19%	173.84	0.03%	4.09
15	HDFC Developers Ltd.	-	-	-0.08%	(12.68)
16	HDFC Sales Pvt. Ltd.	0.00%	0.29	-2.18%	(354.54)
17	HDFC Realty Ltd.	-	-	-0.11%	(17.62)
18	HDFC Credila Financial Services Pvt. Ltd.	0.50%	455.26	0.53%	86.73
19	HDFC Education and Development Services Pvt. Ltd.	0.09%	80.06	-0.03%	(5.06)
Foreign					
1	Griha Investments	0.13%	119.77	0.09%	14.60
2	Griha Pte. Ltd.	0.04%	34.23	0.08%	12.64
3	HDFC International Life and Re Company Ltd.	0.09%	80.43	-0.01%	(1.68)
	Share of Minorities	5.13%	4,697.65	-6.63%	(1,076.58)
Associates (Investment as per the equity method)					
Indian					
1	HDFC Bank Limited	29.41%	26,832.86	22.95%	3,730.20
2	True North Ventures Pvt. Ltd.	0.00%	1.49	0.00%	0.03
Total		**100.00%**	**91,239.05**	**100.00%**	**16,254.96**

38. During the Year ended March 31, 2017, HDFC ERGO General Insurance Company Ltd. ("HDFC ERGO"), a subsidiary company, acquired 100% equity shares of L & T General Insurance Company Limited (renamed as HDFC General Insurance Company Limited [HDFC General Insurance]). The scheme of arrangement under Sections 391 and 394 of the Companies Act, 1956 and Sections 230 and 232 of the Companies Act, 2013 for merger of HDFC ERGO with HDFC General Insurance with January 1, 2017 as appointed date has been approved by the National Company Law Tribunal (NCLT) vide its order dated June 23, 2017. Further, Insurance Regulatory and Development Authority of India (IRDAI) vide its letter dated August 16, 2017 gave its final approval to the said merger with effect from August 16, 2017 with the appointed date of January 1, 2017. The merger has been accounted under the 'Pooling of Interests' method as prescribed under the Accounting Standard 14 'Accounting for Amalgamations (AS - 14). The merged entity was renamed as **HDFC ERGO General Insurance Company Limited.** The effect of the scheme has been given effect to in the opening reserves of this financial statements.

39. During the year, the Corporation has offered **19,12,46,050** equity shares of ₹ 10 each of HDFC Standard Life Insurance Company Limited (HDFC Life), a material subsidiary representing 9.52% of its issued and paid-up share capital in the initial public offering of HDFC Life, resulting in a profit of ₹ **5,029.33 crore (net of expenses).**

In accordance with past practice and with the objective of further strengthening the Corporation's balance sheet, the Corporation has made an additional provision of ₹ **1,575 crore** to shore up the Provisions and Contingencies Account and thereby recognise provisions towards specific loans against future risks.

The transaction has triggered the provision of Minimum Alternate Tax under section 115JB of the Income-tax Act, 1961. The tax expense has been adjusted accordingly.

40. During the current year, the Corporation has sold 100% equity share capital in HDFC Developers Limited and HDFC Realty Limited, its wholly owned subsidiary companies to Quikr India Private Limited (Quikr India) resulting in a pre tax gain of ₹ **265.46 crore.**

41. Windermere Properties Private Limited, Haddock Properties Private Limited, Grandeur Properties Private Limited, Winchester Properties Private Limited and Pentagram Properties Private Limited were wholly-owned subsidiaries of the Corporation (Transferor companies). The National Company Law Tribunal, Mumbai Bench approved the merger of the Transferor companies into and with the Corporation vide its order dated March 28, 2018, having appointed date as April 1, 2016. The said order was filed with the Registrar of Companies on April 27, 2018. Accordingly the Corporation has considered the operations of the said subsidiaries from April 1, 2016 as its own operations and accounted for the same in its books of accounts after making necessary adjustments. The figures of statement of profit and loss for the previous quarter has been adjusted to give effect to the scheme of amalgamation.

42. The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

43. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, April 30, 2018

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

Bimal Jalan
(DIN: 00449491)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and Regulation 21 read with Schedule I of the SEBI Debt Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Mr. V. Srinivasa Rangan
Executive Director and Chief Financial Officer

Date: August 10, 2020

Place: Mumbai

DECLARATION

We, the Directors of our Company, certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of preference shares, debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Mr. V. Srinivasa Rangan
Executive Director and Chief Financial Officer

Date: August 10, 2020

Place: Mumbai

I am authorised by the Committee of Directors – QIP 2020, a committee of the Board of Directors of our Company, by way of resolution dated August 10, 2020, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the members subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

____

Mr. Ajay Agarwal
Company Secretary and Compliance Officer

Date: August 10, 2020

Place: Mumbai

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Registered Office	Corporate Office
Ramon House, H.T. Parekh Marg 169, Backbay Reclamation, Churchgate Mumbai 400 020	HDFC House, H.T. Parekh Marg 165-166, Backbay Reclamation, Churchgate Mumbai 400 020

Website: www.hdfc.com; **CIN**: L70100MH1977PLC019916

Compliance Officer: Mr. Ajay Agarwal
Address: HDFC House, H.T. Parekh Marg, 165 – 166, Backbay Reclamation, Churchgate, Mumbai 400 020
Telephone: +91 22 6631 6000
Email: ajaya@hdfc.com

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited 27 BKC, C-27, "G" Block Bandra Kurla Complex Bandra (East) Mumbai 400 051	**Axis Capital Limited** 1st Floor, Axis House, C-2 Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai 400 025	**BNP Paribas** BNP Paribas House, 1-North Avenue, Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051	**DSP Merrill Lynch Limited** Ground Floor, "A" Wing, One BKC, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Center, G-Block, C 54 & 55, Bandra Kurla Complex, Bandra (East), Mumbai 400 098	**Credit Suisse Securities (India) Private Limited** Ceejay House, 9th, Floor Plot F, Shivsagar Estate, Dr. Annie Besant, Road Worli, Mumbai 400 018,	**Goldman Sachs (India) Securities Private Limited** 951-A Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	**HDFC Bank Limited*** Investment Banking Group Unit 401&402, 4th Floor, Tower B Peninsula Business Park, Lower Parel Mumbai 400 013	**HSBC Securities and Capital Markets (India) Private Limited** 52/60, Mahatma Gandhi Road, Fort Mumbai 400 001	**ICICI Securities Limited** ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020
IIFL Securities Limited 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013	**Jefferies India Private Limited** 42/43, 2 North Avenue, Maker Maxity Bandra - Kurla Complex, Bandra (East) Mumbai 400051	**JM Financial Limited** 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	**J.P. Morgan India Private Limited** J.P. Morgan Towers, Off CST Road, Kalina, Santacruz East, Mumbai 400 098	**Morgan Stanley India Company Private Limited** 18F, Tower II, One Indiabulls Centre 841, Senapati Bapat Marg, Mumbai 400 013	**Motilal Oswal Investment Advisors Limited** Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai 400 025	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400018	**SBI Capital Markets Limited** 202, Maker Tower 'E', Cuffe Parade Mumbai 400 005	**UBS Securities India Private Limited** 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex Bandra (East) Mumbai 400 051	

******In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 174(2) of the SEBI ICDR Regulations, HDFC Bank Limited will be involved only in marketing of the Issue*.

STATUTORY AUDITORS OF OUR COMPANY	DEBENTURE TRUSTEE
B S R & Co. LLP 5th Floor, Lodha Excelus Apollo Mills Compound N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	**IDBI Trusteeship Services Limited** "Asian Building", Ground floor 17, R. Kamani Marg, Ballard Estate Mumbai 400 001

SHARE TRANSFER AGENT TO THE ISSUE

Housing Development Finance Corporation Limited
Ramon House, 5th Floor
H. T. Parekh Marg, 169, Backbay Reclamation
Churchgate, Mumbai 400 020

CREDIT RATING AGENCIES

CRISIL CRISIL House, Central Avenue, Hiranandani Business Park Powai, Mumbai – 400 076	**ICRA Limited** Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025

LEGAL ADVISER TO OUR COMPANY AS TO INDIAN LAW

AZB & Partners AZB House, Peninsula Corporate Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013	**AZB & Partners** Onyx Towers, 1101-B 11th Floor North Main Road, Koregaon Park Pune 411001

LEGAL ADVISERS TO THE BOOK RUNNING LEAD MANAGERS

As to Indian law **Cyril Amarchand Mangaldas** 5th Floor, Peninsula Chambers Peninsula Corporate Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013	*As to United States law* **Dentons UK and Middle East LLP** One Fleet Place London EC4M 7WS United Kingdom

APPLICATION FORMS

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HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

EQUITY APPLICATION FORM

(Incorporated in the Republic of India under the Companies Act, 1956)
Registered Office: Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020
Corporate Office: HDFC House, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
CIN: L70100MH1977PLC019916; **Website:** www.hdfc.com; **Tel**: +91 (22) 6176 6000; **E-mail:** investorcare@hdfc.com

Name of the Bidder:
Form No.
Date: August [●] 2020

QUALIFIED INSTITUTIONS PLACEMENT OF (I) UP TO [●] EQUITY SHARES OF OUR COMPANY OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") AT A PRICE OF ₹ [●] PER EQUITY SHARE, INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("EQUITY ISSUE PRICE"), AGGREGATING UP TO ₹ [●] MILLION (II) [●]% SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000,000 ("NCD ISSUE PRICE") EACH DUE IN [●] ("NCDS"), AGGREGATING UP TO ₹ [●] MILLION (III) [●] WARRANTS FOR A PERIOD NOT EXCEEDING 36 MONTHS EACH EXCHANGEABLE FOR [●] EQUITY SHARE(S) ("WARRANTS" AND TOGETHER WITH THE NCDS AND EQUITY SHARES, "ELIGIBLE SECURITIES"), WHICH COMPRISES AN ISSUE PRICE OF ₹ [●] PER WARRANT ("WARRANT ISSUE PRICE") AND AN EXCHANGE PRICE OF ₹ [●] PER WARRANT ("WARRANT EXERCISE PRICE"), ASSUMING FULL EXCHANGE OF WARRANTS INTO EQUITY SHARES, AGGREGATING UP TO ₹ [●] MILLION BY HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (THE "COMPANY" OR THE "ISSUER", AND SUCH ISSUE, THE "ISSUE"). THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTIONS 42 AND 71 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED ("PAS RULES"), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED ("SEBI DEBT REGULATIONS"), HOUSING FINANCE COMPANIES ISSUANCE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS (NHB) DIRECTIONS, 2014, AS AMENDED AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER ("COMPANIES ACT"). THE ISSUANCE OF NCDS PURSUANT TO THIS ISSUE WILL BE UNDERTAKEN THROUGH THE ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF DEBT SECURITIES ON A PRIVATE PLACEMENT BASIS IN ACCORDANCE WITH SEBI CIRCULAR DATED JANUARY 5, 2018 BEARING REFERENCE NUMBER SEBI/HO/DDHS/CIR/P/2018/05 AND SEBI CIRCULAR DATED AUGUST 16, 2018 BEARING REFERENCE NUMBER SEBI/HO/DDHS/CIR/P/2018/122 ("SEBI EBP CIRCULARS"), TOGETHER WITH THE "OPERATING GUIDELINES FOR ELECTRONIC BIDDING PLATFORM" ISSUED BY NSE VIDE THEIR CIRCULAR DATED SEPTEMBER 28, 2018. THE COMPANY INTENDS TO USE THE EBP PLATFORM FOR INVITING BIDS AND MAKING DISCLOSURES REQUIRED UNDER THE SEBI DEBT REGULATIONS AND THE EBP CIRCULARS. PLEASE NOTE THAT SUBMITTING A BID FOR ELIGIBLE SECURITIES IN THIS MANNER SHOULD NOT BE TAKEN TO BE INDICATIVE OF THE NUMBER OF ELIGIBLE SECURITIES THAT WILL BE ALLOTTED TO A SUCCESSFUL BIDDER. ALLOTMENT OF ELIGIBLE SECURITIES WILL BE UNDERTAKEN BY THE COMPANY, IN ITS ABSOLUTE DISCRETION, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) for Equity Shares, (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; or (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue, (ii) for NCDs, has complied with the requirements prescribed under the SEBI EBP Circular and which (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue; (c) are not entities not being a person resident in India under the FEMA (as defined below), except Eligible FPIs; or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA, except Eligible FPIs; and (iii) for Warrants, (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue; (c) are not entities not being a person resident in India under the FEMA; or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA.

The Equity Shares and NCDs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares and NCDs are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A") and referred to herein as "U.S. QIBs") in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made The NCDs be offered or sold to Eligible QIBs which (a) are not entities not being a person resident in India under the FEMA (as defined below), except Eligible FPIs, or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA, except Eligible FPIs. The Warrants are not, and will not, in any circumstance, be offered to persons in any jurisdiction outside India and the Warrants and any Equity Shares issued from the exchange of the Warrants are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S. The Warrants be offered or sold to Eligible QIBs which (a) are not entities not being a person resident in India under the FEMA, or (b) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA. You should note and observe the solicitation and distribution restrictions contained in the sections entitled "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 333 and 343, respectively, in the accompanying preliminary placement document dated August 05, 2020 (the "PPD").

ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE THROUGH SCHEDULE II OF THE FEMA RULES, IN THIS ISSUE FOR EQUITY SHARES AND NCDs, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER THE APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY INCLUDING, THE FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE. IN ACCORDANCE WITH PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, WHEREIN IF THE BENEFICIAL OWNER OF THE EQUITY SHARES IS SITUATED IN OR IS A CITIZEN OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA, FOREIGN DIRECT INVESTMENTS CAN ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED IN THE FEMA RULES AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES.

To,
The Board of Directors

Housing Development Finance Corporation Limited
Registered Office: Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020

Dear Sir / Madam,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Equity Application Form, we hereby submit our Equity Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; or (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue; and (c) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; including foreign exchange related laws. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations). Further, we confirm that we do not have any right under a shareholders' agreement, veto rights or right to appoint any nominee director on the Board. We confirm that we are either an Eligible QIB resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We confirm that we are not a FVCI participating in this Issue. We specifically confirm that our Bid for the Allotment of

STATUS (Insert 'X' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Fund
SI-NBFC	Systemically Important Non-Banking Financial Companies	**OTH**	Others _____________ (Please specify)

Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended* the Equity Shares is not in violation of the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Company as required in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Mumbai (the "**RoC**") as required in terms of the PAS Rules, or the relevant depository will record our name in the beneficial owner records maintained by the respective depositories, as a holder of such Equity Shares that may be Allotted to us. Further, we are aware and agree that if we are Allotted more than 5% of the Equity Shares in the Issue, the Company will disclose our name and the number of Equity Shares Allotted to us on the websites of National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations and other applicable laws. We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We undertake that we will submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the undersigned is duly authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue. We note that the Company is entitled, in its absolute discretion in consultation with the BRLMs (as defined hereunder), to accept or reject this Equity Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the CAN and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Equity Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Equity Application Form through electronic mode, along with this Equity Application Form prior to or on Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole and absolute discretion of the Company, in consultation with the Kotak Mahindra Capital Company Limited, Axis Capital Limited, BNP Paribas, Citigroup Global Markets India Limited, Credit Suisse Securities (India) Private Limited, DSP Merrill Lynch Limited, Goldman Sachs (India) Securities Private Limited, HDFC Bank Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, IIFL Securities Limited, Jefferies India Private Limited, JM Financial Limited, J.P. Morgan India Private Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, Nomura Financial Advisory and Securities (India) Private Limited, SBI Capital Markets Limited and UBS Securities India Private Limited ("**BRLMs**"); and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Equity Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By submitting this Equity Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "Notice to Investors", "Representations by Investors", "Issue Procedure", "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" sections of the PPD are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By submitting this Equity Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Equity Application Form, have read it in its entirety including in particular, the section "Risk Factors" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Equity Application Form, the CAN and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company in consultation with the BRLMs and the submission of this Equity Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the absolute discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Equity Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. By submitting this Application Form and checking the applicable box above, we hereby represent that we are either (i) a U.S. QIB, or (ii) located outside the United States and purchasing the Equity Shares in an offshore transaction as defined in Regulation S and in reliance on the applicable laws of the jurisdiction where those offers and sales are made.

By submitting this Equity Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Equity Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Equity Cash Escrow Account, such Equity Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of an Eligible QIB and this Equity Application Form is unsigned, we confirm that we are authorized to submit this Equity Application Form and provide necessary instructions for transfer of the Bid Amount to the Equity Cash Escrow Account, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			

EMAIL ID	
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO. ___
FOR MF	SEBI MF REGISTRATION NO
FOR AIFs***	SEBI AIF REGISTRATION NO.
FOR VCFs***	SEBI VCF REGISTRATION NO.
FOR SI-NBFC	RBI REGISTRATION DETAILS
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. ___

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Equity Application Form. Further, any discrepancy in the name as mentioned in this Equity Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLMs.*

*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares held by us in the Company, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLMs have relied on the information provided by the RoC for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)

DEPOSITORY ACCOUNT DETAILS																								
Depository Name	National Securities Depository Limited								Central Depository Services (India) Limited															
Depository Participant Name																								
DP – ID	I	N																						
Beneficiary Account Number									(16-digit beneficiary A/c. No. to be mentioned above)															

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Bid Amount has been remitted for the Equity Shares applied for in the Issue will be considered.

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 2.00 p.m. (IST), August 10, 2020, Monday ("Issue Closing Date")

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	HDFC Limited- QIP Equity Shares Escrow Account	**Account Type**	Escrow Account
Name of Bank	HDFC Bank Limited	**Address of the Branch of the Bank**	Ground Floor, Jehangir Building, M G Road, Fort, Mumbai 400 001
Account No.	57500000539014	**IFSC**	HDFC0000060

The Bid Amount should be transferred pursuant to this Equity Application Form only by way of electronic fund transfers, towards the Equity Cash Escrow Account**.** Payment of the entire Bid Amount should be made along with this Equity Application Form on or before the closure of the Issue Period i.e. prior to or on the Issue Closing Date. All payments must be made in favor of "HDFC Limited – QIP Equity Shares Escrow Account". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in this Equity Application Form.

You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Mobile No.	___	Email:	___

OTHER DETAILS	
PAN	
Signature of Authorized Signatory (may be signed either physically or digitally)	

ENCLOSURES TO BE SUBMITTED*
☐ Copy of the PAN Card or PAN allotment letter**
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
☐ Copy of notification as a public financial institution
☐ Copy of the IRDAI registration certificate
☐ Certified true copy of power of attorney
☐ Others, please specify________________

**A physical copy of the Equity Application Form and relevant documents as required to be provided along with the Equity Application Form shall be submitted as soon as practicable.*

****Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD.
Note 2: This Equity Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLMs.

The Equity Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.

HDFC WITH YOU, RIGHT THROUGH

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

WARRANT APPLICATION FORM

(Incorporated in the Republic of India under the Companies Act, 1956)
Registered Office: Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020
Corporate Office: HDFC House, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
CIN: L70100MH1977PLC019916; **Website:** www.hdfc.com; **Tel**: +91 (22) 6176 6000; **E-mail:** investorcare@hdfc.com

Name of the Bidder:
Form No.
Date: August [●] 2020

QUALIFIED INSTITUTIONS PLACEMENT OF (I) UP TO [●] EQUITY SHARES OF OUR COMPANY OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") AT A PRICE OF ₹ [●] PER EQUITY SHARE, INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("EQUITY ISSUE PRICE"), AGGREGATING UP TO ₹ [●] MILLION (II) [●]% SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000,000 ("NCD ISSUE PRICE") EACH DUE IN [●] ("NCDS"), AGGREGATING UP TO ₹ [●] MILLION (III) [●] WARRANTS FOR A PERIOD NOT EXCEEDING 36 MONTHS EACH EXCHANGEABLE FOR [●] EQUITY SHARE(S) ("WARRANTS" AND TOGETHER WITH THE NCDS AND EQUITY SHARES, "ELIGIBLE SECURITIES"), WHICH COMPRISES AN ISSUE PRICE OF ₹ [●] PER WARRANT ("WARRANT ISSUE PRICE") AND AN EXCHANGE PRICE OF ₹ [●] PER WARRANT ("WARRANT EXERCISE PRICE"), ASSUMING FULL EXCHANGE OF WARRANTS INTO EQUITY SHARES, AGGREGATING UP TO ₹ [●] MILLION BY HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (THE "COMPANY" OR THE "ISSUER", AND SUCH ISSUE, THE "ISSUE"). THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTIONS 42 AND 71 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED ("PAS RULES"), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED ("SEBI DEBT REGULATIONS"), HOUSING FINANCE COMPANIES ISSUANCE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS (NHB) DIRECTIONS, 2014, AS AMENDED AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER ("COMPANIES ACT"). THE ISSUANCE OF NCDS PURSUANT TO THIS ISSUE WILL BE UNDERTAKEN THROUGH THE ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF DEBT SECURITIES ON A PRIVATE PLACEMENT BASIS IN ACCORDANCE WITH SEBI CIRCULAR DATED JANUARY 5, 2018 BEARING REFERENCE NUMBER SEBI/HO/DDHS/CIR/P/2018/05 AND SEBI CIRCULAR DATED AUGUST 16, 2018 BEARING REFERENCE NUMBER SEBI/HO/DDHS/CIR/P/2018/122 ("SEBI EBP CIRCULARS"), TOGETHER WITH THE "OPERATING GUIDELINES FOR ELECTRONIC BIDDING PLATFORM" ISSUED BY NSE VIDE THEIR CIRCULAR DATED SEPTEMBER 28, 2018. THE COMPANY INTENDS TO USE THE EBP PLATFORM FOR INVITING BIDS AND MAKING DISCLOSURES REQUIRED UNDER THE SEBI DEBT REGULATIONS AND THE EBP CIRCULARS. PLEASE NOTE THAT SUBMITTING A BID FOR ELIGIBLE SECURITIES IN THIS MANNER SHOULD NOT BE TAKEN TO BE INDICATIVE OF THE NUMBER OF ELIGIBLE SECURITIES THAT WILL BE ALLOTTED TO A SUCCESSFUL BIDDER. ALLOTMENT OF ELIGIBLE SECURITIES WILL BE UNDERTAKEN BY THE COMPANY, IN ITS ABSOLUTE DISCRETION, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) for Equity Shares, (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; or (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue, (ii) for NCDs, has complied with the requirements prescribed under the SEBI EBP Circular and which (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue; (c) are not entities not being a person resident in India under the FEMA (as defined below), except Eligible FPIs; or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA, except Eligible FPIs; and (iii) for Warrants, (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue; (c) are not entities not being a person resident in India under the FEMA; or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA.

The Equity Shares and NCDs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares and NCDs are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A") and referred to herein as "U.S. QIBs") in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. The NCDs be offered or sold to Eligible QIBs which (a) are not entities not being a person resident in India under the FEMA (as defined below), except Eligible FPIs, or (d) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA, except Eligible FPIs. The Warrants are not, and will not, in any circumstance, be offered to persons in any jurisdiction outside India and the Warrants and any Equity Shares issued from the exchange of the Warrants are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S. The Warrants be offered or sold to Eligible QIBs which (a) are not entities not being a person resident in India under the FEMA, or (b) are not 'owned' or 'controlled' by non-residents / persons resident outside India, as defined under FEMA. You should note and observe the solicitation and distribution restrictions contained in the sections entitled "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 333 and 343, respectively, in the accompanying preliminary placement document dated August 05, 2020 (the "PPD").

To,
The Board of Directors

Housing Development Finance Corporation Limited
Registered Office: Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020

STATUS (Insert 'X' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**AIF**	Alternative Investment Fund
IF	Insurance Funds	**SI-NBFC**	Systemically Important Non-Banking Financial Companies
OTH	Others _____________ (Please specify)		

Dear Sir / Madam,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in Warrant Application Form, we hereby submit our Warrant Application Form for the Allotment of the Warrants in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and: (a) are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations; or (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue; and (c) are not restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations). Further, we confirm that we do not have any right under a shareholders' agreement, veto rights or right to appoint any nominee director on the Board. We confirm that we are an Eligible QIB resident in India. We confirm that the bid size / aggregate number of the Warrants applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Company as required in terms of the PAS Rules; (ii) in the event that any Warrants are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Warrants are Allotted to us in the Issue, the Company will place our name in the register of members of the Company and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Mumbai (the "**RoC**") if required in terms of the PAS Rules, or the relevant depository will record our name in the beneficial owner records maintained by the respective depositories, as a holder of such Warrants that may be Allotted to us. Further, we are aware and agree that if we are Allotted more than 5% of the Warrants in the Issue, the Company will disclose our name and the number of Warrants Allotted to us on the websites of National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Warrants under the SEBI ICDR Regulations and other applicable laws. We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Warrants that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We undertake that we will submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Warrants that may be Allotted to us. We confirm that the undersigned is duly authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue. We note that the Company is entitled, in its absolute discretion in consultation with the BRLMs (as defined hereunder), to accept or reject this Warrant Application Form without assigning any reason thereof. We hereby accept the Warrants that may be Allocated to us pursuant to the CAN and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Warrant Application Form and the Bid Amount towards the Warrants that may be allocated to us. The amount payable by us as Bid Amount for the Warrants applied for has been/will be remitted to the designated bank account set out in this Warrant Application Form through electronic mode, along with this Warrant Application Form prior to or on Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole and absolute discretion of the Company, in consultation with the Kotak Mahindra Capital Company Limited, Axis Capital Limited, BNP Paribas, Citigroup Global Markets India Limited, Credit Suisse Securities (India) Private Limited, DSP Merrill Lynch Limited, Goldman Sachs (India) Securities Private Limited, HDFC Bank Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, IIFL Securities Limited, Jefferies India Private Limited, JM Financial Limited, J.P. Morgan India Private Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, Nomura Financial Advisory and Securities (India) Private Limited, SBI Capital Markets Limited and UBS Securities India Private Limited ("**BRLMs**"); and (ii) in the event that Warrants that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Warrants that will be Allocated to us and the Warrant Issue Price, or the Company is unable to issue and Allot the Warrants offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By submitting this Warrant Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "Notice to Investors", "Representations by Investors", "Issue Procedure" and "Transfer Restrictions and Purchaser Representations" sections of the PPD are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and BRLMs, each of which is entitled to rely and is relying on these representations and warranties in consummating the Issue.

By submitting this Warrant Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Warrant Application Form, have read it in its entirety including in particular, the section "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Warrants and we understand the risks involved in making an investment in the same (3) we will abide by the PPD and the Placement Document, this Warrant Application Form, the CAN and the terms, conditions and agreements contained therein; (4) that if Warrants are Allotted to us pursuant to the Issue, we shall not sell such Warrants otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (5) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (6) we will not trade in the Warrants credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Warrants are issued by the Stock Exchanges; (7) Warrants shall be Allocated and Allotted at the sole and absolute discretion of the Company in consultation with the BRLMs and the submission of this Warrant Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Warrants to us in full or in part; (8) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (9) the number of Securities Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Warrants applied for, or such lesser number of Warrants as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Warrant Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By submitting this Warrant Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Warrants and we understand the risks involved in making an investment in the Warrants. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Warrants in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Warrants, have the ability to bear the economic risk of our investment in the Warrants, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Warrants and are able to sustain a complete loss of our investment in the Warrants. We acknowledge that once a duly filled Warrant Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Warrant Escrow Account, such Warrant Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Warrant Application Form is unsigned, we confirm that we are authorized to submit this Warrant Application Form and provide necessary instructions for transfer of the Bid Amount to the Warrant Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Warrants and any Equity Shares issued from the exchange of the Warrants issued pursuant to this Issue have not been and will not be registered under the Securities Act, and will not be offered or sold within the United States (as defined in Regulation S) or any other jurisdiction, other than India. This Issue is being made only to Eligible QIBs and Warrants in this Issue will not, in any circumstance, be offered to persons in any jurisdiction outside India. **Please note that the Warrants cannot be purchased pursuant to the Issue by non-residents, or by entities, which are 'owned' or 'controlled' by non-residents / persons resident outside India and whose downstream investments are regarded as foreign investment in terms of the Consolidated FDI Policy. Furthermore, subsequent to receipt of listing and trading approvals from the Stock Exchanges, as per the extant laws, the Warrants cannot be transferred to non-residents or entities, which are 'owned' or 'controlled' by Non-Residents / persons resident outside India, and whose downstream investments are regarded as foreign investments.**

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			
EMAIL ID			
FOR MF	SEBI MF REGISTRATION NO		
FOR AIFs* **	SEBI AIF REGISTRATION NO.		
FOR VCFs* **	SEBI VCF REGISTRATION NO.		
FOR SI-NBFC	RBI REGISTRATION DETAILS		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. ____		

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Warrants applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Further, any discrepancy in the name as mentioned in this Warrant Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLMs.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

No. of Warrants Bid		**Warrant Issue Price per Warrant (Rupees) / "Cut-off"**		**Warrant Exercise Price per Warrant (Rupees)**	
(In Figures)	(In Words)	(In Figures)	(In Words)	(In Figures)	(In Words)

DEPOSITORY ACCOUNT DETAILS		
Depository Name	National Securities Depository Limited	Central Depository Services (India) Limited
Depository Participant Name		
DP – ID	I N	
Beneficiary Account Number		(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Bid Amount has been remitted for the Warrants applied for in the Issue will be considered.

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 2.00 p.m. (IST), August 10, 2020, Monday ("Issue Closing Date")

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	HDFC Limited- Warrant Escrow Account	**Account Type**	Escrow Account
Name of Bank	HDFC Bank Limited	**Address of the Branch of the Bank**	Ground Floor, Jehangir Building, M G Road, Fort, Mumbai 400 001
Account No.	57500000534739	**IFSC**	HDFC0000060

The Bid Amount should be transferred pursuant to this Warrant Application Form only by way of electronic fund transfers, towards the Warrant Escrow Account**.** Payment of the entire Bid Amount should be made along with this Warrant Application Form on or before the closure of the Issue Period i.e. prior to or on the Issue Closing Date. All payments must be made in favor of "HDFC Limited –Warrant Escrow Account". The payment for subscription to the Warrants to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Warrants and in case of joint holders, from the bank account of the person whose name appears first in this Warrant Application Form.

You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

DETAILS OF CONTACT PERSON

Name: ____________________

Address: ____________________

____

Tel. No: ____________________ Fax No: ____________________

Mobile No.: ____________________ Email: ____________________

OTHER DETAILS	
PAN	
Signature of Authorized Signatory (may be signed either physically or digitally)	

ENCLOSURES TO BE SUBMITTED*

- ☐ Copy of the PAN Card or PAN allotment letter**
- ☐ FIRC
- ☐ Copy of the SEBI registration certificate as a Mutual Fund
- ☐ Copy of the SEBI registration certificate as an AIF
- ☐ Copy of the SEBI registration certificate as a VCF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
- ☐ Copy of notification as a public financial institution
- ☐ Copy of the IRDAI registration certificate
- ☐ Certified true copy of power of attorney
- ☐ Others, please specify________________

**A physical copy of the Warrant Application Form and relevant documents as required to be provided along with the Warrant Application Form shall be submitted as soon as practicable.*

***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.

Note 2: This Warrant Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLMs.

The Warrant Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents

ANNEXURES

ANNEXURE A

CREDIT RATING LETTER AND RATING RATIONALE

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Ratings

CRISIL
An S&P Global Company

CONFIDENTIAL

HDFCLTD/251700/NCD/072020312
July 31, 2020

Mr. Conrad D'Souza
Member of Executive Management
Housing Development Finance Corporation Limited
HUL House, HT Parekh Marg, 165-166
Backbay Reclamation, fa
Churchgate
Mumbai 400020

Dear Mr. D'Souza,

Re: CRISIL Rating on the Rs.9000 Crore Non-Convertible Debentures Issue* of Housing Development Finance Corporation Limited

We refer to your request for a rating for the captioned Non-Convertible Debentures.

CRISIL has, after due consideration, assigned its "**CRISIL AAA/Stable**" (pronounced as CRISIL triple A rating with Stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

For the purpose of issuance of the captioned debt instrument, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subha Sri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

**With warrants*

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

Details of the Rs.9000 Crore Non-Convertible Debentures Issue of Housing Development Finance Corporation Limited

	1st tranche		*2nd tranche*		*3rd tranche*	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Rating Rationale

July 31, 2020 | Mumbai

Housing Development Finance Corporation Limited

'CRISIL AAA/Stable' assigned to NCDs

Rating Action

Rs.45000 Crore Non Convertible Debentures	**CRISIL AAA/Stable (Assigned)**
Rs.9000 Crore Non Convertible Debentures*	**CRISIL AAA/Stable (Assigned)**
Rs.45000 Crore Non Convertible Debentures	**CRISIL AAA/Stable (Reaffirmed)**
Non-Convertible Debentures Aggregating Rs.123436 Crore	**CRISIL AAA/Stable (Reaffirmed)**
Bonds Aggregating Rs.16.4 Crore	**CRISIL AAA/Stable (Reaffirmed)**
Subordinated Debt Aggregating Rs.5000 Crore	**CRISIL AAA/Stable (Reaffirmed)**
Non-Convertible Debentures Aggregating Rs.22964 Crore	**CRISIL AAA/Stable (Withdrawn)**
Rs.3.7 Crore Bond	**CRISIL AAA/Stable (Withdrawn)**
Fixed Deposits	**FAAA/Stable (Reaffirmed)**
Rs.75000 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities
**With warrants*

Detailed Rationale

CRISIL has assigned its **'CRISIL AAA/Stable'** rating to the Rs 45000 crore non-convertible debentures (NCDs) and Rs 9000 crore of NCDs with warrants of Housing Development Finance Corporation Limited (HDFC). The ratings on the other debt instruments and fixed deposits have been reaffirmed at 'CRISIL AAA/FAAA/Stable/CRISIL A1+'.

CRISIL has also withdrawn its rating on HDFC's NCDs worth Rs 22,964 crore and bonds worth Rs 3.7 crore (See Annexure 'Details of Rating Withdrawn' for details), in line with its withdrawal policy. CRISIL has received an independent verification that these instruments are fully redeemed.

From an industry perspective, the nationwide lockdown declared by the Government of India to contain the spread of the Covid-19 pandemic has impacted the disbursements and collections of financial sector entities. The restrictions are being lifted only in a phased manner and the degree of relaxations vary across regions depending upon the severity of covid-19 pandemic. Any delay in return to normalcy will put further pressure on collections and asset quality metrics of NBFCs. Additionally, any change in the behaviour of borrowers on payment discipline can affect delinquency levels.

On the liability side, the Reserve Bank of India (RBI) announced regulatory measures under 'Covid-19 - Regulatory Package', whereby lenders were permitted to grant moratorium on bank loans. CRISIL understands that currently, HDFC is not availing of any moratorium on its bank loans or any other borrowings.

On the asset side, HDFC has offered moratorium to its borrowers and hence, the collections are expected to be below scheduled collections till August 31, 2020. Thereafter, collections could witness challenges as the income streams of the borrowers are likely to be impacted given the current challenging macro environment.

Around 22.6% of individual loans and 27.0% of AUM, had availed the moratorium as on May 31, 2020 (moratorium 1). The same has come down to 16.6% and 22.4%, respectively in moratorium 2. Also, while collections were most impacted in April, CRISIL understands that the collections have improved thereafter. Nevertheless, any delay in return to normalcy could put pressure on collections and asset quality metrics and will be a key monitorable.

CRISIL believes that HDFC has sufficient liquidity to manage this period wherein asset-side collections are impacted, while liability-side outflows continue as per schedule. In terms of liquidity, HDFC, as on June 30, 2020, had liquidity of Rs 45,406 crore in the form of bank balances, liquid fund schemes of mutual funds, deposits with banks, and investments in Government Securities. The total debt payments over the next three months till September 30, 2020 is Rs 63,175 crore.

The ratings continue to factor in HDFC's leading market position and sound track record in the housing finance businesses, healthy asset quality, diversified and stable resource profile, and strong financial risk profile. These strengths are partially offset by exposure to intense competition in the housing finance segment.

Analytical Approach

For arriving at the ratings, CRISIL has consolidated the business and financial risk profiles of HDFC and its subsidiaries and associates. CRISIL expects managerial and financial support to these subsidiaries on account of their strategic importance, majority shareholding and shared brand name.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

*** Strong market position:**

It is India's largest housing finance company, with profitable growth over the past 43 years in the individual housing and corporate segments. While competition has increased over time, with the entry of new players and greater focus by banks on this segment, HDFC has maintained its market share. As on June 30, 2020, HDFC's loan book stood at Rs 465,685 crore, a growth of 12% over the previous year. Gross loans i.e. including loans sold, stood at Rs 531,555 crore as on same date (Rs 5,16,773 crore, respectively, as on March 31, 2020). HDFC Ltd also has sizeable presence in other financial services space including life insurance, general insurance, AMC and education financing business, through its subsidiaries.

*** Healthy asset quality:**

Overall asset quality remains healthy. The gross non-performing assets (NPAs) as on June 30, 2020 was 1.87% (1.99% as on March 31, 2020). The NPAs have witnessed an uptick from March 31, 2017 levels (0.79%), largely on account of delinquencies in non-individual portfolio, leading to an increase in NPAs in this segment to 4.10% as on June 30, 2020 from 1.16% as on March 31, 2017. NPAs in the individual portfolio stood comfortable at 0.92% as on June 30, 2020. With the slowdown in the real estate sector and incipient stress for developers, HDFC's sizeable exposure to the builder and corporate segments will remain a sensitivity factor.

*** Diversified and stable resource profile:**

The resource profile continues to be well-diversified, lending flexibility to HDFC's borrowings. The borrowing mix primarily comprises of market borrowings (43%) and fixed deposits (34%). The share of term loans (including ECBs) in overall borrowings stood at 23% as on June 30, 2020. HDFC's strong resource-raising capabilities, high fixed deposit renewals, and the high proportion of floating rate home loans in its portfolio mitigate the inherent tenure mismatch and interest rate risks in the housing finance business.

*** Strong financial risk profile:**

Financial risk profile remains sound, marked by healthy capitalisation and earnings profile. As on June 30, 2020, HDFC (standalone) had an overall capital adequacy ratio (CAR) of 17.3% and Tier-I CAR of 16.2%. Networth and adjusted gearing, stood at Rs 91,532 crore and 5.4 times, respectively, as on same date. HDFC has also an established track record of raising capital. The last of round of capital raising was done in last quarter of fiscal 2018, wherein the company had raised Rs 13,000 crore. Currently, HDFC plans to raise Rs 14,000 crore of equity capital through a combination of QIP and NCD+ warrants.

The earnings profile is marked by healthy interest spreads, low expense levels, and good returns on networth. The interest spread has been range bound between 2.15-2.35% over the past five years (2.27% for fiscal 2020). RoA stood at 3.6% for fiscal 2020, including the one-time consideration that HDFC received from profit on sale of investment for the stake sale in Gruh Finance and profits from fair value change on account of de-recognition of investments in Gruh Finance to tune of Rs 12,541 crore.

Weakness:

*** Exposed to intense competition in the housing finance industry:**

HDFC is exposed to intense competition in the retail mortgage loan segment especially from banks. Lately, with weak corporate loan demand, banks have become aggressive in the retail mortgage space.

Liquidity Superior

Given the longer tenure on asset side, the ALM profile (as on March 31, 2020) had mismatches in few buckets. Nevertheless, on a reported basis, cumulative mismatch for one year was positive. As on June 30, 2020, HDFC has upcoming repayments (excluding CP rollovers) of Rs 63,175 crore of debt (of which Rs 14,300 crore is commercial paper repayments) by September 30, 2020. Against this, the entity has liquidity of around Rs 45,406 crore in the form of bank balances, liquid fund schemes of mutual funds, deposits with banks, and investments in Government Securities as on June 30, 2020. Further cushion is provided by NHB refinance, flexibility to securitize loan assets, and adequate flow of monthly collections. The unaccounted gains of listed equity including the Corporation's subsidiary and associate companies stood at Rs 1.89 lakh crores as at June 30, 2020.

Outlook: Stable

CRISIL believes HDFC will maintain its robust credit risk profile over the medium term, backed by its healthy asset quality, and strong financial risk profile. Strong franchise and fundamentals will, likely, enable the company to maintain its competitive position, supporting its present ratings.

Rating Sensitivity factors

Downward factors

* Deterioration in asset quality with gross NPA ratio crossing over 3% on a steady state basis thereby impacting profitability
* Weakening of capital structure with significant increase in gearing

About the Company

HDFC, a housing finance company, was incorporated in 1977; its initial shareholders included the International Finance Corporation, Washington, and the Aga Khan Trust. As on June 30, 2020, HDFC's Gross loans i.e. including loans sold, stood at Rs 531,555 crore, of which 76% consisted of loans to individuals. Loans to corporate entities, lease rental discounting, and construction finance accounted for 5%, 8% and 11% respectively.

The company also has strong presence in life insurance, general insurance, asset management and education financing business through its subsidiaries - HDFC Life insurance company, HDFC Ergo, HDFC AMC and HDFC Credila respectively.

For fiscal 2020, HDFC, on a standalone basis, reported a profit after tax (PAT) of Rs 17,770 crore (including profit on sale of investment for the stake sale in Gruh Finance and profits from fair value change on account of de-recognition of investments in Gruh Finance to tune of Rs 12,541 crore) on a total income (net of interest expense) of Rs 27,762 crore, as compared to Rs 9632 crore (including profit on sale of investment of Rs 1,212 crore, part of which was on account of HDFC AMC IPO) and Rs 15,540 crore, respectively, for previous fiscal. For the first three months ended June 30, 2020, reported profit after tax (PAT) on a standalone basis stood at Rs 3,052 crore (including profit on sale of investment for the Rs 1,241 crore) on a total income (net of interest expense) of Rs 5,202 crore.

For fiscal 2020, on a consolidated basis, HDFC reported a profit after tax (PAT) of Rs 21,435 crore (post minority interest, profit from associates) on a total income (net of interest expense) of Rs 69,686 crore, as compared to Rs 16,232 crore (post minority interest, profit from associates) and Rs 66,670 crore, respectively, for previous fiscal. PAT for first three months of fiscal 2020 stood at Rs 3,614 crore.

Key Financial Indicators

		Standalone		Consolidated	
As on March 31 (as per IND AS)		**2020**	**2019**	**2020**	**2019**
Total assets	**Rs crore**	**5,24,094**	**4,58,778**	**7,29,815**	**6,60,875**
Total Income (net of interest)	**Rs crore**	**27,762**	**15,540**	**69,686**	**66,670**
Profit after tax	**Rs crore**	**17,770**	**9,632**	**21,435**	**16232**
Gross NPA	**%**	**2.0**	**1.2**	**NA**	**NA**
Return on assets	**%**	**3.6**	**2.2**	**3.1**	**2.6**
Adjusted gearing	**Times**	**5.6**	**5.4**	**NA**	**NA**

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments and are included (where applicable) in the Annexure -- Details of Instrument in this Rating Rationale. For more details on the CRISIL complexity levels, please visit www.crisil.com/complexity-levels.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level	Rating outstanding with outlook
INE001A07RW5	Debentures	18-Jul-19	7.87%	18-Jul-22	5000	Simple	CRISIL AAA/Stable
INE001A07RS3	Debentures	18-Mar-19	8.58%	18-Mar-22	5000	Simple	CRISIL AAA/Stable
INE001A07RT1	Debentures	27-Mar-19	8.55%	27-Mar-29	5000	Simple	CRISIL AAA/Stable
INE001A07RU9	Debentures	20-Jun-19	8.05%	20-Jun-22	2265	Simple	CRISIL AAA/Stable
INE001A07FG3	Debentures	08-Apr-10	8.96%	08-Apr-25	500	Simple	CRISIL AAA/Stable
INE001A07FJ7	Debentures	09-Apr-10	8.96%	09-Apr-25	500	Simple	CRISIL AAA/Stable
INE001A07FT6	Debentures	18-Aug-10	8.90%	18-Aug-20	500	Simple	CRISIL AAA/Stable
INE001A07FV2	Debentures	19-Oct-10	8.95%	19-Oct-20	500	Simple	CRISIL AAA/Stable
INE001A07FW0	Debentures	26-Nov-10	8.98%	26-Nov-20	250	Simple	CRISIL AAA/Stable
INE001A07FZ3	Debentures	23-Dec-10	9.00%	23-Dec-20	500	Simple	CRISIL AAA/Stable
INE001A07GD8	Debentures	18-Jan-11	9.30%	18-Jan-21	400	Simple	CRISIL AAA/Stable
INE001A07GO5	Debentures	13-Apr-11	9.40%	13-Apr-21	185	Simple	CRISIL AAA/Stable
INE001A07GP2	Debentures	03-May-11	9.40%	03-May-21	1000	Simple	CRISIL AAA/Stable
INE001A07GV0	Debentures	10-Jun-11	9.90%	10-Jun-21	400	Simple	CRISIL AAA/Stable
INE001A07HA2	Debentures	20-Jul-11	9.55%	20-Jul-21	450	Simple	CRISIL AAA/Stable
INE001A07HE4	Debentures	17-Aug-11	9.45%	17-Aug-21	200	Simple	CRISIL AAA/Stable
INE001A07HH7	Debentures	23-Sep-11	9.60%	23-Sep-21	250	Simple	CRISIL AAA/Stable
INE001A07HJ3	Debentures	11-Nov-11	9.90%	11-Nov-21	670	Simple	CRISIL AAA/Stable
INE001A07II3	Debentures	09-May-12	9.50%	09-May-22	200	Simple	CRISIL AAA/Stable
INE001A07IO1	Debentures	04-Jul-12	9.50%	04-Jul-22	200	Simple	CRISIL AAA/Stable
INE001A07KU4	Debentures	21-Mar-13	8.95%	21-Mar-23	200	Simple	CRISIL AAA/Stable
INE001A07MS4	Debentures	24-Jun-14	9.24%	24-Jun-24	510	Simple	CRISIL AAA/Stable
INE001A07MX4	Debentures	13-Aug-14	9.50%	13-Aug-24	475	Simple	CRISIL AAA/Stable
INE001A07NB8	Debentures	28-Aug-14	9.34%	28-Aug-24	1000	Simple	CRISIL AAA/Stable
INE001A07NJ1	Debentures	23-Jan-15	8.40%	23-Jan-25	500	Simple	CRISIL AAA/Stable
INE001A07NN3	Debentures	25-Feb-15	8.45%	25-Feb-25	750	Simple	CRISIL AAA/Stable
INE001A07NP8	Debentures	04-Mar-15	8.43%	04-Mar-25	600	Simple	CRISIL AAA/Stable
INE001A07NZ7	Debentures	31-Aug-15	8.50%	31-Aug-20	2000	Simple	CRISIL AAA/Stable
INE001A07OA8	Debentures	18-Sep-15	8.65%	18-Sep-20	1100	Simple	CRISIL AAA/Stable
INE001A07O09	Debentures	04-Mar-16	8.75%	04-Mar-21	1558	Simple	CRISIL AAA/Stable
INE001A07OS0	Debentures	26-Apr-16	8.35%	26-Apr-21	500	Simple	CRISIL AAA/Stable
INE001A07OT8	Debentures	04-May-16	8.32%	04-May-26	500	Simple	CRISIL AAA/Stable
INE001A07OW2	Debentures	10-May-16	0.00%	10-May-21	500	Simple	CRISIL AAA/Stable
INE001A07OX0	Debentures	13-May-16	8.35%	13-May-26	1035	Simple	CRISIL AAA/Stable
INE001A07OY8	Debentures	18-May-16	8.45%	18-May-26	1500	Simple	CRISIL AAA/Stable
INE001A07PB3	Debentures	01-Jun-16	8.44%	01-Jun-26	710	Simple	CRISIL AAA/Stable
INE001A07PC1	Debentures	15-Jun-16	8.46%	15-Jun-26	1000	Simple	CRISIL AAA/Stable
INE001A07PF4	Debentures	24-Jun-16	8.46%	24-Jun-26	535	Simple	CRISIL AAA/Stable
INE001A07PJ6	Debentures	29-Jul-16	8.20%	29-Jul-21	500	Simple	CRISIL AAA/Stable
INE001A07PN8	Debentures	24-Aug-16	7.90%	24-Aug-26	1000	Simple	CRISIL AAA/Stable
INE001A07PV1	Debentures	18-Nov-16	7.72%	18-Nov-26	2000	Simple	CRISIL AAA/Stable
INE001A07QG0	Debentures	27-Mar-17	1.50%	27-Mar-27	1800	Complex	CRISIL AAA/Stable
INE001A07QH8	Debentures	13-Apr-17	1.50%	13-Apr-27	1680	Complex	CRISIL AAA/Stable
INE001A07QJ4	Debentures	24-Apr-17	1.50%	24-Apr-27	1680	Complex	CRISIL AAA/Stable
INE001A07QR7	Debentures	16-Jun-17	1.50%	16-Sep-20	2000	Simple	CRISIL AAA/Stable
INE001A07QT3	Debentures	20-Jun-17	7.43%	20-Jun-22	720	Simple	CRISIL AAA/Stable
INE001A07QY3	Debentures	01-Aug-17	7.20%	01-Sep-20	2000	Simple	CRISIL AAA/Stable
INE001A07RC7	Debentures	17-Oct-17	7.40%	17-Nov-20	2500	Simple	CRISIL AAA/Stable
INE001A07RG8	Debentures	16-Oct-18	9.05%	16-Oct-28	2953	Simple	CRISIL AAA/Stable
INE001A07RJ2	Debentures	20-Nov-18	9.05%	20-Nov-23	4000	Simple	CRISIL AAA/Stable
INE001A07RK0	Debentures	29-Nov-18	9.00%	29-Nov-28	9000	Simple	CRISIL AAA/Stable
INE001A07RM6	Debentures	12-Dec-18	8.66%	21-Dec-28	5000	Simple	CRISIL AAA/Stable
INE001A07RN4	Debentures	15-Jan-19	8.70%	15-Dec-20	5000	Simple	CRISIL AAA/Stable

INE001A07RP9	Debentures	1-Feb-19	8.62%	15-Oct-20	2500	Simple	CRISIL AAA/Stable
INE001A07RX3	Debentures	14-Aug-19	7.91%	14-Aug-29	2000	Simple	CRISIL AAA/Stable
INE001A07RY1	Debentures	16-Sep-19	7.15%	16-Sep-21	2600	Simple	CRISIL AAA/Stable
INE001A07RZ8	Debentures	26-Sep-19	7.28%	26-Sep-22	2000	Simple	CRISIL AAA/Stable
INE001A07SB7	Debentures	22-Oct-19	8.05%	22-Oct-29	6000	Simple	CRISIL AAA/Stable
INE001A07SC5	Debentures	25-Nov-19	6.99%	25-Nov-21	5000	Simple	CRISIL AAA/Stable
INE001A07SD3	Debentures	30-Dec-19	7.21%	30-Dec-22	2550	Simple	CRISIL AAA/Stable
INE001A07SE1	Debentures	08-Jan-20	7.50%	08-Jan-25	3180	Simple	CRISIL AAA/Stable
INE001A07SF8	Debentures	28-Jan-20	6.77%	28-Jun-21	3525	Simple	CRISIL AAA/Stable
INE001A07SA9	Debentures	01-Nov-18	9.00%	01-Nov-28	1235	Simple	CRISIL AAA/Stable
INE001A07SG6	Debentures	10-Feb-20	7.35%	10-Feb-25	2,510	Simple	CRISIL AAA/Stable
INE001A07SH4	Debentures	13-Feb-20	6.99%	13-Feb-23	5,000	Simple	CRISIL AAA/Stable
INE001A07SI2	Debentures	28-Feb-20	7.40%	28-Feb-30	2,005	Simple	CRISIL AAA/Stable
INE001A07SJ0	Debentures	13-Apr-20	7.20%	13-Apr-23	2,500	Simple	CRISIL AAA/Stable
INE001A07SK8	Debentures	27-Apr-20	6.95%	27-Apr-23	1,250	Simple	CRISIL AAA/Stable
INE001A07SL6	Debentures	13-May-20	7.06%	13-Dec-21	2,500	Simple	CRISIL AAA/Stable
INE001A07SM4	Debentures	19-May-20	7.00%	19-May-22	5,000	Simple	CRISIL AAA/Stable
INE001A07SN2	Debentures	10-Jun-20	6.22%	10-Dec-21	5,000	Simple	CRISIL AAA/Stable
INE001A07SO0	Debentures	17-Jun-20	7.25%	17-Jun-30	4,000	Simple	CRISIL AAA/Stable
NA	Debentures*	NA	NA	NA	24750	Simple	CRISIL AAA/Stable
NA	Debentures**	NA	NA	NA	9000	Complex	CRISIL AAA/Stable
NA	Debentures*	NA	NA	NA	45000	Simple	CRISIL AAA/Stable
INE001A08346	Subordinated debt	17-Feb-11	9.40%	17-Feb-21	1000	Complex	CRISIL AAA/Stable
INE001A08353	Subordinated debt	02-Mar-12	9.50%	02-Mar-22	1000	Complex	CRISIL AAA/Stable
INE001A08361	Subordinated debt	21-Oct-14	9.60%	21-Oct-24	2000	Complex	CRISIL AAA/Stable
INE001A08379	Subordinated debt	24-Feb-15	8.65%	24-Feb-25	1000	Complex	CRISIL AAA/Stable
INE001A07694	Bond	27-Feb-98	10.53%	10-Dec-20	4	Simple	CRISIL AAA/Stable
INE001A07702	Bond	27-Feb-98	10.53%	10-Jun-21	4	Simple	CRISIL AAA/Stable
INE001A07710	Bond	27-Feb-98	10.53%	10-Dec-21	4.2	Simple	CRISIL AAA/Stable
INE001A07728	Bond	27-Feb-98	10.53%	10-Jun-22	4.2	Simple	CRISIL AAA/Stable
NA	Commercial paper	NA	NA	7-365 days	75000	Simple	CRISIL A1+
NA	Fixed deposits	NA	NA	NA	NA	Simple	FAAA/Stable

**Yet to be issued*
***with warrants and yet to be issued*

Annexure - Details of Rating Withdrawn

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level
INE001A07RQ7	Debentures	28-Feb-19	8.52%	28-May-20	1500	Simple
INE001A07RR5	Debentures	11-Mar-19	8.51%	15-Jul-20	2715	Simple
INE001A07FM1	Debentures	20-May-10	8.65%	20-May-20	250	Simple
INE001A07FR0	Debentures	21-Jul-10	8.79%	21-Jul-20	500	Simple
INE001A07NU8	Debentures	27-Apr-15	8.49%	27-Apr-20	1251	Simple
INE001A07NW4	Debentures	18-May-15	8.70%	18-May-20	1450	Simple
INE001A07RL8	Debentures	18-Dec-18	8.80%	18-Jun-20	1500	Simple
INE001A07QK2	Debentures	19-May-17	7.67%	19-May-20	500	Simple
INE001A07QL0	Debentures	22-May-17	1.50%	22-Jun-20	1250	Simple
INE001A07QM8	Debentures	29-May-17	1.50%	29-Jun-20	750	Simple
INE001A07QP1	Debentures	08-Jun-17	7.60%	26-Jun-20	2000	Simple
INE001A07QQ9	Debentures	13-Jun-17	7.50%	07-Jul-20	1500	Simple
INE001A07PE7	Debentures	20-Jun-16	8.49%	20-Mar-20	500	Simple
INE001A07OP6	Debentures	09-Mar-16	0.00%	09-Mar-20	1000	Simple
INE001A07PX7	Debentures	09-Dec-16	0.00%	09-Mar-20	1000	Simple
INE001A07QB1	Debentures	30-Jan-17	1.50%	30-Mar-20	1000	Simple
INE001A07QD7	Debentures	17-Mar-17	1.51%	17-Mar-20	500	Simple
INE001A07QF2	Debentures	24-Mar-17	7.78%	24-Mar-20	1498	Simple
INE001A07QI6	Debentures	18-Apr-17	1.50%	18-Jun-20	2300	Simple
INE001A07686	Bond	27-Feb-98	10.53%	10-Jun-20	3.7	Simple

Note: Bonds redeemed till 28th July 2020 have been withdrawn

Annexure - List of entities consolidated

Entity consolidated	Extent of consolidation	Rationale for consolidation
HDFC Asset Management Company Limited	Full	Subsidiary
HDFC Life Insurance Company Limited	Full	Subsidiary
HDFC ERGO General Insurance Company Limited	Full	Subsidiary
HDFC ERGO Health Insurance Company Limited (formerly known as Apollo Munich Health Insurance Company Limited)	Full	Subsidiary
HDFC Credila Financial Services Limited	Full	Subsidiary
HDFC Holdings Limited	Full	Subsidiary
HDFC Investments Limited	Full	Subsidiary
HDFC Trustee Company Limited	Full	Subsidiary
HDFC Sales Private Limited	Full	Subsidiary
HDFC Venture Capital Limited	Full	Subsidiary
HDFC Property Ventures Limited	Full	Subsidiary
HDFC Ventures Trustee Company Limited	Full	Subsidiary
HDFC Pension Management Company Limited	Full	Subsidiary
HDFC Capital Advisors Limited	Full	Subsidiary
HDFC Education and Development Services Private Ltd	Full	Subsidiary
HDFC International Life and RE Company Limited	Full	Subsidiary
HDFC Investment Trust	Full	Subsidiary
HDFC Investment Trust-II	Full	Subsidiary
Griha Investments	Full	Subsidiary
Griha Pte Limited	Full	Subsidiary
HDFC Bank Limited	Proportionate	Associate
True North Ventures Pvt Ltd	Proportionate	Associate

Ratings

CRISIL
An S&P Global Company

Annexure - Rating History for last 3 Years

	Current			2020 (History)		2019		2018		2017		Start of 2017
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Bond	LT	16.40 31-07-20	CRISIL AAA/Stable	12-03-20	CRISIL AAA/Stable	07-08-19	CRISIL AAA/Stable	21-08-18	CRISIL AAA/Stable	26-12-17	CRISIL AAA/Stable	CRISIL AAA/Stable
				18-02-20	CRISIL AAA/Stable	06-02-19	CRISIL AAA/Stable	16-01-18	CRISIL AAA/Stable	26-10-17	CRISIL AAA/Stable	
						14-01-19	CRISIL AAA/Stable			27-07-17	CRISIL AAA/Stable	
										30-01-17	CRISIL AAA/Stable	
Commercial Paper	ST	75000.00	CRISIL A1+	12-03-20	CRISIL A1+	07-08-19	CRISIL A1+	21-08-18	CRISIL A1+	26-12-17	CRISIL A1+	--
				18-02-20	CRISIL A1+	06-02-19	CRISIL A1+	16-01-18	CRISIL A1+	26-10-17	CRISIL A1+	
						14-01-19	CRISIL A1+					
Fixed Deposits	FD	0.00	FAAA/Stable	12-03-20	FAAA/Stable	07-08-19	FAAA/Stable	21-08-18	FAAA/Stable	26-12-17	FAAA/Stable	FAAA/Stable
				18-02-20	FAAA/Stable	06-02-19	FAAA/Stable	16-01-18	FAAA/Stable	26-10-17	FAAA/Stable	
						14-01-19	FAAA/Stable			27-07-17	FAAA/Stable	
										30-01-17	FAAA/Stable	
Non Convertible Debentures	LT	143686.00 31-07-20	CRISIL AAA/Stable	12-03-20	CRISIL AAA/Stable	07-08-19	CRISIL AAA/Stable	21-08-18	CRISIL AAA/Stable	26-12-17	CRISIL AAA/Stable	CRISIL AAA/Stable
				18-02-20	CRISIL AAA/Stable	06-02-19	CRISIL AAA/Stable	16-01-18	CRISIL AAA/Stable	26-10-17	CRISIL AAA/Stable	
						14-01-19	CRISIL AAA/Stable			27-07-17	CRISIL AAA/Stable	
										30-01-17	CRISIL AAA/Stable	
Short Term Debt	ST									27-07-17	CRISIL A1+	CRISIL A1+
										30-01-17	CRISIL A1+	
Subordinated Debt	LT	5000.00 31-07-20	CRISIL AAA/Stable	12-03-20	CRISIL AAA/Stable	07-08-19	CRISIL AAA/Stable	21-08-18	CRISIL AAA/Stable	26-12-17	CRISIL AAA/Stable	CRISIL AAA/Stable
				18-02-20	CRISIL AAA/Stable	06-02-19	CRISIL AAA/Stable	16-01-18	CRISIL AAA/Stable	26-10-17	CRISIL AAA/Stable	
						14-01-19	CRISIL AAA/Stable			27-07-17	CRISIL AAA/Stable	
										30-01-17	CRISIL AAA/Stable	

All amounts are in Rs.Cr.

Links to related criteria
[Rating Criteria for Finance Companies]
[CRISILs Criteria for Consolidation]
[CRISILs Criteria for rating short term debt]

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ICRA

ICRA Limited

CONFIDENTIAL

Ref: MUM/20-21/1299
Date: July 31, 2020

Mr. Conrad D'Souza
Member of Executive Management
Housing Development Finance Corporation Limited
Ramon House
169, Backbay Reclamation
Mumbai 400 020

Dear Sir,

Re: ICRA Credit Rating assigned for Rs. 9,000 crore Non-convertible debenture programme of HDFC Limited

Please refer to the Rating Agreement dated **July 24, 2020** and RRF no. **MUM/2019-20/144** dated **July 23, 2020** for carrying out the rating of the aforesaid debt programme. The Rating Committee of ICRA, after due consideration, has assigned a **"[ICRA]AAA"** (pronounced as ICRA triple A) rating with **Stable** Outlook to the debt programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[ICRA]AAA".

We would appreciate if you can sign the acknowledgement and send it to us latest by August 7, 2020 as acceptance on the assigned rating. In case you do not communicate your acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.
The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme. You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. Please respond with your comments if any within the aforesaid timeline of August 7, 2020.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us. We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

KARTHIK SRINIVASAN
Senior Vice President
karthiks@icraindia.com

Acknowledgement

(To be signed and returned to ICRA Limited)

I, ______________________________, **Authorized Signatory** on behalf of the **Housing Development Finance Corporation Limited** hereby accept and acknowledge the above assigned credit rating.

For Housing Development Finance Corporation Limited

____

Name:

Date:

Note*: Please return a copy of the above communication along with the acknowledgement to ICRA Limited at 3rd Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400024*

Encl:

'No Default Statement on the Company Letter Head'

To

<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>

Housing Development Finance Corporation Limited

August 1, 2020

Housing Development Finance Corporation Limited: ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debentures	0.00	45,000.00	[ICRA]AAA(stable); assigned
Non-Convertible Debentures#	0.00	9,000.00	[ICRA]AAA(stable); assigned
Non-Convertible Debentures	173,151.00	173,151.00	[ICRA]AAA(stable); reaffirmed
Subordinated Debt Programme	5,000.00	5,000.00	[ICRA]AAA(stable) ; reaffirmed
Bank Lines	75,000.00	75,000.00	[ICRA]AAA(stable)/[ICRA]A1+; reaffirmed
Commercial Paper Programme	75,000.00	75,000.00	[ICRA]A1+; reaffirmed
Issuer Rating	N.A	N.A	[ICRA]AAA(stable) ; reaffirmed
Fixed Deposit Programme	N.A	N.A	MAAA(stable) ; reaffirmed
Non-Convertible Debentures	44,732.00	0.00	[ICRA]AAA(stable); reaffirmed and withdrawn
Subordinated Debt Programme	500.00	0.00	[ICRA]AAA(stable); reaffirmed and withdrawn
Total	**373,383**	**382,151**	

**Instrument details in Annexure*
#with warrants

Rationale

The ratings factor in Housing Development Finance Corporation Limited's (HDFC) strong franchise, its demonstrated ability to grow in the competitive mortgage finance market, its focus on the prime salaried customers within the home loan segment and its good asset quality indicators over credit cycles. The ratings also factor in HDFC's strong capitalisation (capital adequacy ratio of 17.3% with Tier-I of 16.2% as on June 30, 2020), moderate gearing (4.72 times as on March 31, 2020) and good profitability indicators. The company's ability to grow its loan book in the highly competitive housing finance segment for prime salaried segment borrowers and the ability to maintain asset quality in the high-ticket builder book segment would remain key monitorable. In ICRA's view, HDFC's focus on growing its book while maintaining healthy interest spread, its competitive operating cost structure and tight control on asset quality would continue to support its earnings and solvency profile, going forward.

Further, given the challenges in the operating environment due to Covid-19 related lockdown, there could be some increase in delinquencies, as the underlying borrowers would have been impacted more by the lockdown. Additionally, the business growth is likely to be impacted in the immediate term.

Key rating drivers

Credit strengths

Strong franchise, track record and market position – HDFC is the largest housing finance company in India, with the strong franchise, extensive geographical presence and demonstrated ability to grow while protecting its margins in the extremely competitive mortgage finance market. HDFC reported an overall growth of 10% in portfolio (net of loans sold and ECL) on

YoY basis to Rs. 439,943 crore as at March 31, 2020, up from Rs. 400,760 crore as at March 31, 2019. On AUM (Asset Under Management) basis, the portfolio grew by 12% YoY to Rs. 516,773 crore as at March 31, 2020 from Rs. 461,913 crore as at March 31, 2019, driven by 14% growth in individual loan book, thereby increasing the share of individual loan book to 76% as at March 31, 2020 from 74% as at March 31, 2020. In the housing finance business, the focus of HDFC has been on the salaried segment which is perceived to be less risky compared to the self-employed segment. During FY2020, 82% of individual loans approved in value terms were to the salaried class. Owing to the national lockdown, the retail business was impacted during the Q1FY21. However, it reported successive month-on-month improvements during Q1FY21 in the individual loan business, with June 2020 disbursements being 68% of the corresponding month last year. As on June 30, 2020, the AUM increased to Rs. 531,555 crore. The company focused on lending to AAA rated corporates during the quarter. Given the challenges in the operating environment due to Covid-19 related lockdown, the business growth is likely to be impacted in the immediate term.

Good asset quality indicators – Given HDFC's focus on the prime salaried segment, its overall asset quality indicators remained comfortable at 1.87% as at June 30, 2020 (1.29% as at June 30, 2019). Gross NPAs in the individual loan segment remained lower at 0.92% vis-a-vis the non-individual loan segment at 4.10% as at June 30, 2020. As on July 30, 2020, individual loans under moratorium 2 accounted for 16.6% of the individual loan portfolio. 22.4% of the Company's total loans under management have opted for moratorium 2. Given the challenges in the operating environment due to Covid-19 related lockdown, there could be some increase in delinquencies, as the underlying borrowers would have been impacted more by the lockdown. Additionally, the company has identified stage 3 assets and stage 2 assets of Rs. 10,199 crore and Rs. 24,674 crore respectively against which provisions of 47% and 26% respectively have been made as on June 30, 2020. Given the tough operating environment, it will be important for HDFC to maintain asset quality indicators in the corporate loan book which accounted for 26% of the portfolio on AUM basis.

Well diversified borrowing mix - HDFC's funding profile is well diversified, supported by its superior credit profile. A major portion of the company's funding is from the debt market borrowings (43% as on June 30, 2020), which has enabled it to maintain competitive cost of funds. HDFCs strong franchise has also enabled the company to have a significant deposit base of Rs. 1.43 lakh crore (33% of total borrowings as at June 30, 2020). The ability of the company to rollover its borrowings will remain a key rating monitorable. ICRA expects the company to continue to tap the debt markets in the near term, given the lower cost of funds. However, like other HFCs, the company carries an interest rate risk on its portfolio given the relatively longer tenure of its fixed rate liabilities vis-a-vis its assets.

Stable profitability indicators maintained across cycles - HDFC's average yields remained stable at 9.84% in FY2020 from 9.85% in FY2019. However, decline in its cost of funds to 7.66% in FY2020 from 7.86% in FY2019 resulted in improvement in interest spreads to 2.18% in FY2020 from 2.00% in FY2019. While the NIMs as a % of average total assets (ATA) partially moderated to 2.18% in FY2020 from 2.28% in FY2019, higher non-interest income as % of ATA (4.75% in FY2020 from 1.35% in FY2019) and lower operating expenses as % of ATA (0.30% in FY2020 from 0.35% in FY2019) resulted in increase in profit after tax (PAT) to Rs. 17,770 crore, inclusive of the profit on sale of investments of Rs. 3,521 crore and fair value gain of Rs. 9,020 crore on derecognition of the investment in GRUH during FY2020 compared to PAT of Rs. 9,632 crore in FY2019, including profit from stake sale of profit from stake sale in IPO of HDFC AMC worth Rs. 896 crore and GRUH Finance worth Rs. 314 crore during FY2019. The company's reported return on average assets (RoA) and return on average net worth (RoE) of 3.62% and 21.73% respectively in FY2020 as compared to 2.25% and 13.51% respectively in FY2019. The company reported a PAT of Rs. 3,052 crore in Q1FY2021, inclusive of profit on sale of investments of Rs. 1,241 crore despite additional provisioning of Rs. 1,199 crore (inclusive of Rs. 404 crore COVID-19 provisions).

Strong capitalisation profile – HDFC is adequately capitalised with a capital adequacy ratio 17.3% (Tier 1 – 16.2%) as on June 30, 2020[1] as compared to 17.7% (Tier 1 – 16.6%) as on June 30, 2019. The company's gearing stood at 4.72 times as on June 30, 2020 compared to 4.60 times as on June 30, 2019. HDFC last raised an equity capital of Rs. 11,104 crore through private placement in January 2018 and Rs. 1,896 crore through QIP in March 2018. Further, in October 2018 the Corporation further received a total amount of Rs. 5,384 crore on conversion of warrants, leading to strong capital adequacy indicators and comfortable gearing levels for the company. In ICRA's opinion, the entity remains well capitalised and its leverage levels remain comfortable as on June 30, 2020.

Credit challenges

Managing asset quality in the large-ticket non-individual loan segment - As on June 30, 2020, non-individual loan segment comprises around 26% of the AUM. While the non-individual segment is comparatively risky, the company has strong systems and processes to manage this business. Given the large ticket size and the high inherent risks associated with such exposure, the corporate mortgage loan book remains exposed to concentration risks. The portfolio concentration remains relatively high with top 10 group exposures accounting for 52% of total non-individual book as on March 31, 2020. Nonetheless, ICRA takes comfort over the strong credit profile of the top group exposures, further, group exposures spread across multiple projects which brings diversity and acts as a risk mitigant. While the portfolio asset quality has been good (gross NPA of 1.87% as on June 30, 2020). The asset quality for the individual portfolio and non-individual portfolio marginally moderated to 0.92% and 4.10% respectively as at June 30, 2020 from 0.72% and 2.68% respectively as at June 30, 2019. The company's ability to maintain asset quality will be important given the concentration risk in the high-ticket builder book segment. Further, given the challenges in the operating environment due to Covid-19 related lockdown, there could be some increase in delinquencies, as the underlying borrowers (especially in construction finance segment) would have been impacted more by the lockdown.

Exposed to competition in the prime salaried segment – HDFC faces competition from banks and leading HFCs primarily while lending to the salaried borrower segment. The competitive intensity in the industry is expected to remain high over the medium term specifically while lending to the salaried borrower segment. In ICRA's view, HDFC's ability to grow its book while maintaining its profitability, asset quality and solvency profile will remain key rating factors.

Liquidity Position: Strong

The asset liability management (ALM) profile[2] as on March 31, 2020 of HDFC had a positive cumulative mismatch of ~Rs. 1,519 crore in up to one year bucket. Expected inflows as per ALM as on March 31, 2020 over the next one year stood at Rs. 119,435 crore against total outflows of Rs. 117,916 crore over next 1 year. The ability of the company to rollover its borrowings will remain a key rating monitorable. The company carries liquidity in the form of bank balances, liquid fund schemes of mutual funds, deposits with banks, and investments in Government Securities worth ~Rs 38,589 crore as on March 31, 2020. Further cushion is provided by flexibility to securitize loan assets, demonstrated ability to rollover borrowings and high deposit renewal. The unaccounted gains of listed equity including the company's subsidiary and associate companies stood at Rs 1.92 lakh crores as at June 30, 2020.

Rating sensitivities

Positive trigger – Not applicable
Negative triggers - Negative pressure on HDFC's rating could arise if there is a deterioration in asset quality with Gross NPAs remaining above 5% on sustained basis or deterioration in capitalisation and earnings profile on sustained basis.

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[1] against regulatory CRAR and Tier-1 requirement of 14% and 10% respectively as on June 30, 2020.
[2] factoring in rollover and prepayment assumptions

Analytical Approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Rating Methodology for Housing Finance Companies
Parent/Group Support	NA
Consolidation / Standalone	Standalone

About the company:

Housing Development Finance Corporation Limited (HDFC), India's premier housing finance entity, is in existence for over 40 years. With a presence in banking, insurance and asset management, the HDFC Group is an important part of the Indian financial services sector. HDFC reported a total income of Rs. 58,763 crore and had an asset base of Rs. 5,24,094 crore in FY2020 as compared to a total income of Rs. 43,378 crore and an asset base of Rs. 4,58,778 crore in FY2019. HDFC reported Profit After Tax (PAT) of Rs. 17,770 crore during the year ended March 31, 2020 compared to Rs. 9,632 crore during the year ended March 31, 2019. Further, in Q1FY2020, HDFC reported a PAT of Rs. 3,052 crore on an asset base of Rs. 5,44,713 crore as on June 30, 2020.

Key Financial Indicators (Audited)

	As per Ind-AS		
	FY 2018	FY 2019	FY020
Net interest income	8,368	9,764	10,689
Profit before tax	13,190	13,119	20,351
Profit after tax	10,959	9,632	17,770
AUM	402,880	461,913	516,773
Total assets	398,910	458,778	524,094
% Tier 1	17.3%	17.5%	16.4%
% CRAR	19.2%	19.1%	17.6%
Gearing	5.07	4.89	5.00
% Net profit/Average total assets	2.99%	2.25%	3.62%
% Return on net worth	20.16%	13.51%	21.73%
% Gross NPAs*	1.11%	1.18%	1.99%

*Amount is Rs. crore; *As per NHB norms*

Source: Company Data; ICRA research; Ratios as per ICRA calculations[3]

The profitability numbers for FY2019 are not comparable with FY2018 due to profit on sale of investments of Rs. 1,202 crore during FY2019 as compared to Rs 5,609 crore in FY2018.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

[3] FY2018 ratios calculated as average of total assets and net worth as on March 31, 2018 and April 1, 2017

Rating history for last three years

	Instrument	FY2021				Chronology of Rating History for the past 3 years									
						FY2020			FY2019				FY2018		
		Type	Amount Rated (Rs. crore)	Amount o/s as on Jun-20 (Rs. crore)	1-Aug-20	13-Feb-20	16-Oct-19	16-Aug-19	6-Mar-19	6-Feb-19	3-Sep-18	21-Aug-18	25-Jan-18	22-Sep-17	31-Jul-17
1	Non-convertible debentures	Long Term	45,000	0.00	[ICRA]AAA (stable); assigned		-	-	-	-	-	-	-	-	-
2	Non-convertible debentures	Long Term	9,000	0.00	[ICRA]AAA (stable); assigned		-	-	-	-	-	-	-	-	-
3	Non-convertible debentures	Long Term	173,151	148,401	[ICRA]AAA (stable);	[ICRA]AAA (stable);	[ICRA]AAA (stable);	[ICRA]AAA (stable);	[ICRA]AAA (stable);	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)
4	Non-convertible debentures	Long Term	44,732	0.00	[ICRA]AAA (stable); withdrawn	[ICRA]AAA (stable);	[ICRA]AAA (stable);	[ICRA]AAA (stable);	[ICRA]AAA (stable);	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)
5	Subordinated debt	Long Term	5,000	5,000	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)
6	Subordinated debt	Long Term	500	0.00	[ICRA]AAA (stable); withdrawn	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)
7	Bank Lines	Long Term/ Short Term	75,000	69,176	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+
8	Commercial Paper	Short Term	75,000	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
9	Issuer Rating	Long Term	-	-	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	[ICRA]AAA (stable)	IrAAA (stable)
10	Fixed Deposits	Medium Term	-	-	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)	MAAA (stable)

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

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Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE001A07QQ9	Non-convertible debentures	13-Jun-17	7.50%	7-Jul-20	1,500.00	[ICRA]AAA(stable)
INE001A07RR5	Non-convertible debentures	11-Mar-19	8.51%	15-Jul-20	2,715.00	[ICRA]AAA(stable)
INE001A07FR0	Non-convertible debentures	21-Jul-10	8.79%	21-Jul-20	500.00	[ICRA]AAA(stable)
INE001A07FT6	Non-convertible debentures	18-Aug-10	8.90%	18-Aug-20	500.00	[ICRA]AAA(stable)
INE001A07NZ7	Non-convertible debentures	31-Aug-15	8.50%	31-Aug-20	2,000.00	[ICRA]AAA(stable)
INE001A07QY3	Non-convertible debentures	1-Aug-17	7.20%	1-Sep-20	2,000.00	[ICRA]AAA(stable)
INE001A07QR7	Non-convertible debentures	16-Jun-17	1.50%	16-Sep-20	2,000.00	[ICRA]AAA(stable)
INE001A07OA8	Non-convertible debentures	18-Sep-15	8.65%	18-Sep-20	1,100.00	[ICRA]AAA(stable)
INE001A07RP9	Non-convertible debentures	1-Feb-19	8.62%	15-Oct-20	2,500.00	[ICRA]AAA(stable)
INE001A07FV2	Non-convertible debentures	19-Oct-10	8.95%	19-Oct-20	500.00	[ICRA]AAA(stable)
INE001A07RC7	Non-convertible debentures	17-Oct-17	7.40%	17-Nov-20	2,500.00	[ICRA]AAA(stable)
INE001A07FW0	Non-convertible debentures	26-Nov-10	8.98%	26-Nov-20	250.00	[ICRA]AAA(stable)
INE001A07RN4	Non-convertible debentures	15-Jan-19	8.70%	15-Dec-20	5,000.00	[ICRA]AAA(stable)
INE001A07FZ3	Non-convertible debentures	23-Dec-10	9.00%	23-Dec-20	500.00	[ICRA]AAA(stable)
INE001A07GD8	Non-convertible debentures	18-Jan-11	9.30%	18-Jan-21	400.00	[ICRA]AAA(stable)
INE001A07O09	Non-convertible debentures	4-Mar-16	8.75%	4-Mar-21	1,558.00	[ICRA]AAA(stable)
INE001A07GO5	Non-convertible debentures	13-Apr-11	9.40%	13-Apr-21	185.00	[ICRA]AAA(stable)
INE001A07OS0	Non-convertible debentures	26-Apr-16	8.35%	26-Apr-21	500.00	[ICRA]AAA(stable)
INE001A07GP2	Non-convertible debentures	3-May-11	9.40%	3-May-21	1,000.00	[ICRA]AAA(stable)
INE001A07OW2	Non-convertible debentures	10-May-16	Zero Coupon	10-May-21	500.00	[ICRA]AAA(stable)
INE001A07GV0	Non-convertible debentures	10-Jun-11	9.90%	10-Jun-21	400.00	[ICRA]AAA(stable)
INE001A07SF8	Non-convertible debentures	28-Jan-20	6.77%	28-Jun-21	3,525.00	[ICRA]AAA(stable)
INE001A07HA2	Non-convertible debentures	20-Jul-11	9.55%	20-Jul-21	450.00	[ICRA]AAA(stable)
INE001A07PJ6	Non-convertible debentures	29-Jul-16	8.20%	29-Jul-21	500.00	[ICRA]AAA(stable)
INE001A07HE4	Non-convertible debentures	17-Aug-11	9.45%	17-Aug-21	200.00	[ICRA]AAA(stable)
INE001A07RY1	Non-convertible debentures	16-Sep-19	7.15%	16-Sep-21	2,600.00	[ICRA]AAA(stable)
INE001A07HH7	Non-convertible debentures	23-Sep-11	9.60%	23-Sep-21	250.00	[ICRA]AAA(stable)
INE001A07HJ3	Non-convertible debentures	11-Nov-11	9.90%	11-Nov-21	670.00	[ICRA]AAA(stable)
INE001A07SC5	Non-convertible debentures	25-Nov-19	6.99%	25-Nov-21	5,000.00	[ICRA]AAA(stable)
INE001A07SN2	Non-convertible debentures	10-Jun-20	6.22%	10-Dec-21	5,000.00	[ICRA]AAA(stable)
INE001A07SL6	Non-convertible debentures	13-May-20	7.06%	13-Dec-21	2,500.00	[ICRA]AAA(stable)
INE001A07RS3	Non-convertible debentures	18-Mar-19	8.58%	18-Mar-22	5,000.00	[ICRA]AAA(stable)
INE001A07II3	Non-convertible debentures	9-May-12	9.50%	9-May-22	200.00	[ICRA]AAA(stable)
INE001A07SM4	Non-convertible debentures	19-May-20	7.00%	19-May-22	5,000.00	[ICRA]AAA(stable)
INE001A07QT3	Non-convertible debentures	20-Jun-17	7.43%	20-Jun-22	720.00	[ICRA]AAA(stable)
INE001A07RU9	Non-convertible debentures	20-Jun-19	8.05%	20-Jun-22	2,265.00	[ICRA]AAA(stable)
INE001A07IO1	Non-convertible debentures	4-Jul-12	9.50%	4-Jul-22	200.00	[ICRA]AAA(stable)
INE001A07RW5	Non-convertible debentures	18-Jul-19	7.87%	18-Jul-22	5,000.00	[ICRA]AAA(stable)
INE001A07RZ8	Non-convertible debentures	26-Sep-19	7.28%	26-Sep-22	2,000.00	[ICRA]AAA(stable)
INE001A07SD3	Non-convertible debentures	30-Dec-19	7.21%	30-Dec-22	2,550.00	[ICRA]AAA(stable)
INE001A07SH4	Non-convertible debentures	13-Feb-20	6.99%	13-Feb-23	5,000.00	[ICRA]AAA(stable)

INE001A07KU4	Non-convertible debentures	21-Mar-13	8.95%	21-Mar-23	200.00	[ICRA]AAA(stable)
INE001A07SJ0	Non-convertible debentures	13-Apr-20	7.20%	13-Apr-23	2,500.00	[ICRA]AAA(stable)
INE001A07SK8	Non-convertible debentures	27-Apr-20	6.95%	27-Apr-23	1,250.00	[ICRA]AAA(stable)
INE001A07RJ2	Non-convertible debentures	20-Nov-18	9.05%	20-Nov-23	4,000.00	[ICRA]AAA(stable)
INE001A07MS4	Non-convertible debentures	24-Jun-14	9.24%	24-Jun-24	510.00	[ICRA]AAA(stable)
INE001A07RV7	Non-convertible debentures	11-Jul-19	7.99%	11-Jul-24	2,555.00	[ICRA]AAA(stable)
INE001A07MX4	Non-convertible debentures	13-Aug-14	9.50%	13-Aug-24	475.00	[ICRA]AAA(stable)
INE001A07NB8	Non-convertible debentures	28-Aug-14	9.34%	28-Aug-24	1,000.00	[ICRA]AAA(stable)
INE001A07SE1	Non-convertible debentures	8-Jan-20	7.50%	8-Jan-25	3,180.00	[ICRA]AAA(stable)
INE001A07NJ1	Non-convertible debentures	23-Jan-15	8.40%	23-Jan-25	500.00	[ICRA]AAA(stable)
INE001A07SG6	Non-convertible debentures	10-Feb-20	7.35%	10-Feb-25	2,510.00	[ICRA]AAA(stable)
INE001A07NN3	Non-convertible debentures	25-Feb-15	8.45%	25-Feb-25	750.00	[ICRA]AAA(stable)
INE001A07NP8	Non-convertible debentures	4-Mar-15	8.43%	4-Mar-25	600.00	[ICRA]AAA(stable)
INE001A07FG3	Non-convertible debentures	8-Apr-10	8.96%	8-Apr-25	500.00	[ICRA]AAA(stable)
INE001A07FJ7	Non-convertible debentures	9-Apr-10	8.96%	9-Apr-25	500.00	[ICRA]AAA(stable)
INE001A07OT8	Non-convertible debentures	4-May-16	8.32%	4-May-26	500.00	[ICRA]AAA(stable)
INE001A07OX0	Non-convertible debentures	13-May-16	8.35%	13-May-26	1,035.00	[ICRA]AAA(stable)
INE001A07OY8	Non-convertible debentures	18-May-16	8.45%	18-May-26	1,500.00	[ICRA]AAA(stable)
INE001A07PB3	Non-convertible debentures	1-Jun-16	8.44%	1-Jun-26	710.00	[ICRA]AAA(stable)
INE001A07PC1	Non-convertible debentures	15-Jun-16	8.46%	15-Jun-26	1,000.00	[ICRA]AAA(stable)
INE001A07PF4	Non-convertible debentures	24-Jun-16	8.46%	24-Jun-26	535.00	[ICRA]AAA(stable)
INE001A07PN8	Non-convertible debentures	24-Aug-16	7.90%	24-Aug-26	1,000.00	[ICRA]AAA(stable)
INE001A07PV1	Non-convertible debentures	18-Nov-16	7.72%	18-Nov-26	2,000.00	[ICRA]AAA(stable)
INE001A07QG0	Non-convertible debentures	27-Mar-17	1.50%	27-Mar-27	1,800.00	[ICRA]AAA(stable)
INE001A07QH8	Non-convertible debentures	13-Apr-17	1.50%	13-Apr-27	1,680.00	[ICRA]AAA(stable)
INE001A07QJ4	Non-convertible debentures	24-Apr-17	1.50%	24-Apr-27	1,680.00	[ICRA]AAA(stable)
INE001A07RG8	Non-convertible debentures	16-Oct-18	9.05%	16-Oct-28	2,953.00	[ICRA]AAA(stable)
INE001A07RI4	Non-convertible debentures	1-Nov-18	9.00%	1-Nov-28	1,235.00	[ICRA]AAA(stable)
INE001A07RK0	Non-convertible debentures	29-Nov-18	9.00%	29-Nov-28	9,000.00	[ICRA]AAA(stable)
INE001A07RM6	Non-convertible debentures	21-Dec-18	8.66%	21-Dec-28	5,000.00	[ICRA]AAA(stable)
INE001A07RT1	Non-convertible debentures	27-Mar-19	8.55%	27-Mar-29	5,000.00	[ICRA]AAA(stable)
INE001A07RX3	Non-convertible debentures	14-Aug-19	7.91%	14-Aug-29	2,000.00	[ICRA]AAA(stable)
INE001A07SB7	Non-convertible debentures	22-Oct-19	8.05%	22-Oct-29	6,000.00	[ICRA]AAA(stable)
INE001A07SI2	Non-convertible debentures	28-Feb-20	7.40%	28-Feb-30	2,005.00	[ICRA]AAA(stable)
INE001A07SO0	Non-convertible debentures	17-Jun-20	7.25%	17-Jun-30	4,000.00	[ICRA]AAA(stable)
NA*	Non-convertible debentures	NA	NA	NA	24,750.00	[ICRA]AAA(stable)
NA*	Non-convertible debentures	NA	NA	NA	9,000.00	[ICRA]AAA(stable)
NA*	Non-convertible debentures	NA	NA	NA	45,000.00	[ICRA]AAA(stable)
INE001A08346	Subordinated debt	17-Feb-11	9.40%	17-Feb-21	1,000.00	[ICRA]AAA(stable)
INE001A08353	Subordinated debt	2-Mar-12	9.50%	2-Mar-22	1,000.00	[ICRA]AAA(stable)
INE001A08361	Subordinated debt	21-Oct-14	9.60%	21-Oct-24	2,000.00	[ICRA]AAA(stable)
INE001A08379	Subordinated debt	24-Feb-15	8.65%	24-Feb-25	1,000.00	[ICRA]AAA(stable)
NA	Commercial Paper	-	-	7-365 days	75,000.00	[ICRA]A1+
NA	Bank Lines	-	-	-	75,000.00	[ICRA]AAA(Stable) / [ICRA]A1+
NA	Fixed Deposits	-	-	-	-	MAAA(stable)
NA	Issuer Rating	-	-	-	-	[ICRA]AAA(stable)

INE001A07RA1	Non-convertible debentures	6-Sep-17	7.00%	6-Sep-19	2,000.00	[ICRA]AAA(stable); withdrawn
INE001A07PM0	Non-convertible debentures	23-Aug-16	7.95%	23-Sep-19	1,000.00	[ICRA]AAA(stable); withdrawn
INE001A07PU3	Non-convertible debentures	11-Nov-16	7.80%	11-Nov-19	2,000.00	[ICRA]AAA(stable); withdrawn
INE001A07PT5	Non-convertible debentures	18-Oct-16	7.48%	18-Nov-19	1,000.00	[ICRA]AAA(stable); withdrawn
INE001A07PR9	Non-convertible debentures	4-Oct-16	7.69%	4-Dec-19	525.00	[ICRA]AAA(stable); withdrawn
INE001A07DE3	Non-convertible debentures	12-Dec-07	9.60%	12-Dec-19	250.00	[ICRA]AAA(stable); withdrawn
INE001A07RH6	Non-convertible debentures	26-Oct-18	9.11%	13-Dec-19	1,700.00	[ICRA]AAA(stable); withdrawn
INE001A07NG7	Non-convertible debentures	6-Jan-15	8.65%	6-Jan-20	1,000.00	[ICRA]AAA(stable); withdrawn
INE001A07NH5	Non-convertible debentures	13-Jan-15	8.75%	13-Jan-20	1,985.00	[ICRA]AAA(stable); withdrawn
INE001A07NI3	Non-convertible debentures	15-Jan-15	Zero Coupon	15-Jan-20	1,000.00	[ICRA]AAA(stable); withdrawn
INE001A07PY5	Non-convertible debentures	12-Jan-17	1.50%	12-Feb-20	593.00	[ICRA]AAA(stable); withdrawn
INE001A07PZ2	Non-convertible debentures	18-Jan-17	Zero Coupon	18-Feb-20	800.00	[ICRA]AAA(stable); withdrawn
INE001A07RO2	Non-convertible debentures	25-Jan-19	8.43%	25-Feb-20	2,000.00	[ICRA]AAA(stable); withdrawn
INE001A07OP6	Non-convertible debentures	9-Mar-16	Zero Coupon	9-Mar-20	1,000.00	[ICRA]AAA(stable); withdrawn
INE001A07PX7	Non-convertible debentures	9-Dec-16	Zero Coupon	9-Mar-20	1,000.00	[ICRA]AAA(stable); withdrawn
INE001A07QD7	Non-convertible debentures	17-Mar-17	11.33%	17-Mar-20	500.00	[ICRA]AAA(stable); withdrawn
INE001A07PE7	Non-convertible debentures	20-Jun-16	8.49%	20-Mar-20	500.00	[ICRA]AAA(stable); withdrawn
INE001A07QF2	Non-convertible debentures	24-Mar-17	7.78%	24-Mar-20	1,498.00	[ICRA]AAA(stable); withdrawn
INE001A07QB1	Non-convertible debentures	30-Jan-17	1.50%	30-Mar-20	1,000.00	[ICRA]AAA(stable); withdrawn
INE001A07NU8	Non-convertible debentures	27-Apr-15	8.49%	27-Apr-20	1,251.00	[ICRA]AAA(stable); withdrawn
INE001A07NW4	Non-convertible debentures	18-May-15	8.70%	18-May-20	1,450.00	[ICRA]AAA(stable); withdrawn
INE001A07QK2	Non-convertible debentures	19-May-17	7.67%	19-May-20	500.00	[ICRA]AAA(stable); withdrawn

INE001A07FM1	Non-convertible debentures	20-May-10	8.65%	20-May-20	250.00	[ICRA]AAA(stable); withdrawn
INE001A07RQ7	Non-convertible debentures	28-Feb-19	8.52%	28-May-20	1,500.00	[ICRA]AAA(stable); withdrawn
INE001A07QI6	Non-convertible debentures	18-Apr-17	1.50%	18-Jun-20	2,300.00	[ICRA]AAA(stable); withdrawn
INE001A07RL8	Non-convertible debentures	18-Dec-18	8.80%	18-Jun-20	1,500.00	[ICRA]AAA(stable); withdrawn
INE001A07QL0	Non-convertible debentures	22-May-17	1.50%	22-Jun-20	1,250.00	[ICRA]AAA(stable); withdrawn
INE001A07QP1	Non-convertible debentures	8-Jun-17	7.60%	26-Jun-20	2,000.00	[ICRA]AAA(stable); withdrawn
INE001A07QM8	Non-convertible debentures	29-May-17	1.50%	29-Jun-20	750.00	[ICRA]AAA(stable); withdrawn
NA	Non-convertible debentures				10,630.00	[ICRA]AAA(stable); withdrawn
INE001A08338	Subordinated debt	4-Mar-10	8.73%	4-Mar-20	500.00	[ICRA]AAA(stable); withdrawn

*unutilised
Source: Company Data

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+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

About ICRA Limited

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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ANNEXURE B

CONSENT LETTER FROM THE DEBENTURE TRUSTEE

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IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI trustee

Ref No. ITSL/OPR/CL/20-21/DEB/405
Date: July 31, 2020

Housing Development Finance Corporation Limited
Ramon House, 169, Backbay Reclamation
H T Parekh Marg, Churchgate,
Mumbai - 400 020

Kind Attn: Mr. Sunil Kamath

Dear Sir,

Subject: Consent to act as Debenture Trustee for proposed issuance of Secured Redeemable Non-Convertible Debentures under Qualified Institutional Placement Documents (NCDs) aggregating upto Rs. 9,000 Crores to be issued by Housing Development Finance Corporation Limited ("the Company/Issuer")

This is with reference to your letter dated July 30, 2020 regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for the for proposed issuance of Secured Redeemable Non-Convertible Debentures under Qualified Institutional Placement Documents (NCDs) aggregating upto Rs. 9,000 Crores issued by Housing Development Finance Corporation Limited ("the Company/Issuer"). In this connection we confirm our acceptance of the assignment.

We are agreeable for inclusion of our name as trustee in the offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required subject to the following conditions:

1. The Company shall enter into Written Debenture Trustee Agreement (DTA) for the said issue before the opening of Subscription list for issue of debentures.

2. The Company agrees and undertakes to create the securities over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed (DTD) and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed in the Information Memorandum or Disclosure Document in any case not exceeding one month from the date of issue or such other earlier period as may be applicable.

3. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

4. The Company shall agrees and undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/BOND/1/2009/11/05 dated the 11th May, 2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the Companies Act, 1956, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Uniform Listing Agreement as amended from time to time and other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis.

IDBI Trusteeship Services Ltd. ITSL

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

5. Any payment in respect of Debentures required to be made by the Debenture Trustee to a Debenture Holder (who is a FII Entity) at the time of enforcement would, if required by applicable law, be subject to the prior approval of RBI for such remittance through an Authorised Dealer. The Company/Investor shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder. Such remittance shall not exceed total investment (and interest provided for herein) made by the Debenture Holder (who is a FII).

6. The Issuer Company confirms that all necessary disclosures have been made in the Information Memorandum/Disclosure document including but not limited to statutory and other regulatory disclosures. Investors should carefully read and note the contents of the Information Memorandum/Disclosure document. Each prospective investor should make its own independent assessment of the merit of the investment in NCDs and the Issuer Company. Prospective Investor should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the NCDs and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments.

7. The Trustees, "ipso facto" do not have the obligations of a borrower or a Principal Debtor or a Guarantor as to the monies paid/invested by investors for the debentures/Bonds.

Looking forward to a fruitful association with you and assuring you of our best services at all times.

Thanking you,

Yours faithfully,
For IDBI Trusteeship Services Limited

ITSL
IDBI Trusteeship Services Ltd.

(Authorized Signatory)

We accept the above terms
For Housing Development Finance Corporation Limited

V. Srinath Rangan

(Authorized Signatory)

ANNEXURE C

The names of the proposed Allottees of Equity Shares, assuming that the Equity Shares are Allotted to them pursuant to the Issue and the percentage of post-Issue share capital that may be held by them is set forth below.

Sr. No.	Name of the proposed Allottees(1)	Percentage of the post-Issue share capital (%)(2) (3)
1.	INVESCO OPPENHEIMER DEVELOPING MARKETS FUND	3.61%
2.	GOVERNMENT OF SINGAPORE	2.05%
3.	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1.61%
4.	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.29%
5.	GOVERNMENT PENSION FUND GLOBAL	1.12%
6.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	1.03%
7.	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	0.90%
8.	SBI LIFE INSURANCE CO. LTD	0.82%
9.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS ASIA PACIFIC LEADERS FUND	0.77%
10.	AUSTRALIANSUPER	0.67%
11.	T. ROWE PRICE INTERNATIONAL STOCK FUND	0.51%
12.	MONETARY AUTHORITY OF SINGAPORE	0.40%
13.	SOCIETE GENERALE – ODI	0.38%
14.	THE PRUDENTIAL ASSURANCE COMPANY LIMITED	0.30%
15.	ICICI PRUDENTIAL BLUECHIP FUND	0.29%
16.	NOMURA INDIA INVESTMENT FUND MOTHER FUND	0.28%
17.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE TAX RELIEF 96	0.27%
18.	SBI BLUE CHIP FUND	0.26%
19.	T. ROWE PRICE INTERNATIONAL GROWTH EQUITY TRUST	0.25%
20.	FIDELITY INVESTMENT TRUST FIDELITY INTERNATIONAL DISCOVERY FUND	0.25%
21.	ABERDEEN GLOBAL INDIAN EQUITY LIMITED	0.24%
22.	INVESCO EMERGING MARKETS EQUITY TRUST	0.21%
23.	COPTHALL MAURITIUS INVESTMENT LIMITED - ODI ACCOUNT	0.20%
24.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FRONTLINE EQUITY FUND	0.18%
25.	VANGUARD FTSE ALL-WORLD EX-US INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	0.17%
26.	FIDELITY INVESTMENT TRUST - FIDELITY EMERGINGMARKETS FUND	0.15%
27.	PIONEER INVESTMENT FUND	0.15%
28.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA TAX SAVER (ELSS) FUND	0.15%
29.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS FOCUSED 25 FUND	0.14%
30.	RWC EMERGING MARKETS EQUITY MASTER FUND LIMITED	0.14%
31.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS BLUECHIP FUND	0.13%
32.	T. ROWE PRICE OVERSEAS STOCK FUND	0.13%
33.	EMERGING MARKETS PORTFOLIO A SERIES OF THE PACIFIC SELECT FUND	0.13%
34.	THE INDIA FUND INC	0.11%
35.	MORGAN STANLEY ASIA (SINGAPORE) PTE. – ODI	0.11%

Sr. No.	Name of the proposed Allottees[1]	Percentage of the post-Issue share capital (%)[2] [3]
36.	CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LTD	0.11%
37.	INVESCO EMERGING MARKETS EQUITY FUND, LP	0.09%
38.	ABERDEEN NEW INDIA INVESTMENT TRUST PLC	0.09%
39.	GOLDMAN SACHS (SINGAPORE) PTE. – ODI	0.09%
40.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS GLOBAL EMERGING MARKETS LEADERS FUND	0.08%
41.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA LARGE CAP FUND	0.08%
42.	UNITED SUPER PTY LTD AS TRUSTEE FOR CONSTRUCTION AND BUILDING UNIONS SUPERANNUATION FUND	0.08%
43.	STEWART INVESTORS ASIA PACIFIC LEADERS FUND AS SUB FUND OF FIRST STATE GLOBAL UMBRELLA FUND PLC	0.08%
44.	SBI LONG TERM EQUITY FUND	0.07%
45.	BNP PARIBAS ARBITRAGE – ODI	0.07%
46.	MAX LIFE INSURANCE CO LTD A/C PARTICIPATING FUND	0.07%
47.	CLSA GLOBAL MARKETS PTE. LTD.	0.07%
48.	TCORPIM EMERGING MARKET SHARE FUND	0.07%
49.	SOCIETE GENERALE	0.07%
50.	KUWAIT INVESTMENT AUTHORITY FUND F238	0.06%
51.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01108/02/07LIFEGRWSUP104 - GROWTH SUPER FUND	0.06%
52.	T. ROWE PRICE RETIREMENT HYBRID TRUST-T. ROWE PRICE NON-U.S. EQUITIES TRUST	0.06%
53.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE EQUITY FUND	0.06%
54.	EMPLOYEES PROVIDENT FUND BOARD MANAGED BY ABERDEEN STANDARD INVESTMENTS (MALAYSIA) SDN BHD	0.06%
55.	T. ROWE PRICE INTERNATIONAL CORE EQUITY TRUST	0.06%
56.	KOTAK MAHINDRA LIFE INSURANCE COMPANY LTD.	0.06%
57.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS ASIA PACIFIC FUND	0.05%
58.	PGGM WORLD EQUITY II B. V.	0.05%
59.	ICICI PRUDENTIAL LONG TERM EQUITY FUND TAX SAVINGS	0.05%
60.	NATIONAL PENSION SERVICE MANAGED BY BLACKROCK INSTITUTIONAL TRUST COMPANY, NA	0.05%
61.	ICICI PRUDENTIAL EQUITY & DEBT FUND	0.05%
62.	NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST	0.05%
63.	RETAIL EMPLOYEES SUPERANNUATION PTY. LIMITED AS TRUSTEE FOR RETAIL EMPLOYEES SUPERANNUATION TRUST	0.05%
64.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FOCUSED EQUITY FUND	0.05%
65.	VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST	0.05%
66.	EDINBURGH DRAGON TRUST PLC	0.04%
67.	RWC FUNDS - RWC GLOBAL EMERGING MARKETS FUND	0.04%
68.	SAS TRUSTEE CORPORATION POOLED FUND	0.04%
69.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS GLOBAL EMERGING MARKETS SUSTAINABILITY FUND	0.04%
70.	INVESCO ASIAN EQUITY FUND	0.04%
71.	BAJAJ HOLDINGS AND INVESTMENT LTD	0.04%

Sr. No.	Name of the proposed Allottees[1]	Percentage of the post-Issue share capital (%)[2] [3]
72.	PUBLIC SECTOR PENSION INVESTMENT BOARD - BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.	0.04%
73.	KAPITALFORENINGEN SAMPENSION INVEST	0.04%
74.	FIDELITY INVESTMENT TRUST FIDELITY EMERGING ASIA FUND	0.04%
75.	VANGUARD FUNDS PUBLIC LIMITED COMPANY - VANGUARD FTSE EMERGING MARKETS UCITS ETF	0.03%
76.	VFM EMERGING MARKETS TRUST	0.03%
77.	VANGUARD TOTAL WORLD STOCK INDEX FUND	0.03%
78.	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	0.03%
79.	FIDELITY ADVISOR SERIES VIII - FIDELITY ADVISOR EMERGING MARKETS FUND	0.03%
80.	SOCIAL INSURANCE ORGANIZATION	0.03%
81.	NORTHCAPE CAPITAL GLOBAL EMERGING MARKETS FUND	0.03%
82.	DSP TAX SAVER FUND	0.03%
83.	Max Life Insurance Company Limited A/c - ULIF00125/06/04LIFEGROWTH104 - Growth Fund	0.03%
84.	ABU DHABI INVESTMENT AUTHORITY – XENON	0.03%
85.	KOTAK BALANCED ADVANTAGE FUND	0.03%
86.	COLONIAL FIRST STATE GLOBAL ASSET MANAGEMENT EQUITY TRUST 3	0.03%
87.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS ASIA PACIFIC SUSTAINABILITY FUND	0.03%
88.	AXIS MULTICAP FUND	0.03%
89.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA SMALL CAP FUND	0.03%
90.	PACIFIC ASSETS TRUST PLC	0.03%
91.	BAY POND PARTNERS, L.P.	0.03%
92.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS INDIAN SUBCONTINENT SUSTAINABILITY FUND	0.03%
93.	BNP PARIBAS ARBITRAGE	0.03%
94.	SUNSUPER SUPERANNUATION FUND	0.03%
95.	ESSEX COUNTY COUNCIL	0.03%
96.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BALANCED ADVANTAGE FUND	0.03%
97.	DESTINATIONS INTERNATIONAL EQUITY FUND, A SERIES OF BRINKER CAPITAL DESTINATIONS TRUST	0.03%
98.	OMNIS PORTFOLIO INVESTMENTS ICVC - OMNIS GLOB	0.03%
99.	MIRAE ASSET INDIA SECTOR LEADER EQUITY FUND	0.02%
100.	EQUITY TRUSTEES LIMITED AS RESPONSIBLE ENTITY	0.02%
101.	COLONIAL FIRST STATE INVESTMENTS LIMITED AS RESPONSIBLE ENTITY FOR COLONIAL FIRST STATE WHOLESALE GLOBAL SHARE FUND	0.02%
102.	MIRAE ASSET HYBRID - EQUITY FUND	0.02%
103.	ICICI BANK LIMITED	0.02%
104.	EQUIPSUPER	0.02%
105.	AXIS EQUITY ADVANTAGE FUND - SERIES 1	0.02%
106.	VANTAGETRUST III MASTER COLLECTIVE INVESTMENT FUNDS TRUST	0.02%
107.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA VISION FUND	0.02%
108.	STICHTING PENSIOENFONDS HOOGOVENS PORTFOLIO C	0.02%

Sr. No.	Name of the proposed Allottees[(1)]	Percentage of the post-Issue share capital (%)[(2) (3)]
109.	KEY SQUARE MASTER FUND LP	0.02%
110.	LOCKHEED MARTIN CORPORATION MASTER RETIREMENTTRUST	0.02%
111.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA RETIREMENT FUND - WEALTH CREATION SCHEME	0.02%
112.	TT EMERGING MARKETS OPPORTUNITIES FUND II LIMITED	0.02%
113.	AVENDUS ENHANCED RETURN FUND	0.02%
114.	STICHTING SHELL PENSIOENFONDS	0.02%
115.	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED - ODI	0.02%
116.	SUNDARAM MUTUAL FUND A/C SUNDARAM SERVICES FUND	0.02%
117.	STEWART INVESTORS ASIA PACIFIC SUSTAINABILITY FUND AS SUB FUND OF FIRST STATE GLOBAL UMBRELLA FUND PLC	0.02%
118.	KOTAK EQUITY SAVINGS FUND	0.02%
119.	TT EMERGING MARKETS EQUITY FUND	0.02%
120.	FIDELITY GROUP TRUST FOR EMPLOYEE BENEFIT PLANS FIDELITY INTERNATIONAL DISCOVERY COMMINGLED POOL	0.02%
121.	STEWART INVESTORS GLOBAL EMERGING MARKETS SUSTAINABILITY FUND AS SUB FUND OF FIRST STATE GLOBAL UMBRELLA FUND PLC	0.02%
122.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA GROWTH FUND	0.02%
123.	DSP EQUITY OPPORTUNITIES FUND	0.02%
124.	FIDELITY ADVISOR SERIES VIII - FIDELITY ADVISOR EMERGING ASIA FUND	0.02%
125.	MASSMUTUAL PREMIER STRATEGIC EMERGING MARKETSFUND	0.02%
126.	UTI - BANKING AND FINANCIAL SERVICES FUND	0.02%
127.	FIDELITY INVESTMENT TRUST - FIDELITY WORLDWIDE FUND	0.02%
128.	MORGAN STANLEY ASIA (SINGAPORE) PTE.	0.02%
129.	WASHINGTON STATE INVESTMENT BOARD MANAGED BY TT INTERNATIONAL	0.02%
130.	ADVANCED SERIES TRUST - AST T.ROWE PRICE ASSET ALLOCATION PORTFOLIO	0.01%
131.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS WORLDWIDE SUSTAINABILITY FUND	0.01%
132.	INVESCO ASIA TRUST PLC	0.01%
133.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BANKING AND FINANCIAL SERVICES FUND	0.01%
134.	INVESCO DEVELOPING MARKETS EQUITY FUND	0.01%
135.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS GLOBAL EMERGING MARKETS FUND	0.01%
136.	COLONIAL FIRST STATE INVESTMENT LIMITED AS RESPONSIBLE ENTITY FOR COLONIAL FIRST STATE GLOBAL ASSET MANAGEMENT EQUITY TRUST 10	0.01%
137.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT FOCUS	0.01%
138.	ICICI PRUDENTIAL EQUITY SAVINGS FUND	0.01%
139.	QUAESTIO CAPITAL MANAGEMENT SOCIETA DI GESTIONE DEL RISPARMIO S.P.A. - LUXEMBOURG BRANCH	0.01%
140.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE TAX PLAN	0.01%
141.	MML STRATEGIC EMERGING MARKETS FUND	0.01%
142.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA VALUE FUND	0.01%

Sr. No.	Name of the proposed Allottees[(1)]	Percentage of the post-Issue share capital (%)[(2) (3)]
143.	ICICI PRUDENTIAL LARGE & MID CAP FUND	0.01%
144.	T. ROWE PRICE ASIA OPPORTUNITIES TRUST	0.01%
145.	GUIDESTONE FUNDS EMERGING MARKETS EQUITY FUND	0.01%
146.	FIDELITY GLOBAL EMERGING MARKETS FUND	0.01%
147.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF00225/06/04LIFEBALANC104 - BALANCED FUND	0.01%
148.	AVENDUS ENHANCED RETURN FUND - SERIES II	0.01%
149.	VANGUARD FUNDS PUBLIC LIMITED COMPANY - VANGUARD FTSE ALL-WORLD UCITS ETF	0.01%
150.	MAHOUT GLOBAL EMERGING MARKETS LEADERS FUND, A SUB-FUND OF THE MAHOUT DELAWARE STATUTORY TRUST	0.01%
151.	NTCC STEWART INVESTORS EMERGING MARKETS FUND FEBT	0.01%
152.	PF EMERGING MARKETS FUND	0.01%
153.	ALPS/KOTAK INDIA GROWTH FUND	0.01%
154.	DANSKE INVEST SICAV – INDIA	0.01%
155.	SUNDARAM MUTUAL FUND A/C SUNDARAM FINANCIAL SERVICES OPPORTUNITIES FUND	0.01%
156.	AXIS BANK LIMITED	0.01%
157.	FIDELITY RUTLAND SQUARE TRUST II STRATEGIC ADVISERS INTERNATIONAL FUND AS MANAGED BY T.ROWE PRICE	0.01%
158.	SHELL PENSIONS TRUST LIMITED AS TRUSTEE OF THE SHELL CONTRIBUTORY PENSION FUND	0.01%
159.	ADVANCED SERIES TRUST - AST T. ROWE PRICE GROWTH OPPORTUNITIES PORTFOLIO	0.01%
160.	ICICI PRUDENTIAL MIDCAP FUND	0.01%
161.	T. ROWE PRICE GLOBAL GROWTH STOCK FUND	0.01%
162.	SEI GLOBAL MASTER FUND PLC - THE SEI EMERGING MARKETS EQUITY FUND	0.01%
163.	T. ROWE PRICE INTERNATIONAL STOCK PORTFOLIO	0.01%
164.	EDELWEISS TRUSTEESHIP CO LTD AC- EDELWEISS MF AC- EDELWEISS BALANCED ADVANTAGE FUND	0.01%
165.	SEI INSTITUTIONAL INTERNATIONAL TRUST - EMERGING MARKETS EQUITY FUND MANAGED BY RWC ASSET ADVISORS (US) LLC	0.01%
166.	KOTAK EQUITY HYBRID	0.01%
167.	DSP INDIA FUND	0.01%
168.	ALBERTA TEACHERS RETIREMENT FUND BOARD	0.01%
169.	MIRAE ASSET INDIA BLUE CHIP EQUITY MASTER INVESTMENT TRUST	0.01%
170.	JANA EMERGING MARKETS SHARE TRUST	0.01%
171.	SBI BANKING & FINANCIAL SERVICES FUND	0.01%
172.	INTEGRATED CORE STRATEGIES ASIA PTE LTD	0.01%
173.	RWC GLOBAL EMERGING EQUITY FUND	0.01%
174.	TKP INVESTMENTS BV-AEGON CUSTODY B.V. RE MM LONG TERM INVESTMENT FUND	0.01%
175.	INVESCO OPPENHEIMER GLOBAL ALLOCATION FUND	0.01%
176.	NOMURA SINGAPORE LIMITED ODI	0.01%
177.	CASTLE HOOK MASTER FUND LTD.	0.01%
178.	PRIVATE CLIENT EMERGING MARKETS PORTFOLIO	0.01%
179.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BAL BHAVISHYA YOJNA - WEALTH PLAN	0.01%
180.	VY T. ROWE PRICE INTERNATIONAL STOCK PORTFOLIO	0.01%

Sr. No.	Name of the proposed Allottees[1]	Percentage of the post-Issue share capital (%)[2] [3]
181.	KOTAK INDIA ADVANTAGE FUND - III CLASS B	0.01%
182.	T. ROWE PRICE BALANCED FUND, INC.	0.01%
183.	RAMS EQUITIES PORTFOLIO FUND-INDIA EQUITIES PORTFOLIO FUND	0.01%
184.	T. ROWE PRICE GLOBAL GROWTH EQUITY TRUST	0.01%
185.	M&G ASIAN FUND	0.01%
186.	T. ROWE PRICE FUNDS SICAV-ASIAN OPPORTUNITIES EQUITY FUND	0.01%
187.	IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM	0.01%
188.	STEWART INVESTORS WORLDWIDE SUSTAINABILITY FUND AS SUB FUND OF FIRST STATE GLOBAL UMBRELLA FUND PLC	0.01%
189.	VOLRADO VENTURE PARTNERS FUND II	0.01%
190.	MIRAE ASSET INDIA DISCOVERY EQUITY INVESTMENT TRUST 1	0.01%
191.	FIDELITY FUNDS - PACIFIC FUND	0.01%
192.	AVENDUS ABSOLUTE RETURN FUND	0.01%
193.	SUNDARAM MUTUAL FUND A/C SUNDARAM EQUITY FUND	0.01%
194.	INVESCO DEVELOPING MARKETS SRI EQUITY FUND	0.01%
195.	VANGUARD ESG INTERNATIONAL STOCK ETF	0.01%
196.	WOLF CREEK PARTNERS, L.P.	0.01%
197.	TELSTRA SUPER PTY LTD AS TRUSTEE FOR TELSTRA SUPERANNUATION SCHEME	0.01%
198.	ICICI PRUDENTIAL VALUE FUND - SERIES 19	0.01%
199.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA FOCUSED EQUITY FUND	0.01%
200.	T. ROWE PRICE ASIA OPPORTUNITIES FUND	0.01%
201.	DUNHAM EMERGING MARKETS STOCK FUND	0.01%
202.	NS PARTNERS TRUST	0.00%
203.	WOLF CREEK INVESTORS (BERMUDA) L.P.	0.00%
204.	EDELWEISS TOKIO LIFE INSURANCE CO LTD - EQUITY LARGE CAP FUND	0.00%
205.	MINE SUPERANNUATION FUND	0.00%
206.	T. ROWE PRICE SPECTRUM MODERATE GROWTH ALLOCATION FUND	0.00%
207.	ICICI PRUDENTIAL VALUE FUND - SERIES 17	0.00%
208.	BAY POND INVESTORS (BERMUDA) L.P.	0.00%
209.	WELLINGTON EMERGING MARKETS EQUITY FUND (AUSTRALIA)	0.00%
210.	MGI FUNDS PLC- MERCER SUSTAINABLE GLOBAL EQUITY FUND	0.00%
211.	FIDELITY COMMON CONTRACTUAL FUND II/FIDELITY GLOBAL EMERGING MARKETS EQUITY FUND	0.00%
212.	DANSKE INVEST INDIA FUND	0.00%
213.	DSP INDIA ENHANCED EQUITY SATCORE FUND LONG TERM	0.00%
214.	T. ROWE PRICE FUNDS SICAV-GLOBAL GROWTH EQUITY FUND	0.00%
215.	MIRAE ASSET TAX SAVER FUND AC MIRAE ASSET TAX SAVER FUND	0.00%
216.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE RETIREMENT FUND THE 30S PLAN	0.00%
217.	INVESCO TRYGG LIV ASIA EQUITIES PORTFOLIO	0.00%
218.	DSP INDIA ENHANCED EQUITY FUND	0.00%
219.	CIMB BANK BERHAD, SINGAPORE BRANCH	0.00%
220.	TARA EMERGING ASIA LIQUID FUND	0.00%
221.	KADENSA MASTER FUND	0.00%
222.	ITHAN CREEK MASTER INVESTORS (CAYMAN) L.P.	0.00%
223.	TREASURER OF THE STATE OF NORTH CAROLINA EQUITY INVESTMENT FUND POOLED TRUST MANAGED BY WELLINGTON MANAGEMENT COMPANY LLP	0.00%

Sr. No.	Name of the proposed Allottees[1]	Percentage of the post-Issue share capital (%)[2] [3]
224.	INVESTERINGSFORENINGEN NYKREDIT INVEST ENGROS, GLOBAL DIVERSIFIED	0.00%
225.	T. ROWE PRICE GLOBAL ALLOCATION FUND, INC.	0.00%
226.	CMLA INTERNATIONAL SHARE FUND 3	0.00%
227.	WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MULTIPLE COLLECTIVE INVESTMENT FUNDS TRUST, EMERGING MARKETS PORTFOLIO	0.00%
228.	PACE INTERNATIONAL EMERGING MARKETS EQUITY INVESTMENTS MANAGED BY RWC ASSET ADVISORS (US) LLC	0.00%
229.	TASMAN MARKET NEUTRAL FUND	0.00%
230.	ERS PUBLIC EQUITY EMERGING MANAGER II LP	0.00%
231.	KOTAK INFINITY FUND - CLASS AC	0.00%
232.	REGAL INVESTMENT FUND	0.00%
233.	JOHN HANCOCK SEAPORT FUND	0.00%
234.	COLONIAL FIRST STATE INVESTMENTS LIMITED AS RESPONSIBLE ENTITY FOR COMMONWEALTH GLOBAL SHARES FUND 7	0.00%
235.	TT EMERGING MARKETS OPPORTUNITIES FUND LIMITED	0.00%
236.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF00525/11/05PENSGROWTH104 - PENSION GROWTH FUND	0.00%
237.	T. ROWE PRICE SPECTRUM MODERATE ALLOCATION FUND	0.00%
238.	FIDELITY INVESTMENT TRUST FIDELITY INTERNATIONAL DISCOVERY K6 FUND	0.00%
239.	EDELWEISS TOKIO LIFE INSURANCE CO.LTD. EQUITY TOP 250 FUND	0.00%
240.	IOOF INVESTMENT MANAGEMENT LIMITED AS RESPONSIBLE ENTITY FOR THE MULTIMIX WHOLESALE INTERNATIONAL SHARES TRUST - TT INTERNATIONAL	0.00%
241.	COLONIAL FIRST STATE INVESTMENTS LIMITED AS RESPONSIBLE ENTITY FOR THE COLONIAL FIRST STATE WHOLESALE GLOBAL EMERGING MARKETS FUND	0.00%
242.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS WORLDWIDE SELECT FUND	0.00%
243.	AXIS EQUITY ADVANTAGE FUND - SERIES 2	0.00%
244.	STEWART INVESTORS WORLDWIDE LEADERS FUND	0.00%
245.	SUNAMERICA SERIES TRUST SA T. ROWE PRICE VCP BALANCED PORTFOLIO	0.00%
246.	T. ROWE PRICE INSTITUTIONAL INTERNATIONAL GROWTH EQUITY FUND	0.00%
247.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01425/03/08LIFEDYNOPP104 - DYNAMIC OPPORTUNITIES FUND	0.00%
248.	GAIKOKUKABU SUB FUND 7, L.P.	0.00%
249.	M&G (LUX) INVESTMENT FUNDS 1 - M&G (LUX) ASIAN FUND	0.00%
250.	ICICI PRUDENTIAL VALUE FUND - SERIES 13	0.00%
251.	EDELWEISS MULTI STRATEGY INVESTMENT TRUST - EDELWEISS ALTERNATIVE EQUITY SCHEME	0.00%
252.	DSP INDIA T.I.G.E.R. FUND	0.00%
253.	MAX LIFE INSURANCE CO LTD PENSION MAXIMISER FUND (ULIF01715/02/13PENSMAXIMI104)	0.00%
254.	ECL FINANCE LTD	0.00%
255.	T. ROWE PRICE SPECTRUM CONSERVATIVE ALLOCATION FUND	0.00%
256.	SCHRODER GAIA WELLINGTON PAGOSA	0.00%
257.	AMAZON MARKET NEUTRAL FUND	0.00%

Sr. No.	Name of the proposed Allottees[1]	Percentage of the post-Issue share capital (%)[2] [3]
258.	WELLINGTON MANAGEMENT FUNDS (IRELAND) PUBLIC LIMITED COMPANY-WELLINGTON EMERGING MARKET THEMES FUND	0.00%
259.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01213/08/07PENSGRWSUP104 - PENSION GROWTH SUPER FUND	0.00%
260.	WELLINGTON MANAGEMENT FUNDS (IRELAND) PUBLIC LIMITED COMPANY - WELLINGTON EMERGING MARKETS EQUITY FUND	0.00%
261.	TOKIO MARINE ASIA EX JAPAN EQUITY SELECT FUND, A SUB FUND OF TOKIO MARINE FUNDS PLC	0.00%
262.	VANGUARD INVESTMENTS FUNDS ICVC-VANGUARD FTSE GLOBAL ALL CAP INDEX FUND	0.00%
263.	EMERGING MARKETS EQUITY FUND - RWC ASSET ADVISORS (US) LLC	0.00%
264.	AURIGIN MASTER FUND LIMITED	0.00%
265.	SEASONS SERIES TRUST SA MULTI-MANAGED INTERNATIONAL EQUITY PORTFOLIO MANAGED BY T. ROWE PRICE ASSOCIATES, INC.	0.00%
266.	WELLINGTON TRUST COMPANY NATIONAL ASSOCIATIONMULTIPLE COLLECTIVE INVESTMENT FUNDS TRUST I I EMERGING MARKETS EQUITY (MASTER) PORTFOLIO	0.00%
267.	EDELWEISS TOKIO LIFE INSURANCE COMPANY LIMITED - LIFE PAR FUND	0.00%
268.	FIRST STATE INVESTMENTS ICVC- STEWART INVESTORS WORLDWIDE EQUITY FUND	0.00%
269.	JNL/T. ROWE PRICE MANAGED VOLATILITY BALANCED FUND	0.00%
270.	ICICI PRUDENTIAL VALUE FUND - SERIES 18	0.00%
271.	EDELWEISS TOKIO LIFE INSURANCE COMPANY LIMITED - SHAREHOLDERS FUND - FOR SOLVENCY MARGIN	0.00%
272.	ADVANCED SERIES TRUST - AST T. ROWE PRICE DIVERSIFIED REAL GROWTH PORTFOLIO	0.00%
273.	INVESCO ASIAN FOCUS EQUITY FUND	0.00%
274.	NEF - PACIFIC EQUITY	0.00%
275.	MIRAE ASSET EQUITY SAVINGS FUND	0.00%
276.	THE MASTER TRUST BANK OF JAPAN LTD AS TRUSTEE OF KOKUSAI EMERGING EQUITY OPEN MOTHER FUND	0.00%
277.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF00625/11/05PENSBALANC104 - PENSION BALANCED FUND	0.00%
278.	MAX LIFE INSURANCE CO LTD A/C DIVERSIFIED EQUITY FUND (ULIF02201/01/20LIFEDIVEQF104)	0.00%
279.	T. ROWE PRICE MULTI-STRATEGY TOTAL RETURN FUND, INC.	0.00%
280.	T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO	0.00%
281.	T.ROWE PRICE INSTITUTIONAL INTERNATIONAL CORE EQUITY FUND	0.00%
282.	T. ROWE PRICE FUNDS OEIC-ASIAN OPPORTUNITIES EQUITY FUND	0.00%
283.	T. ROWE PRICE FUNDS SICAV-MULTI-ASSET GLOBAL INCOME FUND	0.00%

(1) Shareholding pattern as per depository records as on August 7, 2020 adjusted for Equity Shares allocated in the Issue.

(2) Included on the basis of the Equity Shares before conversion of Warrants.

Note: The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been included above on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies and FPIs (investing through different sub-accounts having common PAN across such sub-accounts) wherein their respective DP ID and Client ID has been considered.

(3) Figures presented are in percentage terms up to two decimal places and as a result numbers have been rounded off as per normal convention. Accordingly, numbers smaller than 0.00% does not mean zero holding.

The names of the proposed Allottees of Warrants, assuming that the Warrants are Allotted to them pursuant to the Issue and the percentage of post-Issue share capital is set forth below.

Sr. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital (%)*#
1.	RELIANCE VENTURES LIMITED	0.09%
2.	SBI BLUE CHIP FUND	0.09%
3.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FRONTLINE EQUITY FUND	0.07%
4.	KOTAK BALANCED ADVANTAGE FUND	0.06%
5.	ICICI PRUDENTIAL BANKING AND FINANCIAL SERVICES FUND	0.06%
6.	VOLRADO VENTURE PARTNERS FUND II	0.06%
7.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA MULTI CAP FUND	0.05%
8.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BANKING AND FINANCIAL SERVICES FUND	0.05%
9.	ICICI PRUDENTIAL EQUITY & DEBT FUND	0.04%
10.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA FOCUSED EQUITY FUND	0.04%
11.	PIONEER INVESTMENT FUND	0.04%
12.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FOCUSED EQUITY FUND	0.04%
13.	INFINA FINANCE PRIVATE LTD	0.03%
14.	ICICI PRUDENTIAL LARGE & MID CAP FUND	0.02%
15.	KOTAK EQUITY HYBRID	0.02%
16.	SBI LONG TERM EQUITY FUND	0.02%
17.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA EQUITY HYBRID FUND	0.02%
18.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA TAX SAVER (ELSS) FUND	0.02%
19.	SBI BANKING & FINANCIAL SERVICES FUND	0.02%
20.	SBI CONTRA FUND	0.02%
21.	EDELWEISS MULTI STRATEGY INVESTMENT TRUST - EDELWEISS ALTERNATIVE EQUITY SCHEME	0.02%
22.	KOTAK EQUITY SAVINGS FUND	0.01%
23.	ICICI PRUDENTIAL MIDCAP FUND	0.01%
24.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA VALUE FUND	0.01%
25.	JM FINANCIAL PRODUCTS LTD	0.01%
26.	UTI - BANKING AND FINANCIAL SERVICES FUND	0.01%
27.	BAJAJ HOLDINGS AND INVESTMENT LTD	0.01%
28.	SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL AND CONSUMPTION FUND	0.01%
29.	BARODA MULTI CAP FUND	0.01%
30.	BARODA DYNAMIC EQUITY FUND	0.01%
31.	ICICI BANK LIMITED	0.00%
32.	MAURYAN FIRST	0.00%
33.	BARODA HYBRID EQUITY FUND	0.00%
34.	SUNDARAM MUTUAL FUND A/C SUNDARAM EQUITY FUND	0.00%
35.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA EQUITY SAVINGS FUND	0.00%
36.	SUNDARAM MUTUAL FUND A/C SUNDARAM VALUE FUND - SERIES IX	0.00%

Sr. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital (%)*#
37.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES VIII	0.00%
38.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICRO CAP SERIES XI	0.00%
39.	SUNDARAM MUTUAL FUND A/C SUNDARAM VALUE FUND - SERIES VIII	0.00%
40.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICRO CAP SERIES XII	0.00%
41.	SUNDARAM MUTUAL FUND A/C SUNDARAM VALUE FUND - SERIES X	0.00%
42.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES IX	0.00%
43.	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES X	0.00%

** Computed Warrants as a percentage of current outstanding shares as adjusted for Equity Shares Allocated in the Issue, but before conversion of Warrants.*

#Figures presented are in percentage terms up to two decimal places and as a result numbers have been rounded off as per normal convention. Accordingly, numbers smaller than 0.00% does not mean zero holding.