Placement Document
Not for Circulation
Serial Number: _____
Strictly Confidential

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 1,03,89,041 Equity Shares (as defined below) at a price of ₹ 1,825 per Equity Share ("**Issue Price**"), including a premium of ₹ 1,823 per Equity Share, aggregating to ₹ 1,896 crore ("**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, AND THE RULES MADE THEREUNDER

1,66,38,86,467 equity shares of our Company of face value of ₹ 2 each ("**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 February 26, 2018 was ₹ 1,842.75 and ₹ 1,843.25 per Equity Share, respectively. 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 Equity Shares to be issued pursuant to the Issue have been received from BSE and NSE, both on February 27, 2018. Applications shall be made for obtaining the final listing and trading approvals for the Equity Shares to be issued 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 Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

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

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4) has been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, at Mumbai ("**RoC**") and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined below). This Placement Document has not been and will not be registered as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED BELOW), IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER AND CHAPTER VIII OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND ONLY QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN REGULATION 2(1)(zd) OF THE SEBI ICDR REGULATIONS ("QIBs") WHICH ARE NOT: (A) EXCLUDED PURSUANT TO REGULATION 86 OF THE SEBI ICDR REGULATIONS; AND (B) RESTRICTED FROM PARTICIPATING IN THE ISSUE UNDER THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LAWS, ARE ELIGIBLE TO INVEST IN THIS ISSUE.

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. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A DEGREE OF RISK AND BIDDERS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. BIDDERS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" BEGINNING ON PAGE 39 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH BIDDER IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT. BIDDERS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document together with the respective Application Form (as defined hereunder) and this Placement Document and the Confirmation of Allotment Note. For further details, please see section "*Issue Procedure*" on page 156. The distribution of the Preliminary Placement Document, 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 Equity Shares, is unauthorised and prohibited. Each Bidder, 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 Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**U.S. Securities Act**"), or any state securities laws of the United States and, unless so registered may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. For a description of the selling restrictions in certain other jurisdictions, please see the section "*Selling Restrictions*" on page 168. The Equity Shares are transferable only in accordance with the restrictions described in the section "*Transfer Restrictions*"on page 175.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the Book Running Lead Managers or any of their 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 March 5, 2018.

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited	**Citigroup Global Markets India Private Limited**	**CLSA India Private Limited**	**Credit Suisse Securities (India) Private Limited**	**IIFL Holdings Limited**	**JM Financial Limited**	**Motilal Oswal Investment Advisors Limited**

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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 Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to our Group and the Equity Shares 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 Equity Shares 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 Equity Shares 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 their own information. 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 Equity Shares. 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 Equity Shares.

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 Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including the U.S. Securities and Exchange Commission, any other federal or state authorities in the U.S., or the securities authorities of any non-U.S. jurisdiction and 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 U.S. and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States and unless so registered may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S.securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.

For a description of these and certain further restrictions on offers, sales and transfers of the Equity Shares and distribution of this Placement Document, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 168 and 175 respectively. Subscribers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in the sections "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 4, 168 and 175 respectively, of this Placement Document.

The distribution of this Placement Document or the disclosure of its contents 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 Issue (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 Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to not make copies of this Placement Document or any documents referred to in this Placement Document.

The distribution of this Placement Document and the issue of the Equity Shares 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 Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares 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 Equity Shares regarding the legality of an investment in the Equity Shares by such investor, subscriber under applicable legal, investment or similar laws or regulations.

Each subscriber to the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under applicable law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities including the Equity Shares.

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 for investors in certain other jurisdictions, please see sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 168 and 175 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 Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Book Running Lead Managers, as follows:

- You are an Eligible QIB i.e. QIBs, as defined in regulation 2(1)(zd) of the SEBI ICDR Regulations which are not: (a) excluded pursuant to Regulation 86 of the SEBI ICDR Regulations, and (b) restricted from participating in the Issue under the SEBI ICDR Regulations and/or other applicable laws, except as specifically set forth in this Placement Document who are acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and having a valid and existing registration under applicable laws and regulations of India, if so required, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act 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*" on pages 168 and 175 respectively, of this Placement Document;

- You are eligible to invest in India under applicable laws including the FEMA Regulations and have a valid and existing registration with SEBI, as amended and any modification, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities; you will make all necessary filings with the appropriate regulatory authority including the RBI, as required pursuant to applicable laws.

- If you are allotted any Equity Shares in the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so allotted except on the floor of the Stock Exchanges. Please see the section "*Transfer Restrictions*" on page 175;

- You are aware that the Equity Shares have not been and will not be registered through a prospectus under the Companies Act (as defined hereinafter), the SEBI ICDR Regulations or under any other law in force in India. The Preliminary Placement Document and this Placement Document has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC 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 has not been and will not be registered as a prospectus under the Companies Act. The Equity Shares offered by way of the Issue will not be offered to the public in India or any class of investors, other than Eligible QIBs;

- You are entitled to subscribe to, and acquire, the Equity Shares 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. Neither 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. Our Company 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 the Equity Shares are being offered only to Eligible QIBs outside the U.S. and are not being offered to the general public, and the Allotment of the Equity Shares 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 Issue, our Company shall be required to disclose your name and the number of the Equity Shares 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 have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read it in its entirety, including, in particular, the section "*Risk Factors*" on page 39 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, including the merits and risks involved, (ii) made your own assessment of our Group, the Equity Shares 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 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 this Placement Document and no other disclosure or representation by our Company 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 Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- You are seeking to subscribe to / acquire the Equity Shares 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 Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). 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 Equity Shares (including, but not limited to, the

Issue and the use of the proceeds from the Equity Shares). 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 Equity Shares 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 Equity Shares. 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 Equity Shares, (i) are each able to bear the economic risk of your investment in the Equity Shares, (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 Equity Shares, (iv) have no need for liquidity with respect to your investment in the Equity Shares, and (v) you are seeking to subscribe to the Equity Shares 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 Equity Shares in the near future. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute the Equity Shares received pursuant to the Issue, prior to the listing of such Equity Shares on the Stock Exchanges;

- If you are acquiring the Equity Shares 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 Equity Shares 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, 2013, our Company shall file the list of Eligible QIBs (to whom the Preliminary Placement Document has been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- 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 Equity Shares Allotted) and if the Allotment of Equity Shares in the Issue results in you being one of the top ten Shareholders, we shall also be required to disclose your name and shareholding details to the RoC, and you consent to such disclosure being made by us, under the Companies Act, 2013;

- 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 Equity Shares;

- You will have no right to withdraw your Bid after the Issue Closing Date;

- You are eligible to apply for and hold the Equity Shares Allotted to you, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares 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 ("**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 derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; 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 Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares 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 Equity Shares and for trading on the Stock Exchanges, 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 Equity Shares will be obtained in time or at all. Our Company shall not 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, agreed to manage the Issue and use their best efforts, as agents of our Company, to procure subscriptions for the Equity Shares 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 the Preliminary Placement Document or 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 Equity Shares is contained in the Preliminary Placement Document and this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, 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 Equity Shares 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 understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of 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 U.S. Securities Act and any applicable U.S. state securities laws, and that the Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S;

- You are located outside of the United States (within the meaning of Regulation S) at the time the buy order for the Equity Shares was originated, and you are not an affiliate of the Company, or a person acting on behalf of the Company or such an affiliate;

- You are purchasing the Equity Shares in an offshore transactions meeting the requirements of Rule 903 or 904 of Regulation S and you shall not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to another available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- 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 Equity Shares offered by way of the Issue;

- You agree to indemnify and hold our Company and the Book Running Lead Managers and their respective 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 this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares 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 attend to all necessary filings with appropriate regulatory authorities, as required pursuant to applicable laws; and

- You understand that the Equity Shares will, when issued, be credited as fully paid and will rank *pari-passu* in all respects with the then existing Equity Shares including the right to receive all dividend and other distributions declared, made or paid in respect of the existing Equity Shares after the date of allotment of the Equity Shares.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard an FPI, including the affiliates of the Book Running Lead Managers,other than Category III FPIs and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe 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 an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments referred to herein as "**P-Notes**"), directly or indirectly, only in the event (i) such P-Notes are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such P-Notes are issued after compliance with 'know your client' norms, and (iii) such offshore derivatives investments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

An FPI is also required to ensure that any transfer of offshore derivative instruments is made by, or on behalf of, it subject to the following conditions: (a) such offshore derivative instruments are transferred to persons, subject to fulfilment of SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

The FPI is required to collect regulatory fee of US$1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of P-Notes issued by it and deposit the same with SEBI by way of electronic transfer in the designated bank account of SEBI. FPI is required to deposit this regulatory fee once every three years, provided that for the block of three years beginning April 1, 2017, the FPI shall collect and deposit the regulatory fee within two months from the date of notification of the Securities and Exchange Board of India (Foreign Portfolio Investors) (Fourth Amendment) Regulations, 2017 (i.e. July 20, 2017).

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure 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 with their own financial, legal and tax advisers regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations, including without limitation, Indian laws, rules, regulations and guidelines applicable to P-Notes.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim 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 solely the obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers 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 Book Running Lead Managers and do not constitute any obligations of, or claims on, the Book Running Lead Managers. FPI affiliates (other than Category III FPI and unregulated broad-based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the Book Running Lead Managers may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

DISCLAIMERS

DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

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

(2) warrant that the Equity Shares 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 this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges 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.

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 or guarantee about 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", "HDFC Limited", "Issuer" are to "Housing Development Finance Corporation Limited" and references to "we", "us" or "our" are to our Company, together with its Subsidiaries.

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 two 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 Financial Statements of our Company included herein have been prepared in accordance with Indian GAAP prescribed by the Institute of Chartered Accountants of India (“**ICAI**”), the Companies Act, 1956, the Companies Act, 2013, Accounting Standards notified under the Companies Act and the requirements of the SEBI Listing Regulations, including the notes thereto and the reports thereon are included in this Placement Document in the section "*Financial Information*" beginning from page 201.

Our Company’s audited standalone financial statements as at and for the years ended March 31, 2015, 2016 and 2017 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 and standalone financial statements as at and for the years ended March 31, 2015, 2016 and 2017 report the financial statements and results of operations relating to our Company’s, its Subsidiaries’ five segments comprising housing, life insurance, general insurance, asset management and others (which includes project management, investment consultancy and property related services) and its associates. Our Company’s unaudited standalone and consolidated financial results as of and for the nine months ended December 31, 2017 and 2016 and as of and for the six months ended September 30, 2017 and 2016, subjected to limited review by the statutory auditors of our Company, are included in this Placement Document in the section “*Financial Information*” on page 201 of this Placement Document.

Further, as per the current applicable IndAS implementation roadmap, our Company will implement Ind AS for the accounting period beginning from April 1, 2018. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Placement Document and the Financial Information included in this Placement Document may not be comparable later and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. For further details, please see section "*Risk Factors - Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and may consider material to their assessment of the Issuer's financial condition*" on page 51 of this Placement Document. Further, for details of differences between Indian GAAP and Ind AS, see "*Summary of Significant Differences Between Indian GAAP and Ind AS*" on page 99.

Unless the context otherwise requires, all financial data in this Placement Document are derived from our Audited Standalone Financial Statements, Audited Consolidated Financial Statements, September Unaudited Standalone Financial Results, September Unaudited Consolidated Financial Results, December Unaudited Standalone Financial Results and December Unaudited Consolidated Financial Results. The Standalone Financial Statement and Consolidated Financial Statement have been audited by the previous statutory auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants. The limited review report for the September Unaudited Standalone Financial Results, September Unaudited Consolidated Financial Results, December Unaudited Standalone Financial Results and December Unaudited Consolidated Financial Results, was issued by our current Statutory Auditors, B S R & Co. LLP, Chartered Accountants. B S R & Co. LLP, Chartered Accountants, our current Statutory Auditors as required under the Companies Act, were appointed by the Shareholders at the annual general meeting held on July 26, 2017.

The figures compiled in this document related to March 2017 and March 2016 have been taken from the Audited Consolidated Financial Statements and the Audited Standalone Financial Statements as at March 31, 2017 and those of March 2015 have been taken from the Audited Consolidated Financial Statements and the Audited Standalone Financial Statements as at March 31, 2015.

The degree to which the financial statements prepared in accordance with Indian GAAP 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.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our Company's and the Group's, as the case may be, business 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, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this context, please note that we have relied on report on '*CRISIL Research – NBFC Report*' published in November 2017. 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:

"Certain information set out below has been extracted from the report CRISIL Research – NBFC Report released in India in November 2017(the "Report") prepared by CRISIL Research, a division of CRISIL Limited (CRISIL). CRISIL has taken due care and caution in preparing the Report 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 / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. The Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of the 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 the Report or any information extracted therefrom. Without limiting the generality of the foregoing, nothing in the Report or the following discussion 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 Report 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 Report are those of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of the Report may be published or 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 that its 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 39. 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.

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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 Company 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 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 Indian housing finance industry is competitive
- Challenging conditions in the global capital markets, the economy generally and our Company’s credit rating in particular
- Volatility in interest rates
- Exposure to large loan concentrations with several borrowers
- Inability to sustain our growth
- Expansion of products and services to new customer segments in India
- Experience difficulties in expanding our business into new regions and markets
- Termination of distribution arrangements entered into by our Company with commercial banks and NBFCs
- Our Company equity investments are subject to market and liquidity risk.
- Our Company’s investment in and control of its Subsidiaries and Associates may be diluted or divested.

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 39, 74, 103 and 116 respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our 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 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. All 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.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code (as defined below), 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; and (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 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. 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, Republic of Singapore and Hong Kong (among others) are some of the countries that have 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 at the applicable foreign exchange rateon the date of such judgment or award becomes enforceable 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. Further, any judgment or award in foreign currency would be converted with Rupees on the date of such judgement or award and not on the date of payment. 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. 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 February 28, 2018, the exchange rate (RBI reference rate) was ₹ 65.10 to US$ 1.00.

(₹ per US$)

	Period End	**Average**(1)	**High**(2)	**Low**(3)
Fiscal Year Ended:				
March 31, 2017	64.84	67.09	68.72	64.84
March 31, 2016	66.33	65.46	68.78	62.16
March 31, 2015	62.59	61.15	63.75	58.43
Quarter Ended:				
December 31, 2017	63.93	64.74	65.55	63.93
September 30, 2017	65.36	64.29	65.76	63.63
June 30, 2017	64.74	64.46	65.04	64.00
March 31, 2017	64.84	67.01	68.23	64.84
Months Ended				
February, 2018	65.10	64.37	65.10	63.61
January, 2018	63.69	63.64	63.98	63.35
December, 2017	63.93	64.24	64.54	63.93
November, 2017	64.43	64.86	65.52	64.41
October, 2017	64.77	65.08	65.55	64.76
September, 2017	65.36	64.44	65.76	63.87

Source: *www.rbi.org.in*

(1) Represents the average of the official rate for each working day of the relevant period;
(2) Maximum of the official rate for each working day of the relevant period;
(3) Minimum of the official rate for each working day of the relevant period.

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*" and "*Financial Information*" beginning on pages 183 and 201, 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; and 3. True North Ventures Private Limited.
"Audited Consolidated Financial Statements"	Our audited consolidated financial statements as at, and for the years ended March 31, 2017, March 31, 2016 and March 31, 2015, each prepared in accordance with Indian GAAP respectively.
"Audited Standalone Financial Statements"	Our audited standalone financial statements as at, and for the years ended March 31, 2017, March 31, 2016 and March 31, 2015, each prepared in accordance with Indian GAAP respectively.
"Board of Directors" or "Board"	The board of directors of our Company or any duly constituted committee thereof.
"Compliance Officer"	The compliance officer of our Company.
"Corporate Office"	The corporate office of our Company is located at HDFC House, H.T. Parekh Marg, 165-66, Backbay Reclamation, Churchgate, Mumbai 400 020.
"December Unaudited Consolidated Financial Results"	Our unaudited consolidated financial results for the nine months period and quarter ended December 31, 2017, prepared in accordance with Indian GAAP.
"December Unaudited Standalone Financial Results"	Our unaudited standalone financial results for the nine months period and quarter ended December 31, 2017, prepared in accordance with Indian GAAP.
"Director(s)"	Director(s) of our Company.
"Executive Director(s)"	The three whole-time directors including the Vice Chairman & Chief Executive Officer, the Managing Director and the Executive Director.
"Shares or Equity Share(s)"	The equity shares of our Company, each having a face value of ₹2.
"ESOS 1999"	Employee Stock Option Scheme, 1999.
"ESOS 2002"	Employee Stock Option Scheme, 2002.
"ESOS 2005"	Employee Stock Option Scheme, 2005.
"ESOS 2007"	Employee Stock Option Scheme, 2007.
"ESOS 2008"	Employee Stock Option Scheme, 2008.
"ESOS 2011"	Employee Stock Option Scheme, 2011.
"ESOS 2014"	Employee Stock Option Scheme, 2014.
"ESOS 2017"	Employee Stock Option Scheme, 2017.
"Financial Information"	Our Audited Standalone Financial Statements, our Audited Consolidated Financial Statements, our September Unaudited Standalone Financial Results, our September Unaudited Consolidated Financial Results, our December Unaudited Standalone Financial Results and our December Unaudited Consolidated Financial Results.
"Financial Results"	Our September Unaudited Standalone Financial Results, our September Unaudited Consolidated Financial Results, our December Unaudited Standalone Financial Results and our December Unaudited Consolidated Financial Results.
"Financial Statements"	Our Audited Consolidated Financial Statements and our Audited Standalone Financial Statements.
"Group", "our Group", "we", "us" or "our"	Our Company, together with our Subsidiaries and Associates.

Term	Description
"HDFC Bank"	HDFC Bank Limited.
"HDFC Life"	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, in accordance with the Companies Act, 2013.
"Memorandum" or "Memorandum of Association"	Memorandum of association of our Company, as amended from time to time.
"Non-executive Director"	A Director, not being an Executive Director or an Independent Director.
"Registered Office"	The registered office of our Company is 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 the 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.
"September Unaudited Consolidated Financial Results"	Our unaudited consolidated financial results as at, and for the six months period and quarter ended September 30, 2017 prepared in accordance with Indian GAAP.
"September Unaudited Standalone Financial Results"	Our unaudited standalone financial results as at, and for the six months period and quarter ended September 30, 2017 prepared in accordance with Indian GAAP.
"Shareholder(s)"	The holder(s) of Equity Shares of our Company, unless otherwise specified in the context thereof.
"Subsidiaries"	Subsidiaries of our Company as of the date of this Placement Document, in accordance with the Companies Act, 2013, namely: 1. HDFC Credila Financial Services Private Limited; 2. HDFC Asset Management Company Limited; 3. HDFC Capital Advisors Limited; 4. HDFC Education and Development Services Private Limited; 5. HDFC ERGO General Insurance Company Limited; 6. HDFC Holdings Limited; 7. HDFC International Life and Re Company Limited; 8. HDFC Investments Limited; 9. HDFC Pension Management Company Limited; 10. HDFC Property Ventures Limited; 11. HDFC Sales Private Limited; 12. HDFC Standard Life Insurance Company Limited; 13. HDFC Trustee Company Limited; 14. HDFC Venture Capital Limited; 15. HDFC Ventures Trustee Company Limited; 16. Grandeur Properties Private Limited; 17. Griha Investments; 18. Griha Pte. Limited; 19. GRUH Finance Limited; 20. Haddock Properties Private Limited; 21. Pentagram Properties Private Limited; 22. Windermere Properties Private Limited; and 23. Winchester Properties Private Limited.
"Statutory Auditors"	Current statutory auditors of our Company, being B S R & Co. LLP, Chartered Accountants w.e.f. July 26, 2017.

Issue related terms

Term	Description

Term	Description
"Allocated" or "Allocation"	The allocation of Equity Shares following the determination of the Issue Price to Eligible QIBs on the basis of the Application Form submitted by them, by our Company in consultation with the Book Running Lead Managers and in compliance with Chapter VIII of the SEBI ICDR Regulations.
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, the issue and allotment of Equity Shares to be issued pursuant to the Issue.
"Allottees"	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue.
"Application Form"	The form (including any revisions thereof) pursuant to which an Eligible QIB shall submit a Bid for the Equity Shares in the Issue.
"Bid(s)"	Indication of interest of an Eligible QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly.
"Bidder"	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form.
"Book Running Lead Managers" or "Lead Managers" or "BRLMs"	Book Running Lead Managers to the Issue, namely Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited, CLSA India Private Limited, Credit Suisse Securities (India) Private Limited, IIFL Holdings Limited, JM Financial Limited and Motilal Oswal Investment Advisors Limited.
"CAN" or "Confirmation of Allocation Note"	Note or advice to Eligible QIBs confirming Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such Eligible QIBs.
“Category III FPIs”	Investors who are not eligible under Category I and II foreign portfolio investors such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices as defined under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.
"Closing Date"	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, *i.e.* on or about March 7, 2018.
"Cut-off Price"	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by our Company in consultation with the Book Running Lead Managers.
"Designated Date"	The date of credit of Equity Shares, pursuant to the Issue, to the Eligible QIB’s demat account, as applicable to the respective Eligible QIBs.
“Eligible FPI”	FPIs that are eligible to participate in the Issue and does not include Category III FPIs who are not allowed to participate in the Issue.
"Eligible QIBs"	QIBs, as defined in regulation 2(1)(zd) of the SEBI ICDR Regulations which are not: (a) excluded pursuant to regulation 86 of the SEBI ICDR Regulations, (b) not registered as foreign portfolio investors, foreign venture capital investors, or any other QIB that is a non-resident or (c) 'owned' or 'controlled' by non residents / persons resident outside India, as defined under FEMA, except as specifically set forth in this Placement Document.
"Escrow Account"	The non-interest bearing, no-lien, escrow bank account, without any cheques or overdraft facilities, to be opened with regard to any money received towards the subscription of the Equity Shares in the name of “HDFC Ltd QIP 2018 Account” with the Escrow Banks.
"Escrow Agreement"	Agreement dated February 27, 2018, entered into amongst our Company, the Escrow Banks 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.
"Escrow Banks"	HDFC Bank Limited.
"Floor Price"	The floor price of ₹1,824.63, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.
"Issue"	The offer, issue and Allotment of 1,03,89,041 Equity Shares to Eligible QIBs pursuant to Chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013.
"Issue Closing Date"	March 5, 2018, which is the last date up to which the Application Forms shall be accepted.
"Issue Opening Date"	February 27, 2018, the date on which the acceptance of the Application Forms shall have commenced by our Company or the Book Running Lead Managers on behalf of the Company.
"Issue Period"	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids including any revision and/ or modification thereof.

Term	Description
"Issue Price"	₹1,825 per Equity Share.
"Issue Size"	The issue of 1,03,89,041 Equity Shares aggregating to ₹ 1,896 crore.
"Mutual Fund"	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
"Pay-in Date"	The last date specified in the CAN for payment of application monies by the Eligible QIBs.
"Placement Agreement"	Agreement dated February 27, 2018 entered into amongst our Company and the Book Running Lead Managers.
"Placement Document"	This placement document dated March 5, 2018 issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013.
"Preliminary Placement Document"	The preliminary placement document dated February 27, 2018, issued in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013.
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations or such other persons as maybe permitted by applicable laws to acquire the Equity Shares to be issued pursuant to the Issue.
"QIP"	This qualified institutions placement, being a private placement to Eligible QIBs under Chapter VIII of the SEBI ICDR Regulations and the applicable sections of the Companies Act.
"QP" or "Qualified Purchasers"	A "qualified purchaser" as defined under the Investment Company Act.
"Relevant Date"	February 27, 2018, which is the date of the meeting of our Board, or any committee duly authorised by the Board, deciding to open the Issue.

Industry related terms

Term	Description
“ALM”	Asset-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.
“ATM”	Any Time Machine.
“Average borrowings”	Average borrowings is equal to the total of our long term borrowings, short term borrowings, and current maturities of long term borrowings as at the period end and as at the previous period end, divided by two.
“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.
“Borrowings” or “Total Borrowings”	Long term borrowings plus short term borrowings plus current maturities of the long term borrowings.
“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.
“CRE”	Commercial Real Estates.
“CRE-RH”	Commercial real estates residential housing.
“CRE – Others”	Commercial real estates residential housing – Others.
“CRISIL”	Credit Rating Information Services of India Limited.
“CRISIL Research Report”	CRISIL Research – NBFC Report published in November 2017.
“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.

Term	Description
“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, as amended.
“FIPB”	Foreign Investment Promotion Board of India.
“Gross advances”	All outstanding loans and advances as computed under the National Housing Bank guidelines.
“Gross debt to equity ratio”	Total of (i) long term borrowings (ii) short term borrowings and (iii) current maturities of long term borrowings divided by shareholder’s fund.
“General provision”	Contingent provisions against standard assets.
“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”	Investment Information and Credit Rating Agency of India Limited.
“IFI”	Indian Financial Institution.
“Interest expense”	Interest spent.
“Interest income”	Interest earned.
“Interest coverage ratio”	Profit for the year/period plus finance costs plus depreciation and amortization divided by finance cost.
“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.
“NCD”	Non-convertible debenture.
“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.
“NPA Provisioning Coverage or “Provisioning Coverage Ratio or “Coverage Ratio”	(Gross NPA amount - Net NPA amount) divided by Gross NPA amount.
“Operating Expenses”	Sum of employee benefits expense, depreciation and amortization and other expenses.
“POS”	Principal only swaps.
“PMLA”	The Prevention of Money Laundering Act, 2002.
“PSL”	Priority sector loan.
“RBI”	Reserve Bank of India.
“Recovery Agents Guidelines”	Guidelines formulated by NHB for Recovery Agents engaged by HFCs, as amended.
“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, as amended.
“SFB”	Small Finance Bank.
“SEBI (ESOP) Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Term	Description
“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: (a) preference shares (other than those which are compulsorily convertible into equity); (b) revaluation reserves at discounted rate of 55%; (c) 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; (d) hybrid debt; and (e) 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"	Companies Act, 1956 and/ or the Companies Act, 2013, as applicable.
"Companies Act, 1956"	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the rules made thereunder.
"Companies Act, 2013"	Companies Act, 2013 and the rules, regulations, modifications,clarifications and amendments thereunder, to the extent notified.
"Competition Act"	The Competition Act, 2002.
"Depositories Act"	The Depositories Act, 1996.
"Depository"	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996.
"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 Regulations"	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
"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, as amended.
"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.
"GAAP"	Generally accepted accounting principles.
"GAAR"	General Anti-Avoidance Rules.
"GDP"	Gross domestic product.
"GIR"	General index registrar.
"GoI"/ "Government"	Government of India, unless otherwise specified.
"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, as amended.
"IT"	Information technology.
"Lac"/ "lakh"	Lakhs.
"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’

Term	Description
	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.
"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, 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, 2012.
"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, 2014.
"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, 2009.
"Securities Act"	The United States Securities Act of 1933.
"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, as amended.
"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.

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.

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

S. No.	Disclosure Requirements	Relevant page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the Company indicating both registered office and corporate office.	Cover page, 200
b.	Date of incorporation of the Company.	Cover page, 200
c.	Business carried on by the Company and its Subsidiaries with the details of branches or units, if any.	116-129
d.	Brief particulars of the management of the Company.	141-152
e.	Names, addresses, DIN and occupations of the directors.	141-143
f.	Management's perception of risk factors.	39-59
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	198
(ii)	Debentures and interest thereon;	Not Applicable
(iii)	Deposits and interest thereon; and	Not Applicable
(iv)	Loan from any bank or financial institution and interest thereon.	Not Applicable
h.	Names, designation, address and phone number, e-mail ID of the nodal/ Compliance Officer of the Company, if any, for the private placement offer process.	200
2.	**PARTICULARS OF THE ISSUE**	
a.	Date of passing of board resolution.	29
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	29
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	29
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	29
e.	Name and address of the valuer who performed valuation of the security offered.	Not Applicable
f.	Amount which the Company intends to raise by way of securities.	Cover page
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	Not applicable
(ii)	Rate of dividend;	Not applicable
(iii)	Rate of interest;	Not applicable
(iv)	Mode of payment; and	Not applicable
(v)	Mode of Repayment.	Not applicable
h.	Proposed time schedule for which the offer letter is valid.	29
i.	Purposes and objects of the offer.	64
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	64
k.	Principle terms of assets charged as security, if applicable.	29
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
i.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	145,150
ii.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	Not applicable
iii.	Remuneration of directors (during the current year and last three financial years).	147 - 148
iv.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	152, 201
v.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark.	98
vi.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceeding the year of circulation of offer letter in the case of company and all of its Subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the Company and all of its Subsidiaries.	198

S. No.	Disclosure Requirements	Relevant page of this Placement Document
vii.	Details of acts of material frauds committed against the Company in the last three years, if any, and if so, the action taken by the Company.	198
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the Company in the following manner in a tabular form:	
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	66
(b)	Size of the present offer; and	66
(c)	Paid up capital:	66
(A)	After the offer; and	66
(B)	After conversion of convertible instruments (if applicable);	Not Applicable
(d)	Share premium account (before and after the offer).	66
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	66-71
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	72
b.	Profits of the Company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	201
c.	Dividends declared by the Company in respect of the said three financial years; interest coverage ratio for last three years	73
d.	A summary of the financial position of the Company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	31
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	201
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of our Company.	99
5.	**A DECLARATION BY THE DIRECTORS THAT**	202
a.	The Company has complied with the provisions of the Act and the rules made thereunder.	
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the Issue shall be used only for the purposes and objects indicated in the offer letter.	
	I am authorised by the Board of Directors of the company vide resolution number ___________ dated ___________ 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 promoters subscribing to the Memorandum of Association and Articles of Association It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form. *Signed:* *Date:* *Place:* *Attachments:-* *Copy of board resolution* *Copy of shareholders resolution* *Copy of _____* *Optional attachments, if any*	

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 39 of this Placement Document.

Overview

Our Company was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956 and has its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020 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 was the first specialised mortgage company in India and is now the largest housing finance company in India in terms of market share based solely on housing loans. (*Source: CRISIL Research, Housing Finance Report, November 2017*). As of December 31, 2017, our Company's outstanding loan book amounted to ₹ 3,42,136.39 crore. Our Company's principal business is providing finance to individuals, corporates, developers and co-operative societies for the purchase, construction, development and repair of residential and commercial property in India.

Our Company's initial public offering was undertaken in 1978 and its equity shares are listed on BSE and NSE. As of December 31, 2017, our Company's distribution network comprised 453 outlets, which included 140 offices of its wholly owned subsidiary, HDFC Sales Private Limited. As of March 31, 2017, our Company's capital adequacy ratio, after reducing the investment in HDFC Bank and Deferred Tax Liability on Special Reserves from Tier 1 capital, was 14.5 per cent, as against a minimum regulatory requirement of 12 per cent and our Company's Tier I capital was 11.8 per cent, as against a minimum requirement of 6 per cent.

Strengths

Our Company's strengths as a provider of housing finance are:

- one of the lowest levels of NPA in the industry due to, among others:
  - efficient recovery mechanisms; and
  - efficient and robust operating process;
- well diversified assets and liabilities mix;
- low average loan to value and installment 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 large customer base;
- stable and experienced management, with the average tenor of senior management of our Company being approximately 30 years;
- low cost income ratio: for Fiscal 2017, the cost income ratio was 7.4 per cent;
- high service standards; and
- synergistic and diverse presence across segments of financial services through subsidiaries and associates.

The significantly low mortgage penetration in India implies room for growth (mortgages represented 9 per cent of nominal GDP in India as of March 31, 2017, compared to 22 per cent in China and 68 per cent in the United Kingdom. (*Source*: European Mortgage Federation, HOFINET & Company estimates for India)

Strategies

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.

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; and

- grow through diversification by leveraging its client base.

Our Company's primary financial objectives are to:

- *increase the return on equity to maximise shareholder value*: for Fiscal 2017, our Company's return on equity (excluding the impact of deferred tax liability on Special Reserve) was 22.2 per cent, compared to 23 per cent for Fiscal 2016;
- *minimise gross non-performing assets*: Our Company's gross non-performing loans stood at 0.79 per cent of its loan portfolio as of March 31, 2017, compared to 0.70 per cent as of March 31, 2016; and
- *minimise cost to income ratio*: for Fiscal 2017, our Company's cost to income ratio stood at 7.4 per cent, compared to 7.6 percent in Fiscal 2016.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 39, 64, 167, 156 and 180, respectively.

Issuer	Housing Development Finance Corporation Limited
Issue Price	₹ 1,825 per Equity Share
Face Value	₹ 2 per Equity Share
Floor Price	₹ 1,824.63 per Equity Share. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.
Issue Size	Issue of 1,03,89,041 Equity Shares, aggregating to ₹ 1,896 crore. A minimum of 10.00% of the Issue Size i.e. 10,38,905 Equity Shares shall be available for Allocation to Mutual Funds only and the balance 93,50,136 Equity Shares shall be 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 Board Resolution and the Committee of Directors	December 19, 2017 and January 13, 2018, respectively
Date of Shareholders' Resolution passed by way of postal ballot	February 14, 2018
Eligible Investors	The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form is delivered, shall be determined by our Company in consultation with the Book Running Lead Managers. Please see sections "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 160, 168 and 175, respectively of this Placement Document.
Dividend	Please see sections "*Description of Equity Shares*", "*Dividends*" and "*Taxation*" on pages 180, 73 and 183, respectively.
Indian Taxation	Please see section "*Taxation*" on page 183.
Equity Shares issued and outstanding immediately prior to the Issue	1,66,38,86,467 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	1,67,42,75,508 Equity Shares
Listing	In-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue have been received from BSE and NSE, both on February 27, 2018. 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 with the Stock Exchanges 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 "*Transfer Restrictions*" and "*Selling Restrictions*" on pages 175 and 168, respectively.
Use of Proceeds	Please see the section "*Use of Proceeds*" on page 64 for information regarding the use of net proceeds from the Issue.
Risk Factors	Please see the section "*Risk Factors*" on page 39 for a discussion of the risks you should consider before investing in the Equity Shares.
Pay-In Date	Last date specified in the CAN sent to the Eligible QIBs for payment of application money.
Closing	The Allotment of the Equity Shares expected to be made on or about March 7, 2018.
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 then existing Equity Shares of our Company, including rights in respect of dividends. 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 Equity Shares*" on pages 73 and 180, respectively.	
Minimum Application Size	The minimum value of offer or invitation to subscribe to each Eligible QIB is ₹ 20,000, calculated at the face value of the Equity Shares.	
Security Codes for the Equity Shares	ISIN	INE001A01036
	BSE Code	500010
	NSE Code	HDFC

SUMMARY FINANCIAL INFORMATION

The figures compiled in this document related to March 2017 and March 2016 have been taken from the Financial Statements as at March 31, 2017 and those of March 2015 have been taken from the Financial Statements as at March 31, 2015.

Standalone Balance Sheet as at			
	Mar 31, 2017	**Mar 31, 2016**	**Mar 31, 2015**
	₹ in Crore	₹ in Crore	₹ in Crore
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	**317.73**	315.97	314.94
Reserves and surplus	39,276.55	33,753.99	30,655.03
Money received against warrants	51.10	51.10	-
	39,645.38	**34,121.06**	**30,969.97**
NON-CURRENT LIABILITIES			
Long-term borrowings	1,50,062.23	1,09,292.25	97,602.34
Deferred tax liability (Net)	2,388.58	902.21	200.67
Other long term liabilities	2,205.26	1,613.39	2,436.81
Long-term provisions	2,336.17	2,127.34	1,550.88
	1,56,992.24	1,13,935.19	1,01,790.70
CURRENT LIABILITIES			
Short-term borrowings	42,130.33	41,502.68	33,257.71
Trade payables	147.71	122.92	87.80
Other current liabilities			
- Borrowings	87,539.59	86,968.01	77,738.98
- Others	9,726.27	9,389.68	7,467.60
Short-term provisions	176.37	2,837.08	2,638.90
	1,39,720.27	1,40,820.37	1,21,190.99
	3,36,357.89	**2,88,876.62**	**2,53,951.66**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets	638.21	660.20	671.84
(ii) Intangible assets	4.13	4.33	5.12
Non-current investments	16,829.94	14,837.84	13,691.70
Long-term loans and advances			
- Loans	2,63,941.42	2,32,870.54	2,01,680.43
- Others	6,552.85	2,668.73	2,564.72
Other non-current assets	1,406.34	847.53	2,763.11
	2,89,372.89	**2,51,889.17**	**2,21,376.92**
CURRENT ASSETS			
Current investments	3,580.16	507.59	602.64
Trade receivables	109.48	144.66	46.18
Cash and bank balances	6,318.80	5,320.67	3,364.65
Short-term loans and advances			
- Loans	31,792.41	25,787.70	26,019.69
- Others	4,021.32	2,526.04	1,966.28
Other current assets	1,162.83	2,700.79	575.30
	46,985.00	36,987.45	32,574.74
	3,36,357.89	**2,88,876.62**	**2,53,951.66**

Standalone Statement of Profit and Loss for the year ended			
	Mar 31, 2017	**Mar 31, 2016**	**Mar 31, 2015**
	₹ in Crore	₹ in Crore	₹ in Crore
INCOME			
Revenue from Operations	32,111.06	29,257.31	26,959.88
Profit on Sale of Investments	1,001.73	1,647.81	441.28
Other Income	46.81	51.45	69.70
Total Revenue	**33,159.60**	**30,956.57**	**27,470.86**
EXPENSES			
Finance Cost	20,896.20	19,374.51	17,975.09
Staff Expenses	388.80	349.09	328.46
Establishment Expenses	86.22	84.19	85.76
Other Expenses	305.78	271.40	262.63
Depreciation and Amortisation	55.96	54.28	29.78
Provisions and Contingencies	700.00	715.00	165.00
Total Expenses	**22,432.96**	**20,848.47**	**18,846.72**
PROFIT BEFORE TAX	10,726.64	10,108.10	8,624.14
Tax Expense			
Current Tax	2,789.00	2,873.00	2,363.00
Deferred Tax	495.00	142.00	271.00
PROFIT FOR THE YEAR	**7,442.64**	**7,093.10**	**5,990.14**
EARNINGS PER SHARE (Face Value ₹ 2)			
Basic	46.08	44.43	38.13
Diluted	45.70	44.10	37.78

	Standalone Cash Flow Statement for the year ended			
		Mar 31, 2017	**Mar 31, 2016**	**Mar 31, 2015**
		₹ in Crore	₹ in Crore	₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax	10,726.64	10,108.10	8,624.14
	Adjustments for:			
	Depreciation and Amortisation	55.96	54.28	29.78
	Provisions and Contingencies	700.00	715.00	165.00
	Interest Expense	20,716.51	19,183.49	17,864.71
	Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	30.59	52.00	(19.95)
	Net gain on derivative valuation of INR derivatives & underlying hedging instrument	(20.59)	-	-
	Interest Income	(30,405.51)	(27,761.16)	(25,605.58)
	Utilisation of Shelter Assistance Reserve	(146.27)	(85.31)	(0.79)
	Profit on Sale of Investments	(1,001.73)	(1,647.81)	(441.28)
	Dividend Income	(909.06)	(806.88)	(688.28)
	(Profit) / Loss on Sale of Investment in Properties	2.14	(1.48)	(6.37)
	Surplus from deployment in Cash Management Schemes of Mutual Funds	(444.64)	(307.87)	(364.55)
	(Profit) / Loss on Sale of Fixed Assets (Net)	0.08	(2.35)	(27.34)
	Operating Profit before Working Capital changes	(695.88)	(499.99)	(470.51)
	Adjustments for:			
	Current and Non Current Assets	1,463.36	(2,091.85)	21.38
	Current and Non Current Liabilities	312.80	(155.11)	(48.74)
	Cash generated from Operations	1,080.28	(2,746.95)	(497.87)
	Interest Received	30,561.21	27,643.13	25,499.64
	Interest Paid	(19,183.68)	(18,755.92)	(17,787.00)
	Premium Paid on Redemption of Debentures	(1,714.53)	(100.86)	(192.80)
	Dividend Received	909.06	806.88	688.28
	Taxes Paid	(3,515.91)	(2,945.50)	(2,707.81)
	Net cash from Operations	**8,136.43**	**3,900.78**	**5,002.44**
	Loans disbursed (net)	(37,289.81)	(30,879.71)	(30,964.16)
	Corporate Deposits (net)	(4,410.48)	(425.66)	492.49
	Net cash used in operating activities	**(33,563.86)**	**(27,404.59)**	**(25,469.23)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	(27.97)	(37.38)	(451.77)
	Sale of Fixed Assets	0.62	3.16	56.83
		(27.35)	(34.22)	(394.94)
	Investments in Subsidiaries	(416.97)	(22.04)	(60.01)
	Investment in Cash Management Schemes of Mutual Funds	(3,86,372.00)	(3,46,702.00)	(3,08,896.00)
	Other Investments	(3,741.97)	(1,916.35)	(1,743.60)
	Sale proceeds of Investments :			
	- in Subsidiary Company	1,120.50	1,784.62	297.31
	- in Cash Management Schemes of Mutual Funds	3,83,816.64	3,47,009.87	3,09,260.55
	- in other Companies and Properties	1,675.44	729.68	1,733.33
	Net cash from investing activities	**(3,945.71)**	**849.56**	**196.64**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	1.77	1.03	2.84
	Securities Premium	680.62	345.30	681.45
	Money received against share warrants	-	51.10	-
	Deposits, CPs and other Short Term Borrowings (Net)	22,879.99	7,739.86	26,887.75
	Proceeds from long-term borrowings	82,228.10	66,009.90	48,555.01
	Repayment of long-term borrowings	(63,101.94)	(45,379.01)	(50,866.15)

	Dividend paid - Equity Shares	(3,159.71)	(2,050.29)	(2,502.57)
	Tax paid on Dividend	(440.96)	(416.53)	(366.33)
	Net cash from financing activities	**39,087.86**	**26,301.36**	**22,392.00**
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]	1,578.29	(253.66)	(2,880.59)
	Add : Cash and cash equivalents as at the beginning of the year	2,638.10	2,888.05	5,634.72
	Add : Exchange difference on bank balance	(7.48)	3.71	2.80
	Cash and cash equivalents as at the end of the year	**4,208.90**	**2,638.10**	**2,756.93**
	Earmarked balances with banks:			
	- Unclaimed Dividend Account	24.74	493.44	20.47
	- Towards Guarantees Issued by Banks	0.30	0.06	0.13
	- Other Against Foreign Currency Loans	24.86	23.97	7.10
	Short - term bank deposits	2,060.00	2,165.10	580.02
	Cash and Bank balances at the end of the year	**6,318.80**	**5,320.67**	**3,364.65**

Consolidated Balance Sheet as at			
	March 31, 2017	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**
SHAREHOLDERS' FUNDS			
Share Capital	317.73	315.97	314.94
Reserves and Surplus	59,690.48	50,533.61	44,756.69
Money received against warrants	51.10	51.10	-
	60,059.31	**50,900.68**	**45,071.63**
MINORITY INTEREST	3,472.57	2,325.97	1,820.08
NON-CURRENT LIABILITIES			
Policy Liabilities (Policyholder's Fund)	74,256.39	61,215.25	54,924.28
Long-term borrowings	1,61,952.00	1,18,890.19	1,04,545.72
Deferred tax liabilities (net)	2,514.22	970.41	231.32
Other Long-term liabilities	2,359.26	1,777.85	2,546.12
Long-term provisions	3,025.89	2,630.02	1,998.04
	2,44,107.76	1,85,483.72	1,64,245.48
CURRENT LIABILITIES			
Short-term borrowings	42,447.95	41,948.83	34,420.05
Trade Payables	5,927.15	3,303.66	2,984.85
Other current liabilities			
- Policy Liabilities (Policyholder's Fund)	14,274.24	10,931.51	10,531.68
- Borrowings	89,394.67	88,578.63	78,390.95
- Others	10,622.65	9,737.93	7,864.17
Short-term provisions	2,851.80	4,593.36	4,196.29
	1,65,518.46	1,59,093.92	1,38,387.99
	4,73,158.10	**3,97,804.29**	**3,49,525.18**
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets	1,206.03	1,312.56	1,203.17
(ii) Intangible assets	82.66	67.88	79.25
(iii) Capital work in Progress	40.48	6.58	5.60
(iv) Intangible assets under Development	13.20	12.13	3.38
GOODWILL ON CONSOLIDATION	620.04	187.81	187.81
Non-current investments	1,19,045.97	95,464.42	86,887.59
Deferred tax asset (net)	15.67	18.18	18.55
Long-term loans and advances			
- Loans	2,79,345.01	2,45,527.80	2,11,531.09
- Others	7,074.10	3,234.79	3,150.97
Other non-current assets	1,495.42	897.08	2,799.52
	4,08,938.58	**3,46,729.23**	**3,05,866.93**
CURRENT ASSETS			
Current investments	13,809.31	9,256.32	6,894.83
Trade receivables	1,482.43	466.80	457.79
Cash and bank balances	7,496.78	6,397.03	4,261.92
Short-term loans and advances			
- Loans	32,783.64	26,557.81	26,674.83
- Others	5,335.93	3,501.70	3,679.28
Other current assets	3,311.43	4,895.40	1,689.60
	64,219.52	51,075.06	43,658.25

	4,73,158.10	**3,97,804.29**	**3,49,525.18**

Consolidated Statement of Profit and Loss for the year ended			
	March 31, 2017	**March 31, 2016**	**March 31, 2015**
INCOME	**₹ in Crore**	**₹ in Crore**	**₹ in Crore**
Revenue from Operations	35,005.26	31,873.34	29,075.78
Profit on sale of Investments	1,177.26	1,616.53	510.87
Other Income	53.28	34.18	74.34
Premium from Insurance Business	21,729.13	17,876.25	16,427.35
Other Operating Income from Insurance Business	3,122.70	1,856.81	2,301.69
Total Revenue	**61,087.63**	**53,257.11**	**48,390.03**
EXPENSES			
Finance Cost	21,953.15	20,295.60	18,710.29
Employee Benefits Expenses	913.02	788.14	699.14
Establishment Expenses	142.49	134.88	136.95
Other Expenses	1,078.00	878.79	584.13
Claims paid pertaining to Insurance Business	11,888.33	9,486.04	9,551.25
Commission and operating expenses pertaining to Insurance Business	3,118.88	2,524.69	2,112.45
Other expenses pertaining to Insurance Business	8,491.21	6,682.58	6,244.53
Depreciation and Amortisation	107.98	120.52	46.63
Provisions	745.02	732.90	188.04
Total Expenses	**48,438.08**	**41,644.14**	**38,273.41**
PROFIT BEFORE TAX	12,649.55	11,612.97	10,116.62
Tax Expense			
Current Tax	3,504.91	3,479.32	2,883.62
Deferred Tax	515.88	160.02	282.08
PROFIT FOR THE YEAR	8,628.76	7,973.63	6,950.92
Share of profit of Minority Interest	(797.02)	(527.99)	(482.72)
Net share of Profit from Associates	3,219.38	2,744.62	2,294.42
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	**11,051.12**	**10,190.26**	**8,762.62**
EARNINGS PER SHARE (Face Value ₹ 2)			
Basic (₹)	68.87	64.07	55.81
Diluted (₹)	68.30	63.59	55.30

	Consolidated Cash Flow Statement For The Year Ended			
		March 31, 2017	March 31, 2016	March 31, 2015
		₹ in Crore	₹ in Crore	₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit After tax Attributable to the Group	11,051.12	10,190.26	8,762.62
	Add: Provision for Taxation	4,020.79	3,639.34	3,165.70
	Profit Before Tax	15,071.91	13,829.60	11,928.32
	Adjustments for:			
	Depreciation and Amortisation*	179.45	196.87	130.73
	Provision for Contingencies	745.02	732.90	188.04
	Interest Expense	21,761.08	20,091.60	18,589.83
	Net (Gain) / Loss on translation of foreign currency monetary assets and liabilities	34.75	55.03	(16.28)
	Net gain on derivative valuation of INR derivatives & underlying hedging instrument	(20.59)	-	-
	Interest Income	(32,360.40)	(29,460.14)	(26,994.73)
	Shelter Assistance Reserve - utilisation	(146.26)	(85.31)	(10.83)
	Reserve for Unexpired Risk	407.04	189.28	104.41
	Policy Liabilities (net)	16,383.87	6,690.80	16,152.28
	Surplus from Deployment in Cash Management Schemes of Mutual Funds	(453.75)	(311.67)	(369.48)
	Profit on Sale of Investments	(1,177.26)	(1,616.53)	(510.87)
	Dividend Income	(42.23)	(49.85)	(41.16)
	Provision for Diminution in Value of Investments	15.00	10.17	5.06
	Bad debts written off	1.30	5.80	4.60
	(Profit) / Loss on Sale of Fixed Assets (net)	(7.95)	(7.45)	(27.64)
	Operating Profit before Working Capital changes	20,390.98	10,271.10	19,132.28
	Adjustments for:			
	Current and Non Current Assets	564.35	(2,121.94)	(978.49)
	Current and Non Current Liabilities	3,581.62	584.96	759.48
	Cash generated from operations	24,536.95	8,734.12	18,913.27
	Interest Received	32,242.88	29,129.49	26,682.39
	Interest Paid	(20,418.79)	(19,687.41)	(18,519.42)
	Premium paid on redemption of Debentures	(1,714.54)	(100.86)	(192.80)
	Dividend Received	42.23	49.85	41.16
	Taxes Paid	(4,225.40)	(3,653.25)	(3,227.76)
	Net cash from operation	**30,463.33**	**14,471.94**	**23,696.84**
	Loans disbursed (net)	(40,224.99)	(33,753.21)	(33,281.47)
	Corporate Deposits (net)	(4,411.43)	(429.14)	466.44
	Net cash used in operating activities [A]	**(14,173.09)**	**(19,710.41)**	**(9,118.19)**
	* Includes depreciation included under Other expenses pertaining to Insurance Business			
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	(281.48)	(147.88)	(616.32)
	Sale of Fixed Assets	63.34	11.07	57.81
	Goodwill (net)	(432.23)	-	(2.22)
	Investments (net)	(26,577.92)	(9,175.48)	(17,994.19)
	Net cash used in investing activities [B]	**(27,228.29)**	**(9,312.29)**	**(18,554.92)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital – Equity	1.76	1.03	2.84
	Utilisation of Reserves for Buy back of Equity Shares by one of the Subsidiary Company	-	(99.90)	-
	QIP Warrants Issue		51.10	-

		-		
	Securities Premium	730.67	433.33	726.52
	Deposits, CPs and other Short Term Borrowings (Net)	22,573.23	7,495.60	27,136.32
	Proceeds from long-term borrowings	87,029.76	70,432.31	64,672.34
	Repayment of long-term borrowings	(64,943.57)	(46,363.56)	(65,098.31)
	Dividend paid	(2,685.52)	(2,520.44)	(2,505.94)
	Tax paid on Dividend	(597.77)	(602.39)	(485.43)
	Bonus and Securities Issue Expenses	(1.73)	(85.56)	(22.01)
	Increase in Minority Interest	1,020.49	369.07	394.05
	Net cash from financing activities [C]	**43,127.32**	**29,110.59**	**24,820.38**
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]	1,725.94	87.89	(2,852.73)
	Add: Cash and cash equivalents as at the beginning of the year	3,639.32	3,547.72	6,397.65
	Add: Exchange difference on bank balance	(7.48)	3.71	2.80
	Cash and cash equivalents as at the end of the year	5,357.78	3,639.32	3,547.72
	Earmarked balances with banks:			
	- Unclaimed dividend account	26.29	494.77	21.52
	- Other against Foreign Currency Loans	24.97	24.08	7.20
	- Guarantees issued by banks	0.30	0.06	0.13
	- Others	-	0.69	2.59
	Short - term bank deposits	2,087.44	2,238.11	682.76
	Cash and Bank balances at the end of the year	**7,496.78**	**6,397.03**	**4,261.92**

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. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the offering of the Equity Shares, including the merits and risks involved. The occurrence of any of the following events could have a material adverse effect on the Issuer's business, results of operations, financial condition and future prospects and cause the market price of the Equity Shares to fall significantly. The risks described below are not the only ones that may affect the Equity Shares. Additional risks not currently known to the Issuer or factors that the Issuer currently deems immaterial may also adversely affect the Issuer'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.

Unless otherwise stated, the financial information used in this section is derived from the Issuer's audited consolidated or, where appropriate, the standalone financial statements prepared under Indian GAAP and as set out under "Financial Statements" of this Placement Document.

Risks relating to the Issuer's business

1. The Indian housing finance industry is competitive, and competition may result in declining margins if the Issuer is unable to compete effectively, which may adversely affect the Issuer's business, prospects, financial condition and results of operations

The Issuer's principal business is the provision of housing finance in India, and the Issuer 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 the Issuer.

The Issuer faces significant and increasing competition from other housing finance companies (**HFCs**), non-banking financial companies (**NBFCs**) and commercial banks, which have focused on growing their retail portfolios in recent years, but 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 the Issuer's exposure to competition. Notwithstanding a temporary slowdown in individual home loan disbursement following the demonetisation in November 2016, particularly in the third quarter and in part of the fourth quarter of Fiscal 2017, the demand for housing loans has also increased due to relatively affordable interest rates, stable property prices, higher disposable incomes and increased fiscal incentives for borrowers. All of these factors have resulted in HFCs, including the Issuer, 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, the Issuer does not have access to funding from savings and current deposits of customers. Instead, the Issuer 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. The Issuer's ability to compete effectively with commercial banks will depend, to some extent, on its ability to raise low-cost funding in the future. The Issuer may also face significant and increasing competition from NBFCs in certain or all segments of its business and operations. If the Issuer is unable to compete effectively with other participants in the housing finance industry, this may adversely affect the Issuer's business, prospects, financial condition and results of operations.

The Issuer's ability to compete may also be affected by changes in the interest rates it pays on its borrowings. Further, to the extent that the Issuer's borrowings are linked to market interest rates, the Issuer may be subject to short-term fluctuations in interest rates, unlike lenders that borrow only at fixed interest rates. In the recent past, there has been a general increase in market interest rates and any further increase in the interest rates that the Issuer pays on its borrowings may adversely affect the Issuer's ability to compete with its competitors who may have access to lower cost of funds.

Furthermore, as a result of increased competition in the Indian housing finance industry, home loans are becoming increasingly standardised, and terms such as floating rate interest options, lower processing fees and monthly rest periods are becoming increasingly common. There can be no assurance that the Issuer 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 the Issuer's net interest margin and other income. If the Issuer is unable to compete successfully, its market share may decline as the origination of new loans declines, which may in turn adversely affect the Issuer's business, prospects, financial condition and results of operations.

2. **Due to challenging conditions in the global capital markets, the economy generally and the Issuer's credit rating in particular, the Issuer may be unable to secure funding at competitive rates**

The Indian market and the Indian economy are influenced by economic and market conditions in other countries and markets. Although economic conditions are different in each country, investors' reactions to developments in other countries or markets may adversely impact the markets in India, including the markets in which the Issuer 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 the Issuer 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. This risk is inherent in mortgage-lending operations and can be heightened by a number of the factors mentioned above.

The Issuer's funding consists principally of domestic term loans, debentures and securities, term loans and deposits. The Issuer does not have a banking licence and, like other HFCs, it does not have access to savings and current deposits. Funding from debentures and securities constituted 57 per cent of the Issuer's total funding as at September 30, 2017 and 56 per cent in Fiscal 2017 and 51 per cent in Fiscal 2016. There can be no assurance that the Issuer 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 the Issuer may reach industry or borrower concentration limits and be unable to advance further funds, which may adversely affect the Issuer's business, prospects, financial condition and results of operations.

Furthermore, the Issuer's cost of funds from banks, domestic and international debt capital markets and its deposits are influenced by the Issuer'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 the Issuer will not be subject to downgrades to its credit ratings. Any downgrade in such ratings would result in an increase in the cost of the Issuer's funding and could reduce its sources of funding and in turn may adversely affect the Issuer's business, prospects, financial condition and results of operations.

3. **The Issuer's business is vulnerable to volatility in interest rates which may adversely affect the Issuer's business, prospects, financial condition and results of operations and its net interest margin**

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 the Issuer.

The Issuer's results of operations are substantially dependent upon the level of its net interest income. Interest rates are sensitive to many factors beyond the Issuer's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. The Issuer's policy is to attempt to balance the proportion of its interest-earning assets and interest-bearing liabilities which have interest at floating rates. However, there can be no assurance that the Issuer 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. 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, the Issuer's results of operations could be affected by changes in interest rates and the timing of any re-pricing of its liabilities compared with the re-pricing of its assets. Further, fluctuations in interest rates may adversely affect the Issuer's treasury operations, and in a rising interest rate environment, especially if the rise is sudden or sharp, the Issuer could be adversely affected by the decline in the market value of its securities portfolio and other fixed income securities.

There can be no assurance that the Issuer will be able to adequately manage its interest rate risk in the future and, if it is unable to do so, this would have an adverse effect on its net interest margin, which may in turn adversely affect the Issuer's business, prospects, financial condition and results of operations.

4. **The Issuer is exposed to large loan concentrations with several borrowers and default by any**

one of them would adversely affect the Issuer's business

As of March 31, 2017, aggregate loans to the Issuer's twenty largest borrowers amounted to ₹ 32,180.00 crore, representing approximately 11 per cent of the Issuer's total loans outstanding, as compared to ₹ 23,998.00 crore, representing approximately 9 per cent., as of March 31, 2016. Any deterioration in the credit quality of these assets could have a material adverse effect on the Issuer's business, prospects, financial condition and results of operations.

5. The Issuer may not be able to successfully sustain its growth, which may adversely impact its business, prospects, financial condition and results of operations

As at December 31, 2017 the Issuer's loan book was. ₹3,42,136.39 crore as compared to ₹2,86,875.82 in the previous year i.e. a growth of 19.26%. In the first half of Fiscal 2018, the Issuer's loan book grew by 17.67 per cent. (net of loans sold) over September 30, 2016 to stand at ₹ 3,24,077.25 crore. In Fiscal 2017, the Issuer's loan book grew by 14 per cent. (net of loans sold) to stand at. ₹ 2,96,471.85. The growth in the loan book would have been higher in Fiscal 2017, at 21 per cent., if the loans sold were included in the loan book. The Issuer's total assets also grew by 16.44 per cent. from ₹2,88,876.62 crore as of March 31, 2016 to ₹3,36,357.89 crore as of March 31, 2017. As of September 30, 2017, the Issuer's total assets were at ₹3,58,288.24 crore. The Issuer's growth strategy includes growing its loan book and expanding its range of existing home loan products and services to new customer segments as well as new regions and markets in India. There can be no assurance that the Issuer will be able to sustain its growth successfully or that it will be able to expand further or diversify its loan book.

In addition, the Issuer's expansion into certain new lines of business, including through its Subsidiaries, is relatively recent, and the Issuer may not have fully completed the implementation of comprehensive systems to manage the risks associated with these new business lines. If the Issuer continues to expand its business and enter into new business lines at the current rate, 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 in the deterioration of the overall quality of its loan portfolio. Further, if the Issuer grows its loan book too rapidly, or fails to make proper assessments of credit risks associated with new borrowers or new businesses, a higher percentage of the Issuer's loans may become non-performing, which would have a negative impact on the quality of the Issuer's assets and its business, prospects, financial condition and results of operations.

The Issuer 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 the Issuer's operations. The Issuer 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 the Issuer's exposure to high-risk credit and impose significant costs on the Issuer, which may in turn adversely affect its business, prospects, financial condition and results of operations.

6. The Issuer regularly expands its products and services to new customer segments in India, and there can be no assurance that the Issuer's products and services will be profitable in the future

The Issuer regularly expands its products and services to new customer segments in India. 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 these 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 the Issuer 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 the Issuer 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.

7. The Issuer 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 December 31, 2017, the Issuer's distribution network comprised 453 outlets, which included 140 offices of the Issuer's wholly owned Subsidiary, HDFC Sales Private Limited (HSPL). The Issuer 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 the Issuer's existing regions, markets and countries, and the Issuer's experience in its existing markets may not be applicable to these new regions, markets and countries. In addition, as the Issuer 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 the Issuer continues to expand its geographic footprint by entering into new regions and markets in India and opening representative offices in foreign countries, 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 the Issuer may have no previous working relationship; successfully marketing the Issuer's products in markets with which it has no familiarity; attracting potential customers in a market in which the Issuer does not have significant experience or visibility; falling under additional local tax jurisdictions; attracting and retaining new employees; expanding the Issuer's technological infrastructure; maintaining standardised systems and procedures; and adapting the Issuer's marketing strategy and operations to different regions of India, or outside of India, in which different languages are spoken. To address these challenges, the Issuer may have to make significant investments which may not yield desired results or which may incur costs which it may not recover. The Issuer's inability to expand its current operations may adversely affect its business, prospects, financial condition and results of operations.

8. **The Issuer has entered into distribution arrangements with commercial banks and NBFCs, which may be terminated, adversely affecting the Issuer's business and results of operations**

The Issuer's distribution channels include its branches, HSPL, the Issuer's associate HDFC Bank Limited (HDFC Bank) and third party direct selling associates. In Fiscal 2017, HDFC Bank, HSPL and the Issuer's branches, together, accounted for 82 per cent. of the Issuer's mortgages. The issuer 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. The Issuer's agreements with the distributors can be terminated by either party with notice. In the event that any such agreement is terminated by the counterparty bank, SFB or NBFC and the Issuer was not able to find substitutes in a short time, the Issuer'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 the Issuer's distribution agreements choose to retain accounts or customers, rather than refer such accounts or customers to the Issuer, the Issuer's business and results of operations could be materially and adversely affected.

9. **The Issuer's equity investments are subject to market and liquidity risk which may adversely affect the Issuer's asset quality, business, prospects, financial condition and results of operations**

As of September 30, 2017, the book value of the Issuer's equity and equity fund investments in entities other than the Issuer's Subsidiaries and Associates was ₹1,412.07 crore, which accounted for 0.39 per cent. of the Issuer'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 the Issuer invests. The Issuer has limited or no control over the operations and management of these entities. Some of these investments are unlisted, offering limited exit options. Therefore, the Issuer'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 the Issuer's asset quality, business, prospects, financial condition and results of operations.

10. The Issuer's investment in and control of 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 Issuer's consolidated results of operations, financial condition and prospects. Furthermore, any business combination that the Issuer may enter into could be adversely affected by stringent approvals and compliance requirements

For the period ended December 31, 2017, the Issuer's Subsidiaries and Associates accounted for 24 per cent. of the Issuer's consolidated profit after tax as compared to 33 per cent. as at March 31, 2017. Some of the Issuer's Subsidiaries, including its material Subsidiary, HDFC Standard Life Insurance Company Limited (**HDFC Life**), are not wholly owned. Any further capital issuances by the Issuer's Subsidiaries and Associates may lead to a dilution of the Issuer's stake in such entities and may adversely affect its control over the operations and management of these entities. Further, the Issuer 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. While the Issuer has received an RBI approval for holding more than 10 per cent. of the issued, subscribed and paid-up capital of its Associate, HDFC Bank, any rescission or non-renewal of this approval could lead to a loss of the Issuer's significant influence over the operations and management of HDFC Bank.

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

There have been reports in the Indian media suggesting that the Issuer may merge with HDFC Bank. The Issuer considers business combination opportunities as they arise. At present, the Issuer 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.

11. The issuer 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 circulars issued thereunder, require 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, with the minimum requirement of Tier I capital being 6 per cent. on risk-weighted assets. The Issuer's capital adequacy ratio declined from 16.6 per cent. as of March 31, 2016 (after taking into account regulatory adjustments) with Tier I capital comprising 13.2 per cent. and Tier II capital comprising 3.4 per cent, to 14.5 per cent as of March 31, 2017 with Tier I capital comprising 11.8 per cent. and Tier II capital comprising 2.7 per cent. As at December 31, 2017, the Issuer's capital adequacy ratio increased to 16.9 per cent., with Tier I capital at 14.5 per cent.

As the Issuer 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 the Issuer's Subsidiaries and Associates continue to expand rapidly, the Issuer 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 the Issuer will be able to raise adequate additional capital on favourable terms in the future. If the contribution of capital to the Issuer's Subsidiaries and Associates leads to the Issuer'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 the Issuer to individual mortgages ranges from 35 per cent. to 75 per cent. based on the loan to value ratio and size of the loan. However, scheduled commercial banks are required to maintain a minimum capital adequacy ratio of 9 per cent. as opposed to HFCs' 12 per cent. If risk weights are increased, the Issuer's capital adequacy ratio would be reduced and the Issuer may be required to raise additional capital to maintain its capital adequacy ratio. There can be no assurance that the Issuer will be able to raise capital as and when necessary. A failure to raise capital when necessary may lead to the growth of all the Issuer's businesses, including its core housing finance business, being materially restricted.

12. **Increased levels of non-performing loans would adversely affect the Issuer's results of operations**

As of September 30, 2017 , the Issuer's gross non-performing loans position, as defined by the Housing Finance Companies (National Housing Bank) Directions, 2010 (**NHB Directions**), increased to 1.14 per cent. of the total loan portfolio, as compared to 0.79 as at March 31, 2017 and 0.70 per cent. as at March 31, 2016.

As of September 30, 2017, the Issuer's provision for contingencies stood at ₹3,235 crore or 1.00 per cent. of the loan portfolio. As of March 31, 2017, the Issuer's provision for contingencies stood at ₹3,067 crore or 1.02 per cent. of the loan portfolio, as compared to 1.03 per cent as of March 31, 2016 . There can be no assurance that the Issuer's provisions will be adequate to cover any further increase in the amount of non-performing loans or any deterioration in the Issuer's non-performing loan portfolio.

In addition, provisioning norms may be revised by the National Housing Bank (NHB) and become more stringent for HFCs. For instance, the NHB Directions have been amended, in relation to provisioning norms, by notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, notification no. NHB/(ND)/DRS/REG/MC-01/2015 dated September 9, 2015, notification no. NHB.HFC.DIR dated October 9, 2015, and notification no. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017. As a result of the aforesaid notifications, the Issuer has had to alter its provisioning with respect to doubtful assets, sub-standard assets, standard assets with respect to housing loans at teaser/special rates, commercial real estates and other commercial real estates.

A number of factors which are not within the Issuer'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 the Issuer's borrowers could increase the level of non-performing loans in the Issuer's portfolio and adversely affect the Issuer'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 the Issuer's financial statements which may materially and adversely affect its profitability and asset quality.

The level of the Issuer's provisions may not be adequate to cover further increases in the amount of its non-performing loans or the underlying collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if the Issuer is required to increase its provisions, this could have a material adverse effect on the Issuer's financial condition, liquidity and results of operations and may result in a requirement to raise additional capital.

13. **Certain of the Issuer's Subsidiaries have incurred losses, which may affect its profitability and may lead to an erosion of the value of its investments in its Subsidiaries**

Certain of the Issuer's Subsidiaries have incurred losses in recent years. Furthermore, any adverse impact on the business and revenue of its Subsidiaries would adversely affect the Issuer's profitability on a consolidated basis and could place the capital invested in such Subsidiaries at risk

14. **The Issuer 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**

The Issuer's lending products include housing loans, loans against property and corporate mortgage loans. A substantial portion of the Issuer's loan book is exposed to the real estate sector as the underlying security on these loans is primarily mortgages. 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 the Issuer'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 the Issuer's collateral are stalled for any reason for any length of time, the same may affect the Issuer's ability to enforce its security, thereby effectively diminishing the value of such security.

The Issuer's policy is to secure all of its loans with real property, and, in some cases, the Issuer 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, the Issuer 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 the Issuer'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 our borrowers and /or our 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. The IBC is recent legislation which seems to consolidate the law relating to reorganization and insolvency resolution of corporate entities. The corporate insolvency resolution process under the IBC (the **IBC Process**) is new and relatively untested, and there can be no assurance that the processes thereunder will be completed in a timely manner or at all, and may require the Issuer to incur additional cost.

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 (**SARFAESI Act**) in order to create a central database for registration of transaction of securitization and reconstruction of financial assets and creation of security interest under the SARFAESI Act. The Issuer is registered with the CERSAI and it submits the relevant data to the CERSAI from time to time. The Issuer 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, the Issuer may now foreclose on collateral 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 foreclosure 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 the Issuer. Any such losses could adversely affect the Issuer's financial condition and results of operations.

15. The Issuer 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 the Issuer's compliance costs, divert the attention of the Issuer's management and subject it to penalties

The Issuer is regulated principally by, and has reporting obligations to, the NHB and the Ministry of Corporate Affairs under the relevant regulations and guidelines. The Issuer 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.

Any changes in the existing regulatory framework, including any increase in the compliance requirements, may require the Issuer 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 the Issuer's business, prospects, financial condition and results of operations. Additionally, the Issuer'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 the Issuer, which may have an adverse effect on its future business, prospects, financial condition and results of operations.

Further, as a listed company, the Issuer is subject to continuing obligations under the Uniform Listing Agreement as well as the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Additionally, as the Issuer's outstanding non-convertible debentures are listed on the WDM segment of BSE and NSE, the Issuer is subject to the SEBI Debt Regulations.

There can be no assurance that the Issuer 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 the Issuer’s future business, prospects, financial condition and results of operations.

16. The Issuer's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures

The issuer'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, capital expenditures and restrictive covenants in the Issuer's present and future financing arrangements. The Issuer's ability to pay dividends may also be restricted under financing arrangements to which it is currently subject to or which the Issuer expects to enter. The Issuer may be unable to pay dividends in the near or medium term, and the Issuer's future dividend policy will depend on its capital requirements and financing arrangements, financial condition and results of operations. Any dividend paid by the Issuer in the past should not be held to be an indication of any dividends payable in the future.

17. The Issuer 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 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 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 May 11, 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 the Issuer, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act, may adversely affect the Issuer’s business, financial condition or results of operations. The Issuer cannot guarantee that it will be able to obtain approval for any future transactions on satisfactory terms, or at all. If the Issuer 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, the Issuer’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 the Issuer’s tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service 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. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect the Issuer's business, cash flows and results of operations.

19. The new taxation system in India could adversely affect the Issuer'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 and provisions relating to the GAAR. The goods and services tax replaced the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT and surcharge and excise previously collected by the central and state governments. The implementation is in its early stages and it could lead to an increase in the costs related to the Issuer's business

As regards GAAR, the provisions have been introduced in the Finance Act 2012 and will apply (as per the Finance Act 2015) in respect of an assessment year beginning on April 1, 2018. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose of which is to obtain a tax benefit and which satisfy at least one of the following tests: (a) creates rights, or obligations, which are not normally created between persons dealing at arm's length; (b) results, directly or indirectly, in misuse or abuse of the provisions of the Income Tax Act 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into or carried out by means, or in a manner, which is not normally 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.

The Central Board of Direct Taxes (**CBDT**) issued a press release dated January 27, 2017 providing certain clarifications on the applicability of GAAR. The press release, provides inter alia, that, if there is a Limitation of Benefit (**LOB**) clause in the tax treaty that sufficiently addresses the issue of tax avoidance, then GAAR provisions will not be invoked. The press release further states that adoption of anti-abuse rules in tax treaties may not be sufficient to address all tax avoidance strategies and such issues are required to be addressed through domestic anti-avoidance rules. Furthermore, if a case of avoidance is sufficiently addressed by the relevant LOB provisions in the treaty, then GAAR provisions may not be invoked. The press release further clarifies that, if the jurisdiction of the foreign portfolio investor is finalised based on non-tax commercial considerations and the main purpose of the arrangement is not to obtain tax benefit, then the provisions of GAAR will not apply.

As the taxation system is intended to undergo 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 the Issuer's business, prospects, financial condition and results of operations.

20. The Issuer 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

The Issuer is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk (including fraud) and legal risk. The effectiveness of its risk management is limited by the quality and timeliness of available data.

The Issuer'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. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although the Issuer has established these policies and procedures, they may not be fully effective.

The Issuer’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 the Issuer 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 the Issuer’s future business, prospects, financial condition and results of operations.

21. The Issuer depends on the accuracy and completeness of information provided by the Issuer's potential borrowers. The Issuer's reliance on any misleading information given by potential borrowers may affect its judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect the Issuer's business, results of operations and financial condition

In deciding whether to extend credit or enter into other transactions with potential borrowers, the Issuer relies on information furnished to the Issuer by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, the Issuer conducts searches on Credit Information Bureau (India) Limited (**CIBIL**) and other credit bureaus for creditworthiness of the Issuer's borrowers. For ascertaining the creditworthiness and encumbrances on collateral the Issuer 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 the Issuer'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 the Issuer's business, prospects, results of operations and financial condition. The Issuer follows the KYC guidelines as prescribed by the NHB on the potential borrower, verify the place of business or place of employment as applicable to the potential borrower and also verify 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, the Issuer's empanelled third-party agencies conduct various on-site checks to verify the prospective customer's work and home addresses. The Issuer has framed its policies to prevent frauds in accordance with the KYC guidelines for HFC issued by NHB mandating the policies of HFCs to have certain key elements, including, inter-alia, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further, the Issuer has a well-established and streamlined credit appraisal process. The Issuer cannot assure you that information furnished to the Issuer by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by the Issuer with credit bureaus and NHB, or the on-site verification conducted by the Issuer's empanelled third party agencies will be accurate, and its reliance on such information given by potential borrowers may affect its judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect the Issuer's business, results of operations and financial condition.

22. Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers and the housing sector may not continue to be regarded as a priority sector by the Government, which may adversely affect the Issuer’s business, prospects, financial condition and results of operations

The rapid growth in the housing finance industry in India in the last decade is in part due to the introduction 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 IT Act, up to 20 per cent. of profits from the provision of long-term finance for the construction or purchase of housing in India, 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). In each of Fiscal 2015 and Fiscal 2016, the

Issuer utilised the maximum amount of this allowance. 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. Vide notification no. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated 27 May 2014, NHB stipulated that all housing finance companies are required to create a deferred tax liability (DTL) on the Special Reserve created from current and past profits, irrespective of whether it is intended to withdraw from such reserve or not.

23. The Issuer 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

The Issuer 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 the Issuer'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 the Issuer 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.

The Issuer'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 this special deduction (see "*Litigation*""). The dispute, *inter alia*, revolves around the correct classification of eligible incomes and related expenses that constitute the long-term housing finance business. Based on advice received from its tax advisers, the Issuer believes that more likely than not, the significant issues in litigation should be settled in its favour. Nonetheless, as at September 30, 2017, the Issuer has a contingent liability in respect of all the disputed income tax demands up to the amount of ₹ 1,241.88 crore. The Issuer has already paid this amount to the Indian tax authorities and will receive this amount, or a part thereof, as a refund over a certain period of time if the disputes are resolved in the Issuer's favour. If the disputes were to be decided in favour of the tax authorities, although there would be no further payment required by the Issuer, the amount of ₹ 1,241.88 crore would have to be added as a provision for tax for the relevant period and this would accordingly reduce the Issuer's profit after tax by a corresponding amount.

Although the Issuer 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.

24. The Issuer may be requested to make payments pursuant to the corporate undertakings in the Issuer's assignment of receivables transactions, which may require payments in respect of these undertakings which may adversely affect the Issuer's net income

The Issuer has provided credit enhancement for some of its assignment of receivables. Contingent liability in respect of corporate undertakings provided by the Issuer for assignment of receivables aggregated to ₹1,838,21 crore as on Fiscal 2017, as compared to ₹1,889,83 crore as on Fiscal 2016 . The outflow would arise in the event of a shortfall, if any, in the cash flows of the underlying pool of the assigned receivables. If the Issuer continues to provide credit enhancement in its future assignment of receivables, its financial condition and results of operations may be adversely affected in the event of any shortfall.

25. The Issuer will be subject to a number of new accounting standards that may significantly impact its financial statements, which may adversely affect the manner in which it accounts for losses and its results of operations

The audited financial statements of the Issuer included in this Placement Document are presented in accordance with Indian GAAP, which differs from Indian Accounting Standards (**Ind AS**) in certain respects.

The Ministry of Corporate Affairs (**MCA**), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. MCA via its notification dated March 30, 2016, has included Housing Finance Companies in the definition of a "Non-Banking Financial Company" (**NBFCs**). The notification further explains that NBFCs having a net worth of ₹ 5 billion or more as of March 31, 2016, shall comply with Ind AS for accounting periods beginning on or after 1 April 2018, with comparatives for the periods ending on 31 March 2018. Therefore the Issuer would be subject to this notification. There is limited clarity on the impact of such transition to Ind AS on the Issuer's financial information included in this Placement Document. For more information, see section titled "*Summary of Significant Differences among Indian GAAP And Ind-As*".

The section of this Placement Document titled "*Summary of Significant Differences among Indian GAAP and Ind A*S", does not present all differences between Indian GAAP and Ind AS which are relevant to the Issuer. Consequently, there can be no assurance that those are the only differences in the accounting principles that could have a significant impact on the financial information included in this Placement Document. Furthermore, the Issuer has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and Ind AS which may result from prospective changes in accounting standards. The Issuer has not considered matters of Indian GAAP presentation and disclosures, which also differ from Ind AS. In making an investment decision, investors must rely upon their own examination of the Issuer's business, the terms of the offerings and the financial information included in this Placement Document. Potential investors should consult with their own professional advisors for a more thorough understanding of the differences between Indian GAAP and Ind AS and how those differences might affect the financial information included in this Placement Document. The Issuer cannot assure that it has completed a comprehensive analysis of the effect of Ind AS on future financial information or that the application of Ind AS will not result in a materially adverse effect on the Issuer's future financial information.

26. The effects of India's demonetisation decision are uncertain, which may adversely affect the Issuer's business, results of operations and financial condition

On November 8, 2016, the GoI announced that it would discontinue existing ₹ 500 and ₹ 1,000 banknotes as a form of legal tender from November 9, 2016. The withdrawal from circulation started immediately and ended on December 30, 2016. India's growth is forecast to increase to 7.2 per cent. in Fiscal 2017 and accelerate to 7.7 per cent. by the end of the forecast horizon—slightly below previous projections. This outlook mainly reflects a more protracted recovery in private investment than previously envisaged. (Source: World Bank Group. 2017. Global Economic Prospects, June 2017 A Fragile Recovery. Washington, DC: World Bank. Available at http://www.worldbank.org/en/publication/globaleconomic-prospects In the period following the implementation of the demonetisation, and particularly in the third quarter and in part of the fourth quarter of Fiscal 2017, there was a slowdown in individual home loan disbursement across the industry and secondary market real estate transactions saw a slowdown in certain pockets of the Country. Further, in light of the demonetisation, the NHB by way of its policy circular dated November 21, 2016 in relation to Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, provided an additional period of 60 days over and above the stipulated period for recognition of a loan account as a substandard asset in the case of term loans wherein the original sanctioned amount was up to ₹10,000,000 for dues payable between November 1, 2016 and December 31, 2016. This would have an impact in the manner in which the Issuer classifies and provisions for its assets. The short-term impact of the currency demonetization was, among other things, a decrease in liquidity of cash and consequently, spending, in India. The long term effects of these measures on the Indian economy, on the markets for various commodities and services, and the Issuer's operations in particular, are currently unclear. Any future slowdown in the Indian economy as a result of the currency demonetization measures or any other similar unanticipated measures may adversely affect the Issuer's business operations, financial condition, results of operations and financial condition.

The Issuer is not able to determine with a degree of certainty the impact of the demonetisation on its business and the Indian economy. There can be no assurance that its business, results of operations and financial condition will be materially and adversely affected due to the demonetisation.

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

The Issuer is subject to periodic inspection by the NHB under the NHB Act wherein the NHB inspects the Issuer'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 which the Issuer 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 institution under the NHB Act. In the past, the NHB had made certain observations during its periodic inspections in connection with the Issuer's operations and had sought clarifications. Even though the Issuer has provided the NHB with necessary clarifications, and taken necessary steps to comply with the NHB's observations, any adverse notices or orders by the NHB during any future inspections could adversely affect the Issuer's reputation, business, financial condition, results of operations and cash flows.

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

The Issuer requires certain licenses, approvals, permits and registrations in order to its business activities. These include registration with the NHB for carrying out business as a HFC. The Issuer is also required to maintain licenses under various applicable national and state labour laws in force in India for some of the Issuer's offices and with regard to some of its employees. While the Issuer currently possesses all the relevant licenses, approvals, permits and registrations or have 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 the Issuer 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 the Issuer's operations and may have a material adverse effect on the Issuer's business, financial condition and results of operations.

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

The Issuer'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 the Issuer's ability to process a large number of transactions on a daily basis. The Issuer's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The Issuer'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 the Issuer's control, including a disruption of electrical or communications services. Further, the Issuer's computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other attacks that may compromise data integrity and security and result in client information or identity theft, for which the Issuer may potentially be liable. Further, the information available to and received by the Issuer'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 the Issuer's operations. If any of these systems are disabled or if there are other shortcomings or failures in the Issuer's internal processes or systems, it may disrupt its business or impact its operational efficiencies, and render the Issuer liable to regulatory intervention or damage to its reputation. The occurrence of any such events may adversely affect the Issuer's business, results of operation and financial condition.

30. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and may consider material to their assessment of the Issuer's financial condition

The Issuer's Financial Statements are prepared and presented in conformity with Indian GAAP. 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. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If the Issuer's Financial Statements were to be prepared in accordance with such other accounting principles, the Issuer'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 the Issuer's Financial Statements, 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. MCA, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. This circular requires the Issuer to prepare Ind AS based financial statements for the accounting period commencing April 1, 2018 with comparative financial statements for the accounting period on ending March 31, 2018. For more information, see risk factor "*The Issuer will be subject to a number of new accounting standards that may significantly impact its financial statements, which may adversely affect the manner in which it accounts for losses and its results of operations*".

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

The goods and service tax (**GST**) that has been 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, cess 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 the Issuer's operating expenses. Further, the Government has announced the union budget for Fiscal 2019 and the Finance Bill, 2018 has been tabled before the Parliament which has proposed various amendments. For instance, it includes a proposal to withdraw an exemption previously granted in respect of payment of long term capital gains tax. Accordingly, such tax may become payable by the investors from April 1, 2018. However, the Finance Act has not yet been passed by the Parliament. As such, there is no certainty on the impacts that the Finance Bill, 2018 may have on our business and operations or on the industry in which we operate.

There is lack of clarity on certain aspects of GST, and there is no assurance that such issues will not adversely affect the Issuer's business going forward. In addition, under the GST regime, we are obliged to pass on any benefits accruing to the Issuer as result of the transition to GST to the consumer thereby limiting the Issuer's benefits. Further, in order for the Issuer to avail input credit under GST, the entire value chain has to be GST compliant, including us. Since this is a recent development and is undergoing substantial changes and the taxation system in India might further see significant changes, its consequent effects cannot be determined at present and there can be no assurance that such effects would not adversely affect the Issuer'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 the Issuer's business operations, financial condition, results of operations and financial condition

The Government has notified the RERA in the official gazette on March 25, 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 realized 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. Any slowdown in the housing finance industry as a result of RERA may adversely affect the Issuer's business operations, financial condition, results of operations and financial condition.

Risks relating to India

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

The Issuer'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 the Issuer's assets and employees are located in India, and the Issuer intends to continue to develop and expand in India.

The Issuer's performance and the growth of its business depend on the performance of the Indian economy and the economies of the regional markets the Issuer currently serves. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization 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. Any slowdown in these economies could adversely affect the ability of the Issuer's customers to afford its services, which in turn would adversely impact the Issuer'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, in 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. Recently, the currencies of a few Asian countries suffered depreciation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures.

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 the Issuer's business, future financial performance and the prices of the Equity Shares. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years.

Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis and the, 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 global credit and financial markets. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

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 stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on the Issuer'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 the Issuer'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 the Issuer's control. On November 16, 2017, Moody's Investor Services raised India's sovereign rating from the lowest investment grade of Baa3 to Baa2, and changed the outlook of Indian economy from "positive" to "stable". However, on November 24, 2017, Standard and Poor's maintained its India rating unchanged at the lowest investment grade of BBB-,with a stable outlook. 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 the Issuer's business and limit its access to capital markets.

4. It may not be possible for investors to enforce any judgment obtained outside India against the Issuer, its management or any of its respective affiliates in India, except by way of a suit in India on such judgment.

The Issuer is incorporated under the laws of India and majority its Directors and executive officers reside in India. A substantial majority of our assets, and the assets of its Directors and officers, are also located in India. As a result, the investor may be unable to (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. For more information, see section titled "*Enforcement of Civil Liabilities*" on page 15.

5. **Volatility in 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 the Issuer**

Capital inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. While the current account deficit (**CAD**) has shrunk sharply in Fiscal 2015 and Fiscal 2016, it has increased sharply in the first quarter of Fiscal 2017, primarily on account of a higher trade deficit brought about by a larger increase in merchandise imports relative to exports. However, the primary challenge for the Rupee was the volatile swings in capital flows. In calendar year 2017 to date, the Rupee has been fairly stable. Although the Rupee is less vulnerable given 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. For more information, see section titled "*Exchange Rates Information*" on page 16.

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 the Issuer'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. Most recently, the election of a pro-business majority Government in May 2014 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 the Issuer's securities are continuously evolving as well. Other major reforms that have been implemented are the goods and services tax, the direct tax code 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 the Issuer's business in particular.

7. **Natural disasters could have a negative impact on the Indian economy and damage the Issuer'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, the Issuer'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 the Issuer's facilities are affected by any of these factors, its operations may be significantly interrupted, which may materially and adversely affect the Issuer'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 the Issuer'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 the Issuer'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.
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 the Issuer. 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.

Risks Relating to the Equity Shares and the Issue

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

The Issue Price will be determined by the Issuer in consultation with the Managers, based on the Bids received in compliance with Chapter VIII 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;
- the Issuer's profitability and performance;
- perceptions about the Issuer's future performance or the performance of Indian companies in general;
- performance of the Issuer's competitors and the perception in the market about investments in the housing finance sector;
- adverse media reports about the Issuer or the Indian housing finance sector;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of the Issuer'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 the Issuer in indices;
- significant developments in India’s fiscal and environmental regulations; and
- any other political or economic factors.

2. **Future issuances of Equity Shares by the Issuer 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 the Equity Shares by the Issuer could dilute investors’ shareholding. Further, the future issuance of Equity Shares by the Issuer or the disposal of Equity Shares by any of the Issuer'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 the Issuer will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

3. **An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of the allotment of the Equity Shares**

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the allotment of the Equity Shares in this Issue, QIBs subscribing to the Equity Shares may only sell their Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of these Equity Shares. The Issuer cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to FVCIs, 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. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

4. **Holders of Equity Shares 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-fourths 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 the Issuer filing an offering document or registration statement with the applicable authority in such jurisdiction, such investor will be unable to exercise such pre-emptive rights unless the Issuer makes such a filing. The Issuer 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 are unable to exercise pre-emptive rights granted in respect of the Equity Shares, it may suffer future dilution of its ownership position and your proportional interests in the Issuer would be reduced.

5. **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 shares in an Indian company are generally taxable in India.

Under section 10(38) of the income tax act of 1961 (**I.T. Act**), long-term capital gain (**LTCG**) arising to a shareholder from the transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to Securities Transaction Tax (**STT**). Although LTCG on shares sold on Stock Exchange on which STT is paid are exempt in computation of taxable income as per the normal provisions of the I.T. Act, such gains as are includible in the book profits of a corporate assessee are not exempt from the levy of the minimum alternate tax (**MAT**) under section 115JB of the I.T. Act. However, LTCG on the sale of equity shares in an Indian company, will not be exempt if the transaction for the acquisition of such equity shares, other than the acquisition notified by the Central Government, has been entered into on or after October 1, 2004 and such transaction has not been chargeable to STT. The Central Board of Direct Taxes (**CBDT**) has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

The Finance Bill, 2018 proposed to terminate the exemption granted under section 10(38) of the I.T. Act to LTCG arising from transfers of listed shares or units of equity oriented mutual funds or units of business trusts by the introduction of section 112A. In particular, new section 112A of the I.T. Act would provide that LTCG arising from the transfer of a long term capital asset – being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust – shall be taxed at 10 per cent. without indexation of such capital gains exceeding one lakh Rupees. The concessional rate of 10 per cent. shall be available only if STT has been paid on both the acquisition and transfer in case of equity shares and on transfer in case of units of equity-oriented mutual funds or units of business trust. Further, the CBDT has clarified vide FAQs dated 4 February 2018 that the notification no. 43/2017 dated 5 June 2017 will be reiterated to provide the concessional rate of 10 per cent on transfers of equity shares acquired without payment of STT.

Further, sub-section (6) of section 112A provides for a grandfathering provision. As per the said sub-section,, the cost of acquisition of the aforementioned long term capital asset acquired by the assessee before February 1, 2018 would be the highest between (a) the actual cost of acquisition; and (b) the lower of (i) fair market value of such asset, and (ii) full value of consideration received or accruing as a result of the transfer on the capital asset. For the purpose of this section, the fair market value shall be the highest price quoted on the stock exchange as on January 31, 2018 in case of equity shares and the net asset value as on January 31, 2018 in case of units of equity-oriented mutual funds and units of a business trust. As per section 2(42A) of the I.T. Act, a listed equity share 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.

Under section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under section 10(38) of the I.T. Act) arising on the transfer of capital asset would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in a ‘long term specified assets’. A ‘long term specified asset’ means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

- National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988;
- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
- Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by Power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

The total deduction with respect to investment in the long term specified assets is restricted to ₹ 50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the 'long term specified asset' is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

Finance Bill, 2018 rationalised the provisions of section 54EC of the I.T. Act and proposed to amend the section 54EC of the I.T. Act with effect from April 1, 2019 i.e. assessment year 2019-20 so as to provide that capital gain arising from the transfer of a long-term capital asset, being land or building or both., invested in the long-term specified asset at any time within a period of six months after the date of such transfer, the capital gain shall not be charged to tax subject to certain conditions specified in this section. It has also proposed to substitute the definition of long-term specified asset to include any investment made under section 54EC of the I.T. Act:

i. on or after the 1 April 2007 but before the 1 April 2018, means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1 April 2018;

ii. on or after the 1 April 2018, means any bond, redeemable after five years and issued on or after 1 April, 2018,

by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 or any other bond notified in the Official Gazette by the Central Government in this behalf.

Accordingly, the Finance Bill, 2018 proposes to withdraw this benefit which was erstwhile available to shareholders, from April 1, 2019 i.e. assessment year 2019-20.

Section 54EE of the I.T. Act inserted by the Finance Act, 2016 with effect from April 01, 2017 provides that if a long term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in long term specified assets, then, subject to the limitations provided under the section, an exemption upto ₹ 50 lakhs can be claimed.

Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer.

For the purpose of section 54EE of the I.T. Act, long term specified assets has been defined as a unit or units, issued before April 01, 2019, of such fund as may be notified by the Central Government in this behalf.

As per section 111A of the I.T. Act, short term capital gains arising from the sale of equity shares of the Issuer, where such transaction is chargeable to STT, will be taxable at the rate of 15 per cent. (plus any applicable surcharge and education cess). Further, short term capital gains 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 VI-A of the I.T. Act shall be allowed from such income.

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA between India and the country of residence of the non-resident. As per section 90(2) of the I.T. Act, provisions of the 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, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the I.T. Act, unless a certificate of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the I.T. Act, the non-resident shall be required to provide such other information, as mentioned in Form 10F.

As per section 90(2A) of the I.T. 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 I.T. Act i.e. (the General Anti-Avoidance Rules). For more information, see section titled "*Taxation*" on page 183.

6. **A third party could be prevented from acquiring control of the Issuer because of the anti-takeover provisions under Indian law**

The Takeover Regulations contains 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 the Issuer's business, even if 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 more information, see section titled "*The SecuritiesMarket of India*" on page 177.

7. **Foreign investors are subject to foreign investment restrictions under Indian law that limit our 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 require be subject to the requirements specified under the foreign exchange regulations. 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.

8. **Any trading closures at BSE and NSE may adversely affect the trading price of the Issuer'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.

9. **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**

The Issuer 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 historical 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.

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

In terms of 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 the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the Issuer'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. 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. The Issuer 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.

11. 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 the Issuer'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.

12. **Certain payments on the Equity Shares may be subject to U.S. withholding tax under FATCA**

The United States has enacted rules, commonly referred to as "FATCA", that impose a reporting regime and, potentially, a 30.00 per cent. withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before the later of January 1, 2019 or the date of publication of final regulations defining the term "foreign passthru payment". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require the Issuer or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as foreign passthru payments. Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

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, 1,66,38,86,467 Equity Shares have been issued, subscribed and paid up.

As of February 28, 2018 the closing price of the Equity Shares on BSE and NSE was ₹ 1,814.75 and ₹ 1,808.70 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 commencing from April 1, 2016 and ending on March 31, 2017;
(ii) 12 month period commencing from April 1, 2015 and ending on March 31, 2016; and
(iii) 12 month period commencing from April 1, 2014 and ending on March 31, 2015.

BSE									
Year ending March	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ Crores)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ Crores)**	**Average price for the year (₹)**
Fiscal 2017	1,520.90	March 30, 2017	11,09,936	168.65	1,072.65	April 07, 2016	5,33,053	57.29	1,303.70
Fiscal 2016	1,360.6	July 16, 2015	77,827	10.59	1,022.95	February 24, 2016	2,58,334	26.78	1,215.41
Fiscal 2015	1,389.05	March 05, 2015	1,36,748	18.89	849.25	May 08, 2014	81,699	6.94	1,082.77

(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 on the last day of each year presented.

NSE									
Year ending March	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ Crores)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ Crores)**	**Average price for the year (₹)**
Fiscal 2017	1,522.05	March 29, 2017	35,95,260	544.02	1070.85	April 07, 2016	48,83,634	524.56	1,303.89
Fiscal 2016	1,359.70	July 16, 2015	21,99,590	299.10	1022.10	February 24, 2016	47,31,925	488.34	1,215.75
Fiscal 2015	1,394.80	March 05, 2015	46,89,288	647.57	850.45	May 08, 2014	32,93,099	280.04	1,083.29

(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 on the last day 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 (₹ Crores)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ Crores)**	**Average price for the month (₹)**
September, 2017	1,797.4	September 12, 2017	43,983	7.87	1,718.95	September 27, 2017	35,084	6.08	1,765.15
October, 2017	1,767.75	October 04, 2017	49,271	8.72	1,677.90	October 25, 2017	1,04,382	17.52	1,736.59
November 2017	1,784.30	November 06, 2017	39,815	7.11	1,651.9	November 15, 2017	49,053	8.15	1,713.63
December, 2017	1,722.85	December 15, 2017	59,642	10.28	1,648.95	December 06, 2017	1,52,527	25.41	1,695.22
January, 2018	1,955.70	January 31, 2018	84,913	16.49	1,687.35	January 01, 2018	43,178	7.32	1,818.56
February, 2018	1,967.55	February 1, 2018	1,04,081	20.41	1,773.20	February 09, 2018	94,554	16.76	1,825.90

(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 (₹ Crores)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ Crores)**	**Average price for the month (₹)**
September, 2017	1,798.1	September 12, 2017	23,19,571	414.63	1,719.35	September 27, 2017	28,23,110	488.90	1,765.71
October, 2017	1,768.10	October 04, 2017	22,56,778	399.26	1,677.65	October 25, 2017	38,23,429	641.67	1,736.78
November 2017	1,790.	November 06, 2017	14,65,29	261.68	1,650.	November 15, 2017	26,88,079	446.4	1,714.

NSE									
Month	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ Crores)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ Crores)**	**Average price for the month (₹)**
	20		0		90			5	40
December, 2017	1,723	December 15, 2017	29,87,009	514.84	1,648.40	December 06, 2017	39,17,846	649.99	1,695.61
January, 2018	1,967.60	January 29, 2018	63,05,147	1,231.32	1,683.75	January 01, 2018	13,87,222	234.12	1,819.64
February, 2018	1,967.55	February 1, 2018	38,38,192	753.11	1,773.05	February 9, 2018	94,554	491.69	1,825.93

(Source: www.nseindia.com)

Notes:

1. *High and low prices are based on the intra day high and low 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 table set forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during the last six months:

Period	**Number of Equity Shares traded**		**Turnover (In ₹ Crores)**	
	BSE	**NSE**	**BSE**	**NSE**
September, 2017	19,61,618	5,25,87,773	345.41	9,275.07
October, 2017	18,84,295	4,57,75,413	325.93	7,900.23
November 2017	15,23,498	6,64,80,074	260.36	11,356.31
December, 2017	65,08,074	4,76,65,070	1,108.07	8,072.15
January, 2018	1,41,26,583	7,55,60,590	2,641.79	13,974.25
February, 2018	50,77,726	6,16,43,455	924.57	11,270.74

(Source: www.bseindia.com and www.nseindia.com)

4. The following tables set forth the market price on the Stock Exchanges on December 20, 2017 the first working day following the approval of the Board for the Issue:

BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ Crores)**
1,719	1,721	1,690.4	1,692.9	1,19,554	20.31

BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ Crores)**

(Source: www.bseindia.com)

NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ Crores)**
1,715.95	1,718.35	1,690	1,693.7	24,87,331	423.32

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

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 expected to be approximately ₹ 1,876 crore ("**Net Proceeds**"). Subject to compliance with applicable law, we intend to use the Net Proceeds, to fund the growth of our Subsidiaries, namely HDFC ERGO General Insurance Company Limited, HDFC Education and Development Services Private Limited and HDFC Credila Financial Services Private Limited, amongst others and our Associate namely, HDFC Bank Limited. In addition, our Company is exploring opportunities in the health insurance sector in conjunction with our Subsidiary, HDFC ERGO General Insurance Company Limited and is evaluating opportunities in the acquisition and resolution of stressed assets in the real estate sector.

None of our Directors is making any financial 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 (on a standalone basis) as of September 30, 2017 on an actual basis which has been extracted from our September Unaudited Standalone Financial Results, and as adjusted to give effect to the receipt of the as adjusted and to give effect to the preferential allotment and the Issue and the gross proceeds of the Issue and the application thereof.

You should read this table together with the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 74, our Company's September Unaudited Standalone Financial Results, and the related notes thereto included in the section "*Financial Information*" beginning on page 201.

(₹ in crore)

Sr. No.	Particulars	Pre-Issue	As adjusted for the Preferential Allotment (B)	Post-Issue
		As at September 30, 2017 (A)		Amount after considering the Issue C (A+B)
I	**Borrowings:**			
	Deposits	90,195.33	90,195.33	90,195.33
	Borrowings	2,04,600.53	2,04,600.53	2,04,600.53
	Subordinated debt	5,500.00	5,500.00	5,500.00
	Perpetual debt and upper tier II debt	-	-	
	Total indebtedness (A)	**3,00,295.86**	**3,00,295.86**	**3,00,295.86**
II	**Shareholders' fund**			
	Share capital	319.02	331.89	333.97
	Reserves and surplus	40,446.75	51,537.54	53,431.46
	Total shareholders' fund (B)	**40,765.77**	51,869.43	53,765.43
	Total Capitalization (C - A+B)	**3,41,061.63**	**3,52,165.29**	**3,54,061.29**

CAPITAL STRUCTURE

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

(In ₹)

		Aggregate nominal value
A	**AUTHORISED SHARE CAPITAL**	
	1,85,00,00,000 Equity Shares	3,70,00,00,000
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**	
	1,66,38,86,467 Equity Shares	3,32,77,72,934
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	1,03,89,041 Equity Shares aggregating ₹ 1,896 crore(1)	2,07,78,082
D	**PAID-UP CAPITAL AFTER THE ISSUE**	
	1,67,42,75,508 Equity Shares	3,34,85,51,016
E	**SHARE PREMIUM ACCOUNT**	
	Before the Issue	2,18,32,40,78,708.02
	After the Issue	2,37,26,33,00,451.02

(1) The Issue has been authorised by the Board of Directors and the Committee of Directors pursuant to their resolutions passed on December 19, 2017 and January 13, 2018. The Shareholders have authorised and approved the Issue by way of a resolution passed by way of postal ballot on February 14, 2018.

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	1,00,000	1,00,126	100	100	Preferential allotment	Cash
1978	3,99,874	5,00,000	100	100	Initial public offer	Cash
1978	5,00,000	10,00,000	100	100	Preferential allotment	Cash
1987	5,00,000	15,00,000	100	100	Rights issue	Cash
1987	5,00,000	20,00,000	100	100	Further public offering	Cash
1990	10,00,000	30,00,000	100	175	Rights issue	Cash
1990	14,50,000	44,50,000	100	185	Further public offering	Cash
1990	50,000	45,00,000	100	175	Preferential allotment	Cash
1992	47,25,000	92,25,000	100	400	Conversion of fully convertible debentures	Cash
August 4, 1994	2,00,000	94,25,000	100	2,900	Preferential allotment	Cash
August 4, 1994	7,00,000	1,01,25,000	100	2,900	Preferential allotment	Cash
October 17,1995	17,86,400	1,19,11,400	100	2,400	Preferential allotment	Cash
Sub-division of face value of Equity Shares from ₹ 100 to ₹ 10						
March 21, 2001 to	48,69,005	12,39,83,005	10	Please refer to	Allotments under Employee Stock	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)
January 4, 2007				Note 1	Option Scheme, 1999	
December 30, 2002	12,19,60,713	24,59,43,718	10	10	Bonus issue	Cash
November 7, 2003 to November 5, 2009	39,95,466	24,99,39,184	10	Please refer to note 2	Allotments under Employee Stock Option Scheme, 2002	Cash
October 31, 2006 to August 13, 2010	60,81,058	25,60,20,242	10	Please refer to note 3	Allotments under Employee Stock Option Scheme, 2005	Cash
July 11, 2007	1,52,50,000	27,12,70,242	10	1,730	Preferential allotment	Cash
July 24, 2007	27,50,000	27,40,20,242	10	1,730	Preferential allotment	Cash
September 20, 2007	1,18,740	27,41,38,982	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
September 28, 2007	3,87,467	27,45,26,449	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 5, 2007	7,96,812	27,53,23,261	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 12, 2007	7,40,566	27,60,63,827	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 22, 2007	3,62,471	27,64,26,298	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 29, 2007	26,06,045	27,90,32,343	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
November 5, 2007	15,46,750	28,05,79,093	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
November 12, 2007	6,56,198	28,12,35,291	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
November 19, 2007	3,96,841	28,16,32,132	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
November 26, 2007	2,37,481	28,18,69,613	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
December 3, 2007	6,40,572	28,25,10,185	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
December 17, 2007	10,56,165	28,35,66,350	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
December 24, 2007	3,31,223	28,38,97,573	10	1,399.15	Conversion of foreign currency convertible bonds	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)
December 31, 2007	4,49,963	28,43,47,536	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
January 7, 2008	2,96,851	28,46,44,387	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
January 14, 2008	3,71,844	28,50,16,231	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
January 22, 2008	8,43,681	28,58,59,912	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
February 4, 2008	43,745	28,59,03,657	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
February 19, 2008	40,621	28,59,44,278	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
March 25, 2008	9,374	28,59,53,652	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
May 12, 2008	31,247	28,59,84,899	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 14, 2008	2,03,108	28,61,88,007	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
June 18, 2009 to August 13, 2010	4,05,225	28,65,93,232	10	Please refer to note 4	Allotments under Employee Stock Option Scheme, 2007	Cash
May 21, 2009	43,746	28,66,36,978	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 6, 2009	59,370	28,66,96,348	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 12, 2009	43,746	28,67,40,094	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 16, 2009	1,59,361	28,68,99,455	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
October 29, 2009	43,746	28,69,43,201	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
November 17, 2009	3,124	28,69,46,325	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
November 20, 2009	49,996	28,69,96,321	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
December 10, 2009 to	16,07,886	28,86,04,207	10	Please refer to	Allotments under Employee Stock	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	Conside ration (Cash/ other than cash)
August 13, 2010				note 5	Option Scheme, 2008	
December 16, 2009	1,24,990	28,87,29,197	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
January 12, 2010	34,372	28,87,63,569	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
March 30, 2010	62,495	28,88,26,064	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
April 9, 2010	56,245	28,88,82,309	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
April 15, 2010	1,31,239	28,90,13,548	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
April 29, 2010	2,06,234	28,92,19,782	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
April 30, 2010	4,03,093	28,96,22,875	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
May 10, 2010	8,49,933	29,04,72,808	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
May 12, 2010	87,492	29,05,60,300	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
May 12, 2010	2,93,727	29,08,54,027	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
June 16, 2010	1,43,738	29,09,97,765	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
June 28, 2010	3,74,970	29,13,72,735	10	1,399.15	Conversion of foreign currency convertible bonds	Cash
July 30, 2010	2,84,350	29,16,57,085	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	58,04,690	1,46,40,90,115	2	Please refer to note 3	Allotments under Employee Stock Option Scheme, 2005	Cash
August 31, 2010 to May 11, 2015	2,39,17,295	1,48,80,07,410	2	Please refer to note 4	Allotments under Employee Stock Option Scheme, 2007	Cash
August 30, 2010 to March 19, 2015	2,05,29,225	1,50,85,36,635	2	Please refer to note 5	Allotments under Employee Stock Option Scheme, 2008	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)
January 16, 2012	50,000	1,50,85,86,635	2	655	Conversion of warrants	Cash
January 27, 2012	2,500	1,50,85,89,135	2	655	Conversion of warrants	Cash
February 3, 2012	2,350	1,50,85,91,485	2	655	Conversion of warrants	Cash
March 2, 2012	1,350	1,50,85,92,835	2	655	Conversion of warrants	Cash
March 12, 2012	3,700	1,50,85,96,535	2	655	Conversion of warrants	Cash
April 12, 2012	3,700	1,50,86,00,235	2	655	Conversion of warrants	Cash
April 26, 2012	100	1,50,86,00,335	2	655	Conversion of warrants	Cash
May 18, 2012	9,250	1,50,86,09,585	2	655	Conversion of warrants	Cash
June 6, 2012	33,300	1,50,86,42,885	2	655	Conversion of warrants	Cash
June 12, 2012	40,20,250	1,51,26,63,135	2	655	Conversion of warrants	Cash
June 18, 2012	45,73,070	1,51,72,36,205	2	655	Conversion of warrants	Cash
July 16, 2012	15,18,960	1,51,87,55,165	2	655	Conversion of warrants	Cash
July 18, 2012	32,10,100	1,52,19,65,265	2	655	Conversion of warrants	Cash
July 20, 2012	7,88,150	1,52,27,53,415	2	655	Conversion of warrants	Cash
July 25, 2012	44,13,875	1,52,71,67,290	2	655	Conversion of warrants	Cash
July 26, 2012	29,94,430	1,53,01,61,720	2	655	Conversion of warrants	Cash
July 30, 2012	18,35,650	1,53,19,97,370	2	655	Conversion of warrants	Cash
August 1, 2012	7,28,300	1,53,27,25,670	2	655	Conversion of warrants	Cash
August 3, 2012	17,56,050	1,53,44,81,720	2	655	Conversion of warrants	Cash
August 8, 2012	37,98,400	1,53,82,80,120	2	655	Conversion of warrants	Cash
August 10, 2012	24,14,850	1,54,06,94,970	2	655	Conversion of warrants	Cash
August 14, 2012	39,83,400	1,54,46,78,370	2	655	Conversion of warrants	Cash
August 17, 2012	45,94,800	1,54,92,73,170	2	655	Conversion of warrants	Cash
August 21, 2012	82,56,010	1,55,75,29,180	2	655	Conversion of warrants	Cash
August 22, 2012	9,21,680	1,55,84,50,860	2	655	Conversion of warrants	Cash
August 23, 2012	11,47,800	1,55,95,98,660	2	655	Conversion of warrants	Cash
August 24,	17,28,705	1,56,13,27,365	2	655	Conversion of	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)
2012					warrants	
August 28, 2012	2,52,900	1,56,15,80,265	2	655	Conversion of warrants	Cash
September 5, 2012	8,58,220	1,56,24,38,485	2	655	Conversion of warrants	Cash
September 6, 2012	8,41,300	1,56,32,79,785	2	655	Conversion of warrants	Cash
May 29, 2013 to September 24, 2015	1,44,04,965	1,57,76,84,750	2	Please refer to note 6	Allotments under Employee Stock Option Scheme, 2011	Cash
November 6, 2015 to December 31, 2017	1,18,06,755	1,58,94,91,505	2	Please refer to note 6	Allotments under Employee Stock Option Scheme, 2011	Cash
November 6, 2015 to December 31, 2017	81,06,190	1,59,75,97,695	2	Please refer to note 7	Allotments under Employee Stock Option Scheme, 2014	Cash
February 6, 2018	1,33,485	1,59,77,31,180	2	Please refer to note 6	Allotments under Employee Stock Option Scheme, 2011	Cash
February 6, 2018	1,56,865	1,59,78,88,045	2	Please refer to note 7	Allotments under Employee Stock Option Scheme, 2014	Cash
February 15, 2018	2,49,33,574	1,62,28,21,619	2	1,726.05	Preferential allotment	Cash
February 15, 2018	514,600	1,62,33,36,219	2	Please referto note 8	Conversion of warrants	Cash
February 22, 2018	3,01,26,589	1,65,34,62,808	2	1,726.05	Preferential allotment	Cash
February 22, 2018	6,10,470	1,65,40,73,278	2	Please refer to note 6	Allotments under Employee Stock Option Scheme, 2011	Cash
February 22, 2018	5,43,470	1,65,46,16,748	2	Please refer to note 7	Allotments under Employee Stock Option Scheme, 2014	Cash
February 27, 2018	92,69,719	1,66,38,86,467	2	1,726.05	Preferential allotment	Cash

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 ₹1475 per share. This excludes warrant issue price of ₹14 per warrant paid at the time of subscription to the warrants.*

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 66.

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 options out of the total available 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")

ESOS 2011 was formulated by the Nomination and Remuneration Committee and approved at its meeting dated May 23, 2012 in accordance with the provisions of the ESOP Guidelines. The total number of options that could be granted pursuant to the ESOS 2011 and as approved by the meeting of shareholders held on July 8, 2011, is 61,02,475 options in respect of 3,05,12,375 Equity Shares. In terms of ESOS 2011, 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 December 31, 2017, 7,82,034 options were outstanding, of which, no options have vested and 52,42,344 options were exercised 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 62,83,940 options in respect of 3,14,19,700 Equity Shares. 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 December 31, 2017, 45,27,165 options were outstanding, of which, no options have vested and 16,21,238 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 10 March 2017, is 4,98,51,524 options in respect of 4,98,51,524 Equity Shares. 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 December 31, 2017, 4,26,01,977 stock options were granted to the Eligible Employees, out of which 4,23,04,585 options were outstanding, of which, no options were vested or exercised under ESOS 2017.

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 will 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. The details of total dividends declared by our Company for the Fiscals 2015, 2016, 2017 are set out below:

Fiscal	Total dividend per Equity Share (in ₹)	Dividend Rate (%)	Total amount of dividend# (in ₹ crore)
2017	18	900%	2,865.49
2016	17	850%	2,688.83
2015	15	750%	2,364.24

#*Exclusive of tax on dividend distribution.*

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 polices, macro-econominc conditions and shareholder expectations.

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 – The Issuer's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures*" on page 46 of this Placement Document.

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

You should read the following discussion in conjunction with the Issuer's audited standalone financial statements as of and for the years ended March 31, 2015, 2016 and 2017 and in each case, the notes thereto, and the standalone interim financial results as of and for the nine months ended December 31, 2017 and 2016 and as of and for the six months ended September 30, 2017 and 2016 which are prepared in accordance with Indian GAAP and included elsewhere in this Placement Document. For purposes of this discussion, references to "fiscal year" are to the year ended, or as of (as the case may be), March 31.

This discussion contains forward-looking statements and reflects the Issuer'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 beginning on pages 39, 14 and 116.

Basis of presentation of financial information

For financial statement reporting purposes, in each annual and interim reporting period, the Issuer presents both consolidated financial statements of the Group and the Issuer on a standalone basis.

The Issuer'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 Issuer's audited consolidated financial statements as of and for the years ended March 31, 2015, 2016 and 2017 report the financial statements and results of operations relating to the Group's five segments comprising housing, life insurance, general insurance, asset management and others.

In accordance with the Issuer's previous practice of announcing and analysing its financial statements on an standalone basis, unless otherwise stated, the discussion in this section relates to its audited standalone financial statements as of and for the years ended March 31, 2015, 2016 and 2017 and to its standalone interim financial results as of and for the nine months ended December 31, 2017 and 2016 and as of and for the six months ended September 30, 2017 and 2016. The Issuer believe that the standalone financial information provides a more useful illustration of the underlying performance of its core business.

See "*Financial Information*" beginning on page 201 in this Placement Document.

Overview

The Issuer was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956.

The Issuer is the largest housing finance company in India in terms of market share based solely on housing loans. (Source: CRISIL Research, Housing Finance Report, November 2017). As of December 31, 2017, the Issuer's outstanding loan book amounted to ₹3,42,136.39 crore as compared to ₹2,96,471.85 crore as at March 31, 2017. As of September 30, 2017 the Issuer's total assets were ₹3,58,288.24 crore as compared to ₹3,36,357.89 crore as of March 31, 2017. The Issuer's principal business is providing finance to individuals, corporates, developers and co-operative societies for the purchase, construction, development and repair of houses, apartments and commercial property in India.

As of December 31, 2017, the Issuer's distribution network comprised 453 outlets, which include 140 offices of its wholly owned distribution company, HDFC Sales Private Limited. The Issuer also sources loans through its distribution channels which include HDFC Sales Private Limited (HSPL), HDFC Bank and its third party Direct Selling Associates (DSAs).

As of December 31, 2017, the Issuer's capital adequacy ratio, after taking into account regulatory adjustments, was 16.9% as against a minimum regulatory requirement of 12% and its Tier I capital was 14.5%, as against a minimum requirement of 6%. As of March 31, 2017, its capital adequacy ratio after reducing the investment in HDFC Bank Limited ("**HDFC Bank**") and the deferred liability on Special Reserve from Tier 1 Capital, was 14.5% and its Tier I capital was 11.8%.

Principal factors affecting the Issuer's financial results and performance

The Issuer'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. The Issuer's business, prospects, financial condition and results of operations are subject to various risks and uncertainties, including those disclosed in the section titled "*Risk Factors*" beginning on page 39 of this Placement Document. The following is a discussion of certain other factors that have had, and the Issuer expects to continue to have, a significant effect on its financial results.

Loan book

The Issuer's principal business consists of granting mortgage loans to its customers, including individuals and corporates, and the volume of loans is a key determinant of its operating income. For details of the Issuer's home loan products, refer to the section titled "*Business*" beginning on 113 of this Placement Document.

Growth in loan book:

As at December 31, 2017, the Issuer's loan book grew by 19% to ₹3,42,136.39 crore as compared to ₹2,86,875.82 crore as at December 31, 2016.

In Fiscal 2017, the Issuer's loan book grew by 14%, to ₹2,96,471.85 crore as at March 31, 2017 from ₹2,59,224.40 as at March 31, 2016, and by 13.6% from ₹2,28,180.86 as at March 31, 2015. The growth in the loan book was 21% prior to accounting the loans sold during the preceding 12 months for Fiscal 2017.

The net increase in the loan book, after removing the loans that have been sold, from Fiscal 2016 to Fiscal 2017 is ₹37,248 crore, which has been determined after taking into account loan repayments of ₹1,00,384 crore and loans written off during Fiscal 2017 amounting to ₹37 crore. Loans written off in Fiscal 2017 were in line with write-off of loans in Fiscal 2016. The net increase in the loan book, after removing the loans that have been sold, from Fiscal 2015 to Fiscal 2016 was ₹31,043 crore which has been determined after taking into account loan repayments of ₹79,718 crore and loans written off during Fiscal 2016 amounting to ₹37 crore as compared to ₹28 crore in Fiscal 2015.

The following table sets forth a breakdown of the Issuer's loan portfolio by category of borrower as of the specified dates:

Particulars	**As of March 31,**		**As of September 30, 2017 (Unaudited)**
	2016	**2017**	
	(in ₹crore)		
Individuals	179,967.49	204,436.19	2,23,148.78
Corporate Bodies	75,228.46	87,377.22	95,899.32
Others	4,028.45	4,658.44	5,029.15
Total	**259,224.40**	**296,471.85**	**324,077.25**

Sale of loans:

The Issuer sells loans to other financial institutions in accordance with priority sector lending regulations issued by RBI, and in order to manage its own balance sheet.

During Fiscal 2017, Our Company sold individual loans amounting to ₹16,027 crore, of which ₹ 6,476 crore qualified as priority sector advances for banks.

From Fiscal 2016 to Fiscal 2017, under the loan assignment route, the Issuer sold individual loans amounting to ₹13,146 crore of loans to HDFC Bank, pursuant to the buyback option embedded in the memorandum of understanding between the Issuer and HDFC Bank. For details of the home loan arrangement, refer to the section titled “*Business*” beginning on 113 of this Placement Document. During Fiscal 2017, the loans amounting to ₹ 2,881 crore was assigned/ securitised to other banks.

The advantage for the Issuer in selling loans under the loan assignment route is, primarily, that no credit enhancement needs to be provided by the Issuer on the loans sold and the risk is passed on to the purchaser. Further, despite the loans being off the balance sheet, the Issuer continues to receive a monthly income, thereby generating a stream of income in the future years on the loans sold.

In Fiscal 2017, individual loans amounting to ₹2,881 crore were assigned / securitised to other banks. The individual loans outstanding in respect of loans sold/assigned as of March 31, 2017 was ₹41,296 crore as compared to ₹32,307 in Fiscal 2016 and₹25,152 in Fiscal 2015. The Issuer continues to service the loans, and is entitled to the residual interest on the loans sold/assigned. The residual income on loans sold is recognised over the life of the underlying loans and not on an upfront basis.

Non performing assets

The Issuer's gross non performing loans position was equal to 1.14% of the total loan portfolio as at September 30, 2017 as compared to 0.79% as at March 31, 2017. The increase in the non-performing loan position of the Issuer was primarily due to its exposure of ₹ 909 crore in a loan account that has been identified by the Reserve Bank of India for reference under the Insolvency and Bankruptcy Code, 2016. The Issuer has made adequate provisioning against this exposure. Excluding the above-mentioned account and its beneficiaries, the non-performing loans as at September 30, 2017 stood at 0.84% of the loan portfolio.

Particulars	**As of March 31, 2017**	**As of September 30, 2017 (unaudited)**
	(in ₹crore except ratios and percentages)	
Gross Non Performing Assets	2,377.69	3,701.35
% of NPAs to the total loan portfolio	0.79%	1.14%

Funding

The Issuer relies primarily on market borrowings and deposits and has expanded its sources of funds in order to reduce its funding costs, protect interest margins and maintain a diverse funding portfolio.

Issue of debentures and securities:

Debentures and securities constituted 57% of the total borrowings of the Issuer as at September 30, 2017. During Fiscal 2017, the Issuer raised ₹44,546 crore through the issue of non-convertible debentures on a private placement basis in multiple tranches to investors. The Issuer has been making regular payments on principal and interest of the outstanding non-convertible debentures.

During Fiscal 2017 the Issuer established a Medium Term Note Programme (MTN Programme) of up to USD 750 million so as to enable the Issuer to issue debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Issuer raised ₹3,300 crore through the issuance of Rupee Denominated Bonds to overseas investors through the approval route in Fiscal 2017. Our Company has further raised ₹ 1,300 crore through the issuance of Rupee Denominated Bonds to overseas investors through the approval route in November 2017. Pursuant to the Stock Exchange intimation dated January 19, 2018, our Company increased the limit under the MTN programme from 750 USD million to 1,300 USD million. Subsequently, pursuant to the Stock Exchange intimation dated March 1, 2018, our Company increased the limit under the MTN programme from 1,300 USD million to 2,800 USD million.

Deposits:

As a deposit taking HFC, the Issuer offers a range of term deposit products to individuals, associations of persons, co-operatives, educational and charitable trusts and corporate bodies. Deposits are a key source of funding for us, amounting to 30% of total borrowings as at September 30, 2017, and 32%, 31%, and 31% as at March 31, 2015, 2016, and 2017, respectively.

As at September 30, 2017, the total outstanding deposits stood at ₹ 90,195 crore. As at March 31, 2017, total outstanding deposits stood at ₹ 86,574.24 crore as against ₹ 74,670.24 crore as at March 31, 2016, and ₹66,705.96 crore as at of March 31, 2015, representing a growth of 15.94% in Fiscal 2017 and 11.94% in Fiscal 2016, respectively. During Fiscal 2017, deposits accounted for 28% of the Issuer's incremental borrowings. The number of deposit accounts grew from 18 lakh as of March 31, 2016 to 19.1 lakh as of March 31, 2017. CRISIL and ICRA have for the years 2015, 2016 and 2017, reaffirmed their 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' rating for the Issuer's deposits These ratings represent the highest degree of safety as regards timely repayment of principal and interest. The Issuer pays brokerage to agents who mobilise retail deposits. The brokerage is linked to the amount and the period of deposit and is paid up-front for the full term of the deposit. In addition, agents who achieve certain collection targets are paid an incentive every year. With effect from April 1, 2014, incentive brokerage on deposits is being amortised over the period of deposit.

Economic conditions in India

As a company operating in the housing industry with businesses currently operating in the domestic Indian market, the Issuer'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 Issuer's borrowers and contractual counter parties, and lead to a slowdown in sectors important to its business. For further details, refer to "*Risk Factors — Due to challenging conditions in the global capital markets, the economy generally and the Issuer's credit rating in particular, the Issuer may be unable to secure funding at competitive rates*" on page 40 of 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 Issuer'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 Issuer'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 Issuer's business, while others may have a negative impact. For example, significant changes in deregulation policies could adversely affect the competitive position of the Issuer's borrowers, and this may impact the quality of its loan portfolio. For further details, refer to "*Risk Factors - The Issuer may have to comply with stricter or unexpected regulations and guidelines issued by regulatory authorities in India, including the NHB, which may increase the Issuer's compliance costs, divert the attention of the Issuer's management and subject it to penalties"* on page 45 of this Placement Document.

Capital adequacy

The Issuer's capital adequacy ratio was equal to 15.1% after reducing the investment in HDFC Bank and Deferred Tax Liability on Special Reserves from Tier 1 capital as of September 30, 2017 as against the minimum requirement of 12% stipulated by the NHB. The Issuer's capital adequacy ratio was 14.5% (after taking into account regulatory adjustments) as of March 31, 2017.

Particulars	**As of March 31, 2017**	**As of September 30, 2017 (unaudited)**
	(in ₹crore except ratios and percentages)	
Capital Adequacy Ratio (%)	14.5%	15.1%
Total Loan Portfolio	296,471.85	3,24,077.25

Description of key line items

Income Statement

Income

The Issuer's income consists primarily of revenues derived from its lending operations.

Revenue from Operation

Revenue from operations, which the Issuer presents as Operating Income, consists primarily of revenue derived from interest income, income from leases and dividends, and fees and other charges. The Issuer's interest income consists principally of interest on loans to customers and interest on investments in securities.

Profit on Sale of Investments

Revenue from profit on sale of investments includes profit on account of sale of equity shares.

Other Income

The Issuer's Revenue from other income consists primarily of rent income generated on buildings, or portions thereof, rented by the Issuer mainly to its subsidiaries and associates.

Expenditure and charges

Finance Cost

Finance cost consists primarily of interest expense the Issuer owes to the Issuer's depositors and to credit institutions on borrowings, deposits, bonds and debentures, and commercial papers. The Issuer presents this amount as Interest and Other Charges.

Employee benefit expenses

Employee benefit expenses, which the Issuer presents here as Staff Expenses, include salaries and bonuses as well as social security costs.

Establishment Expenses

Establishment expenses consist primarily of the expense amounts the Issuer owes in relation to properties, including for rents, repairs and maintenance, and electricity charges.

Other Expenses

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

Depreciation and Amortisation

Depreciation and amortization relate to the depreciation of property, plant and equipment, amortization of intangible assets and impairments of receivables. Depreciation on tangible fixed assets has been provided on straight-line method as per the useful life prescribed in Schedule II of the Companies Act, 2013 except in respect of some categories of assets where the life of asset is assessed based on technical advice, taking into account nature of the asset, the estimated usage of the asset, operating conditions etc. Intangible assets are amortised over their useful life on straight line method. Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

Provision for Contingencies

A provision is recognised when the Issuer 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. Our Company has a policy to create an additional special provision of 30% of the pre-tax gains of a transaction where the corporation earns a profit arising in excess of ₹ 250 crore arising out of sale of its investment in subsidiaries and associates in a calendar quarter, thereby building an additional buffer against any unexpected risk in the future.

Tax Expense

Tax expense, which the Issuer 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 Issuer 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 balances with banks

Cash and balances with banks 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. It also includes 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.

Loans

Loans comprise loans given to individuals, corporate bodies and others.

Other Investments

Other investments comprise investments made by the Issuer 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.

Equity Investments in Subsidiaries and Associates

Equity investments in subsidiaries and associates comprise investments in subsidiaries and associates. The Issuer's principal subsidiaries and associates are:

- HDFC Investments Limited;
- HDFC Holdings Limited;
- HDFC Trustee Company Limited;
- HDFC Property Ventures Limited;
- HDFC Sales Private Limited;
- HDFC Ventures Trustee Company Limited;
- HDFC Credila Financial Services Private Limited;
- HDFC Venture Capital Limited;
- HDFC ERGO General Insurance Company Limited;

- HDFC Standard Life Insurance Company Limited;
- GRUH Finance Limited;
- HDFC Asset Management Company Limited; and
- HDFC Bank

Fixed Assets

Fixed assets comprise tangible assets, including land, buildings, furniture and fittings, computer hardware and vehicles, and intangible assets, such as computer software licenses.

Other assets

Other assets consists of sundry assets, including accrued income and advance tax (net of provision).

Corporate Deposits

Corporate deposits comprise inter-corporate deposits placed with corporates.

Liabilities

Debt securities in issue

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

Public Deposits

Public deposits consists of public unsecured deposits received from individuals and others.

Other Borrowed Funds

Other borrowed funds comprise term loans from scheduled commercial banks, multilateral financing agencies, the national housing bank and external commercial borrowing in relation to low cost affordable housing.

Current liabilities

Current liabilities consists of sundry liabilities, such as trade payables and interest accrued but not due on borrowings.

Provisions

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

Other long term liabilities

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

Deferred tax liability (net)

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.

Shareholders' Equity

The money received pursuant to exercise of warrants have been credited to Share Capital and Securities Premium Account. ₹ 14 per warrant, that was received at the time of the issue of warrants as warrant issue price, has been accounted as "Other reserves"..

Ordinary shares

Ordinary shares comprise 158,86,72,140 equity shares of ₹ 2 each as as on March 31, 2017.

Securities premium

Security premium comprises amounts received in excess of the face value of the equity shares.

Other reserves

Other reserves comprise special reserves, general reserve, statutory reserve, shelter assistance reserve, capital reserve, foreign currency monetary items translation difference account, and cash flow hedge reserve.

Recent Developments

1. Our Company increased its authorised share capital on February 14, 2018 from ₹ 3,50,00,00,000 comprising 1,75,00,00,000 equity shares to ₹ 3,70,00,00,000 comprising 1,85,00,00,000 equity shares.

2. Our Company pursuant to a preferential allotment, allotted 2,49,33,574 and 3,01,26,589 equity shares on February 15, 2018 and February 22, 2018, respectively.

3. On February 27, 2018, our Company made a preferential allotment of 92,69,719 equity shares of face value of ₹ 2 each at a price of ₹1726.05 per equity share aggregating to ₹1,600 crore.

Results of operations

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

(in ₹ crore)

	For the year ended March 31,		
	2015	**2016**	**2017**
INCOME			
Operating Income	26,668.98	28,883.08	31,764.82
Fees and Other Charges	290.90	374.23	346.24
Profit on Sale of Investments	441.28	1,647.81	1,001.73
Other Income	69.70	51.45	46.81
	27,470.86	**30,956.57**	**33,159.60**
EXPENDITURE AND CHARGES			
Interest and Other Charges	17,975.09	19,374.51	20,896.20
Staff Expenses	328.46	349.09	388.80
Establishment Expenses	85.76	84.19	86.22
Other Expenses	262.63	271.40	305.78
Depreciation and Amortisation	29.78	54.28	55.96
Provision for Contingencies	165.00	715.00	700.00
	18,846.72	**20,848.47**	**22,432.96**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**8,624.14**	**10,108.10**	**10,726.64**
PROFIT BEFORE TAX	8,624.14	10,108.10	10,726.64
Less : Provision for Tax	2,634.00	3,015	3,284
Less : Provision for Fringe Benefit Tax	0	0	0
PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION	**5,990.14**	**7,093.10**	**7,442.64**

The table below sets forth, as of the dates indicated, the Issuer's standalone balance sheet:

Particulars	**As of March 31**		
	2015	**2016**	**2017**

Particulars	As of March 31		
	2015	2016	2017
ASSETS:	**(in ₹ crore)**		
Cash and balances with banks	3,364.65	5,320.67	6,318.80
Loans	2,27,700.12	2,58,658.24	2,95,733.84
Other Investments	5,935.49	7,156.75	12,078.07
Equity Investments in Subsidiaries and Associates	8,358.85	8,188.68	8,332.03
Fixed Assets	676.96	664.53	642.34
Deferred tax asset (net)	-	-	-
Other assets	6,994.25	7,530.09	7,488.99
Corporate Deposits	921.34	1,357.66	5,763.82
Total Assets	**2,53,951.66**	**2,88,876.62**	**3,36,357.89**
LIABILITIES:			
Debt securities in issue	90,657.55	95,118.20	1,19,246.52-
Public Deposits	66,705.96	74,670.24	86,574.24
Other Borrowed Funds	51,853.44	68,528.59	74,712.78
Current liabilities	6,937.48	8,958.51	9,072.59
Provisions	4,189.78	4,964.42	2,512.54
Other long term liabilities	2,436.81	1,613.39	2,205.26
Deferred tax liability (net)	200.67	902.21	2,388.58
Total Liabilities	**2,22,981.69**	**2,54,755.56**	**2,96,712.51**
SHAREHOLDERS' EQUITY:			
Ordinary shares	314.94	315.97	317.73
Securities premium	10,256.81	10,133.82	10,240.49
Other reserves	20,398.22	23,671.27	29,087.16
Total shareholders' equity	**30,969.97**	**34,121.06**	**39,645.38**
Total of Equity and Liabilities	**2,53,951.66**	**2,88,876.62**	**3,36,357.89**

Financial Results for the nine months ended December 31, 2017 and 2016

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

	For the nine months ended December 31,	
	2016	2017 (unaudited)
INCOME		
Operating Income	23,449.89	25,401.17
Fees and Other Charges	207.76	79.87
Profit on Sale of Investments	953.11	83.76
Other Income	34.33	32.97
	24,645.09	**25,597.77**
EXPENDITURE AND CHARGES		
Finance cost	15,658.26	16,524.12
Employee Benefit Expenses	302.70	329.54
Establishment Expenses	69.13	74.04
Other Expenses	232.25	279.14
Depreciation and Amortisation	42.31	35.17
Provision for Contingencies	552.00	275.00
	16,856.65	**17,517.01**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**7,788.44**	**8,080.76**
Exceptional Items	0	3,675.31
PROFIT BEFORE TAX	7,788.44	11,756.07
Less : Provision for Tax	2,390.00	2,429.00
Less : Provision for Fringe Benefit Tax	0	0
PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION	**5,398.44**	**9,327.07**

Results of nine months ended December 31, 2017 compared to nine months ended December 31, 2016

The Issuer's loan book increased from ₹2,86,876 crore as at December 31, 2016 to ₹3,42,136 crore as at December 31, 2017, which is a growth of 19.26%, net of loans sold. The Issuer's expenditure and charges increased by 3.92% from ₹16,856.65 crore as at December 31, 2016 to ₹17,517.01 crore as at December 31, 2017.

Income

Particulars	For the nine months ended December 31,	
	2016	2017 (unaudited)
	(in ₹ crore)	
Operating Income	23,449.89	25,401.17
Fees and Other Charges	207.76	79.87
Profit on Sale of Investments	953.11	83.76
Other Income	34.33	32.97
Total	**24,645.09**	**25,597.77**

In the nine months ended December 31, 2017 the Issuer's income increased by 3.87% from ₹ 24,645.09 crore as at December 31, 2016 to ₹25,597.77 crore. This was primarily due to an increase in the Issuer's operating income from ₹23,449.89 crore as at December 31, 2016 to ₹25,401.17 crore as at December 31, 2017, which is an increase of 8.32%.

For nine months ended December 31, 2017 the profit on sale of investments (other than exceptional items) stood at ₹83.76 crore as compared to ₹953.11 crore in nine months ended December 31, 2016.

Exceptional income

In the nine months ended December 31, 2017, the Issuer offered ₹19,12,46,050 equity shares of ₹10 each of its subsidiary HDFC Standard Life Insurance Company Limited ("**HDFC Life**"), representing 9.52% of its issued and paid up share capital, in the initial public offering of HDFC Life, resulting in a profit of ₹5,250.31 crore (net of estimated expanses, which are yet to be crystalised).

In accordance with past practice and with the objective of further strengthening its balance sheet, the Issuer created an additional special provision (as a charge to the statement of profit and losses) of ₹1,575.00 crore, representing 30% of the pre-tax gaining on the transaction.

Expenditure and charges

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

Particulars	**For the nine months ended December 31,**	
	2016	**2017 (unaudited)**
	(in ₹crore)	
Finance Cost	15,658.26	16,524.12
Employee Benefit Expenses	302.70	329.54
Establishment Expenses	69.13	74.04
Other Expenses	232.25	279.14
Depreciation and Amortisation	42.31	35.17
Provisions for Contingencies	552.00	275.00
Total	**16,856.65**	**17,517.01**

For the nine months ended December 31, 2017, the Issuer's expenditure and charges have increased from ₹16,856.65 crore for the nine months ended December 31, 2016 to ₹17,517.01 crore primarily on account of an increase in interest and other charges.

Profit for the year

The total profit before tax for the nine months ended December 31, 2017, stood at ₹11,756.07 crore as compared to ₹7,788.44 crore for the nine months ended December 31, 2016. After providing ₹ 2,429 crore for taxes, the net profit was ₹9,327.07 crore as at December 31, 2017 as compared to ₹5,398.44 crore for the nine months ended December 31, 2016, representing a growth of 72.77% primarily on account of the proceeds of the initial public offering of HDFC Life.

Analysis of profits

For the nine months ended December 31, 2017, profit before considering profit on sale of investments and exceptional items and tax stood at ₹7,997.00 crore compared to ₹6,835.33 crore for the nine months ended December 31, 2016. After providing ₹2,429.00 crore for taxes, the net profit after tax for the nine months ended December 31, 2017, increased by 72.77% to ₹9,327.07 crore as compared to ₹5,398.44 crore for the nine months ended December 31, 2016.

Analysis of Profit Before Tax	**For the nine months ended December 31,**	
	2016 (unaudited)	**2017 (unaudited)**
	(in ₹crore)	
Profit before Tax as Reported	7,788.44	11,756.07
Less: Profit on Sale of Investments	953.11	83.76
Less: Exceptional Items	-	3,675.31
Profit Before Exceptional Income and Profit on Sale of Investments	6,835.33	7,997.00

Spread on loans

Spread on loans	**For the nine months ended December 31**	
	2016	**2017 (unaudited)**
	(in ₹crore)	
Spread on loans over the cost of borrowings	2.34%	2.29%
Spread on individual loans	2.02%	1.91%
Spread on non-individual loans	3.09%	3.10%.

Results of Fiscal 2017 compared to Fiscal 2016

The Issuer's loan book also increased from ₹2,59,224.40 crore in Fiscal 2016 to ₹2,96,471.85 crore in Fiscal 2017, which is a growth of 14%, net of loans sold. The Issuer's expenditure and charges increased from ₹20,848.47 crore in Fiscal 2016 to ₹ 22,432.96 crore in Fiscal 2017, which is an increase of 7.6%.

Income

Particulars	Fiscal	
	2016	**2017**
	(in ₹ crore)	
Operating Income	28,883.08	31,764.82
Fees and Other Charges	374.23	346.24
Profit on Sale of Investments	1,647.81	1,001.73
Other Income	51.45	46.81
Total	**30,956.57**	**33,159.60**

In Fiscal 2017 the Issuer's income increased by 7.12% from ₹ 30,956.57 crore in Fiscal 2016 to ₹33,159.60 crore. This was primarily due to an increase in the Issuer's operating income from ₹29,257.31 crore in Fiscal 2016 to₹32,111.06 crore in Fiscal 2017, which is an increase of 9.75%.

In Fiscal 2017 the profit on sale of investments stood at ₹1,001.73 crore as compared to ₹ 1,647.81 crore in Fiscal 2016. Profit on sale of investments in Fiscal 2017 include ₹ 919.90 crore on account of sale of equity shares of HDFC ERGO General Insurance Company Ltd .(Subsidiary Company) and Profit on sale of investments in Fiscal 2016 include ₹1513.41 crore on account of sale of equity shares of HDFC Standard Life Insurance Company Ltd (Subsidiary Company).

Exceptional income

The Issuer had no exceptional income for Fiscal 2017 and Fiscal 2016.

Expenditure and charges

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

Particulars	Fiscal	
	2016	**2017**
	(in ₹ crore)	
Finance Cost	19,374.51	20,896.20
Employee Benefit Expenses	349.09	388.80
Establishment Expenses	84.19	86.22
Other Expenses	271.40	305.78
Depreciation and Amortisation	54.28	55.96
Provisions for Contingencies	715.00	700.00
Total	**20,848.47**	**22,432.96**

In Fiscal 2017, the Issuer's expenditure and charges have increased from ₹ 20,848.47 crore in Fiscal 2016 to ₹ 22,432.96 crore primarily on account of an increase in interest and other charges.

Profit for the year

The total profit before tax for the year ended March 31, 2017, stood at ₹10,726.64 crore as compared to ₹ 10,108.10 crore for the year ended March 31, 2016. After providing ₹ 2,789.00 crore for taxes, the net profit before adjustment of DTL on special reserve was ₹7,937.64 crore for the year ended March 31, 2017 as compared to ₹7,235.10 crore for the year ended March 31, 2016, representing a growth of 9.71%. After providing for ₹495.00 crore for DTL on special reserve, the profit after tax for the year ended March 31, 2017 stood at ₹7,442.64 crore.

Deferred tax liability on special reserve

The NHB, *vide* circular dated May 27, 2014, directed HFCs to provide for DTL in respect of special reserve created under section 36(1)(viii) of the IT Act.

The balance in the special reserve at the beginning of Fiscal 2015 was ₹6,467.18 crore. By way of its circular dated August 22, 2014, NHB permitted HFCs to create DTL in respect of the opening balance in special reserve over a period of three years, in a phased manner in the ratio of 25:25:50 from the reserves.

In accordance with the NHB circular (NHB(ND)/DRS/Policy/Circular 65/2014-15) dated August 22, 2014, the Issuer has created 50% of DTL of ₹1,119.08 crore on the balance of accumulated Special Reserve as on April 1, 2014, by debiting the General Reserve.

The deferred tax liability on the amount of special reserve appropriated out of the profits of the Issuer for Fiscal 2017 was ₹432.00 crore. This has been taken into account in determining the effective tax rate which has been used in determining the tax charge on the income of the Issuer for the year ended March 31, 2017. After taking this into account, the effective tax rate for Fiscal 2017 increased to 30.6% as compared to 29.8% in Fiscal 2016.

The regulator NHB, as a matter of abundant prudence requires HFCs to create DTL on the amount appropriated to special reserve. The Issuer believes that the special reserve will never be utilised for payment of dividend or any other purpose and believe that the Issuer has adequate other reserves for meeting any such requirements if so needed at a later stage.

Analysis of profits

For the year ended March 31, 2017, profit before considering profit on sale of investments and exceptional items and tax stood at ₹9,724.91 crore compared to ₹8,460.29 crore for the year ended March 31, 2016. After providing ₹3,284.00 crore for taxes, the net profit after tax for the year ended March 31, 2017, increased by 5% to ₹ 7,442.64crore as compared to ₹ 7,093.10 crore for the year ended March 31, 2016.

Analysis of Profit After Tax	**For the year ended March 31**	
	2016	**2017**
	(in ₹crore)	
Profit before Tax as Reported	10,108.10	10,726.64
Less: Profit on Sale of Investments	1,647.81	1,001.73
Less: Exceptional Income	0	0
Profit Before Exceptional Income and Profit on Sale of Investments	8,460.29	9,724.91

Spread on loans

Spread on loans	**For the year ended March 31**	
	2016	**2017**
	(in ₹crore)	
Average yield on loan assets	11.22%	10.64%
Average all-inclusive cost of funds	8.93%	8.31%
Spread on loans over the cost of borrowings	2.29%	2.33%
Spread on individual loans	1.94%	1.99%
Spread on non-individual loans	3.10%	3.09%

Financial condition

Current assets, loans and advances

The table below sets forth the details of the Issuer's current assets, loans and advances for the periods mentioned:

Particulars	**As of March 31**	
	2016	**2017**
Current Assets	***(in ₹crore)***	
Sundry Debtors (Unsecured: Considered good)	144.66	109.48
Sub Total	**144.66**	**109.48**
Cash and Bank Balances		
Cash and Cheques on Hand	55.12	100.31
Current Accounts	2,582.98	108.59

Particulars	As of March 31	
	2016	2017
Deposit Accounts	2165.10	6060.00
With RBI	0	0
With National Housing Bank	0	0
Earmarked balance with banks	517.47	49.9
Sub Total	**5,320.67**	**6,318.80**
Short Term Loans and Advances		
Current maturities of long-term loans and advances	23,577.61	28,282.41
Corporate Bodies	2,210.09	3,510.00
Current maturities of Staff Loans - others -Secured; Considered good	4.81	5.10
Corporate Deposits	1,353.86	2,807.80
Installments due from borrowers - Secured; Considered good	987.55	1,039.65
Other Advances recoverable in cash or kind or for value to be received - Unsecured; Considered good	31.80	32.86
Prepaid Expenses - Unsecured; Considered good	139.55	129.83
Security Deposits - Unsecured; Considered good	8.47	6.08
Sub Total	**28,313.74**	**35,813.73**
Other Current Assets		
Interest accrued on interest rate swaps	-	556.88
Receivables on Securitised Loans	68.27	91.62
Receivables on Sale of Investments	1,705.62	-
Interest accrued but not due on Loans	583.02	309.82
Interest accrued and due on Loans	0.01	1.52
Income accrued but not due on Investments	137.13	102.97
Interest accrued but not due on Corporate Deposits	205.64	100.02
Interest accrued and due on Corporate Deposits	1.10	-
Application money – Investments	-	-
Sub Total	**2,700.79**	**1,162.83**
Total	**36.479.86**	**43,404.84**

The Issuer's current assets, short term loans and advances increased by 18.98% from ₹36,479.86 crore as of March 31, 2016 to ₹43,404.84 crore as of March 31, 2017, primarily due to an increase in the current maturities of loans and advances and a decrease in balances in current accounts, deposit accounts and corporate deposits.

Investments

As of March 31, 2017, the investment portfolio stood at ₹ 20,410.10 crore as against ₹15,345.43 crore as of March 31, 2016.

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

Particulars	As of March 31, 2016	As of March 31, 2017
	(in ₹ crore)	
Equity Shares - Subsidiaries and Associate Companies	8,188.68	8,332.03
Preference Shares - Convertible - Subsidiary Company	67.00	67.00
Debentures - Redeemable - Subsidiary Company	0	0
Debentures Convertible - Subsidiary Company	310.18	118.00
Debentures - Convertible - Subsidiary Companies - For Financing Real Estate Projects – Redeemable	0	265.18
Equity Shares - Others	633.12	757.40
Preference Shares - Convertible - Others	0.50	0
Preference Shares - Cumulative Redeemable - Others	5.99	5.99
Debentures and Bonds – Convertible Others	0	0
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	63.33	63.33
Debentures and Bonds – Redeemable - Others	25.00	25.00
Pass Through Certificates & Security Receipts - for Financing Real Estate Projects	41.56	767.14

Particulars	As of March 31, 2016	As of March 31, 2017
	(in ₹ crore)	
Security Receipts – Others	11.73	12.34
Government Securities	5,259.53	6,411.48
Mutual Funds	10.00	3,020.00
Venture Funds & Other Funds	442.02	589.97
Properties (Net of Depreciation)	377.42	357.30
	15,436.06	20,792.16
Less: Provision for Diminution	(90.63)	(382.06)
Total	**15,345.43**	**20,410.10**

The table below sets forth the book value and the market value of the Issuer's investments as of March 31, 2017 and March 31, 2016 (as previous year):

Particulars	Book Value	Market Value
	(in ₹ crore)	
Aggregate of Quoted Investments	5,885.70	65,836.12
Previous year	5,817.40	47.397.58
Aggregate of Investments listed but not quoted	6,499.81	
Previous year	5,322.86	
Aggregate of Investments in Unquoted Mutual Funds*	3,020	3,020.97
Previous year	10.00	10.35
Aggregate of Unquoted Investments	4,667.79	
Previous year	3,817.75	
Properties	336.80	
Previous year	377.42	
Total	**20,410.10**	
Previous year	15,345.43	

**The market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.*

Results of Fiscal 2016 compared to Fiscal 2015

In Fiscal 2016, the Issuer's loan book increased from ₹2,28,180.86 crore in Fiscal 2015 to ₹2,59,224.40 crore, which is a growth of 14%, net of loans sold. The Issuer's expenditure and charges increased from ₹18,846.72 crore in Fiscal 2015 to ₹ 20,848.47 crore in Fiscal 2016, which is an increase of 10.62%.

Income

Particulars	Fiscal	
	2015	2016
	(in ₹ crore)	
Operating Income	26,668.98	28,883.08
Fees and Other Charges	290.90	374.23
Profit on Sale of Investments	441.28	1,647.81
Other Income	69.70	51.45
Total	**27,470.86**	**30,956.57**

The Issuer's income for Fiscal 2016 increased by 12.69% from ₹27,470.86 crore in Fiscal 2015 to ₹30,956.57 crore.

This was primarily due to an increase in the Issuer's operating income from ₹26,959.88 crore in Fiscal 2015 to ₹29,257.31 crore in Fiscal 2016, which is an increase of 8.52%.

In Fiscal 2016 profit on sale of investments stood at ₹1,647.81 crore as compared to ₹441.28 crore in Fiscal 2015. Profit on sale of investments includes ₹1,513.41 crore on account of sale of equity shares of HDFC Standard Life Insurance Company Ltd.

Exceptional income

The Issuer had no exceptional income for the Fiscal 2016 and Fiscal 2015.

Expenditure and charges

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

Particulars	**Fiscal**	
	2015	**2016**
	(in ₹ crore)	
Interest and Other Charges	17,975.09	19,374.51
Staff Expenses	328.46	349.09
Establishment Expenses	85.76	84.19
Other Expenses	262.63	271.40
Depreciation and Amortisation	29.78	54.28
Provisions for Contingencies	165.00	715.00
Total	**18,846.72**	**20,848.47**

In Fiscal 2016, the Issuer's expenditure and charges have increased from ₹ 18,846.72 crore in Fiscal 2015 to ₹ 20,848.47 crore primarily on account of increase in interest and other charges and in provisions for contingencies.

Profit for the year

The total profit before tax for the year ended March 31, 2016, stood at ₹10,108.10 crore as compared to ₹8,624.14 crore for the year ended March 31, 2015 – an increase of 17%. After providing ₹ 3,015.00 crore for taxes, the profit after tax for the year ended March 31, 2016 stood at ₹7,093.10 crore as compared to ₹ 5,990.14 crore for the year ended March 31, 2015, representing an increase of 18%.

Analysis of profits

For the year ended March 31, 2016, profit before considering profit on sale of investments and exceptional items and tax stood at ₹8,460.29 crore compared to ₹8,182.86 crore for the year ended March 31, 2015. After providing ₹3,015.00 crore for taxes, the net profit after tax for the year ended March 31, 2016, increased by 18% to ₹7,093.10 crore as compared to ₹5,990.14 crore for the year ended March 31, 2015.

Analysis of Profit After Tax	**For the year ended March 31**	
	2015	**2016**
	(in ₹ crore)	
Profit Before Tax as Reported	8,624.14	10,108.10
Less: Profit on Sale of Investments	441.28	1,647.81
Less: Exceptional Income	0.00	0.00
Profit Before Exceptional Income and Profit on Sale of Investments	8,182.86	8,460.29

Spread on loans

Spread on loans	**For the year ended March 31**	
	2015	**2016**
	(in ₹ crore)	
Average yield on loan assets	11.78%	11.22%
Average all-inclusive cost of funds	9.46%	8.93%
Spread on loans over the cost of borrowings	2.32%	2.29%
Spread on individual loans	1.96%	1.94%
Spread on non-individual loans	3.10%	3.10%

Financial condition

Current assets, loans and advances

The table below sets forth the details of the Issuer's current assets, loans and advances for the periods mentioned:

Particulars	**As of March 31**	
	2015	**2016**

	(in ₹crore)	
Current Assets		
Sundry Debtors (Unsecured: Considered good)	46.18	144.66
Sub Total	46.18	**144.66**
Cash and Bank Balances		
Cash and Cheques on Hand	95.43	55.12
Current Accounts	61.50	2,582.98
Deposit Accounts	3,180.02	2,165.10
With RBI	0	0
With National Housing Bank	0	0
Earmarked balance with banks	27.7	517.47
Sub Total	**3,364.65**	**5,320.67**
Short term Loans and Advances		
Current maturities of long-term loans and advances	23,569.97	23,577.61
Corporate Bodies	2,449.72	2,210.09
Current maturities of Staff Loans - others -Secured; Considered good	4.35	4.81
Corporate Deposits	921.34	1,353.86
Installments due from borrowers - Secured; Considered good	900.88	987.55
Other Advances - Unsecured; Considered good	33.26	31.80
Prepaid Expenses - Unsecured; Considered good	99.22	139.55
Security Deposits - Unsecured; Considered good	7.23	8.47
Sub Total	**27,985.97**	**28,313.74**
Other Current Assets		
Receivables on Securitised Loans	53.30	68.27
Receivables on Sale of Investments	0	1,705.62
Interest accrued but not due on Loans	343.13	583.02
Interest accrued and due on Loans	0.22	0.01
Income accrued but not due on Investments	166.81	137.13
Interest accrued but not due on Corporate Deposits	11.12	205.64
Interest accrued and due on Corporate Deposits	0.72	1.10
Application money - Investments	-	-
Sub Total	**575.30**	**2,700.79**
Total	**31,972.10**	**36,479.86**

The Issuer's current assets, loans and advances increased by 14.10% from ₹31,972.10 crore as of March 31, 2015 to ₹36,479.86 crore as of March 31, 2016.

Investments

As of March 31, 2016, the investment portfolio stood at ₹15,345.43 crore as against ₹14,294.34 crore as of March 31, 2015.

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

Particulars	**As of March 31, 2015**	**As of March 31, 2016**
	(in ₹ crore)	
Equity Shares - Subsidiaries and Associate Companies	8,358.85	8,188.68
Preference Shares - Convertible - Subsidiary Company	67.00	67.00
Debentures - Redeemable - Subsidiary Company	79.00	0
Debentures Convertible - Subsidiary Company	0	310.18
Debentures - Convertible - Subsidiary Companies - For Financing Real Estate Projects – Redeemable	265.18	0

Particulars	As of March 31, 2015	As of March 31, 2016
	(in ₹ crore)	
Equity Shares - Others	597.70	633.12
Preference Shares - Convertible - Others	0.50	0.50
Preference Shares - Cumulative Redeemable - Others	5.99	5.99
Debentures and Bonds – Convertible Others	0	0
Debentures and Bonds - for Financing Real Estate Projects	163.33	63.33
Debentures and Bonds – Redeemable Others	30.00	25.00
Pass Through Certificates & Security Receipts - for Financing Real Estate Projects	50.21	41.56
Security Receipts - Others	8.11	11.73
Government Securities	4,087.64	5,259.53
Mutual Funds	10.00	10.00
Venture Funds & Other Funds	378.34	442.02
Properties (Net of Depreciation)	270.93	377.42
	14,372.78	**15,436.06**
Less: Provision for Diminution	(78.44)	(90.63)
Total	**14,294.34**	**15,345.43**

The table below sets forth the book value and the market value of the Issuer's investments as of March 31, 2016 and March 31, 2015 (for the previous year):

Particulars	Book Value	Market Value
	(in ₹ crore)	
Aggregate of Quoted Investments	5,817.40	47,397.58
Previous year	5,806.92	45,661.78
Aggregate of Investments listed but not quoted	5,322.86	
Previous year	4,260.97	
Aggregate of Investments in Unquoted Mutual Funds *	10.00	10.35
Previous year	10.00	10.20
Aggregate of Unquoted Investments	3,817.75	
Previous year	3,945.52	
Properties	377.42	
Previous year	270.93	
Total	**15,345.43**	
Previous year	14,294.34	

**The market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.*

Liquidity and capital resources

The Issuer 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 Issuer 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. The Issuer's position with respect to the guidelines is as follows: As of December 31, 2017 the Issuer's capital adequacy ratio stood at 16.9% of the risk weighted assets, (of which Tier 1 capital was 14.5% and Tier 2 capital was 2.4%) as against the minimum requirement of 12%. The Issuer is in compliance with the limits prescribed by NHB in respect of concentration of credit, exposure to investment in real estate and capital market exposure.

The Issuer 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 Issuer 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 Issuer's credit rating in particular, the Issuer may be unable to secure funding at competitive rates*" on page 40 of this Placement Document.

If additional funds are raised through issuance of equity securities, the percentage ownership of the Issuer'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.

Cash flow

	Year Ended March 31,		
	2015	**2016**	**2017**
	(in ₹ crore)		
Net cash from / (used in) operating activities	(25,469.23)	(27,404.59)	(33,563.86)
Net cash from / (used in) investing activities	196.64	849.56	(3,945.71)
Net cash from / (used in) financing activities	22,392.00	26,301.36	39,087.86
Net increase/(decrease) in cash and cash equivalents	(2,880.59)	(253.66)	1,578.29
Exchange difference on bank balance	2.80	3.71	(7.48)
Cash and cash equivalents at the beginning of the year	5,634.72	2,888.05	2,638.10
Cash and cash equivalents at the end of the year	2,756.93	2,638.10	4,208.90

The balance in "Cash and cash equivalent at the beginning of the year" as at April 1, 2015 has been regrouped to make it comparable to the other years presented.

Investing activities

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. Mr. Deepak Parekh, Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan are members of the Committee.

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 September 30, 2017, the investment portfolio stood at ₹25,105.36 crore and the proportion of investments to total assets was 7.01%. As of March 31, 2017, the investment portfolio stood at ₹20,410.10 crore as against ₹15,345.43 crore as of March 31, 2016 and ₹14,294.34 as at March 31, 2015. The proportion of investments to total assets was 6.07% as of March 31,2017, 5.31% as of March 31, 2016 and 5.63% as of March 31, 2015.

HFCs are required to maintain a statutory liquidity ratio ("**SLR**") in respect of public deposits raised. Currently the SLR requirement is 12.5% of public deposits. As of March 31, 2017, the Issuer held ₹2,063 crore in bonds issued by NHB and bank deposits, and₹6,506 crore in government securities.

As of March 31, 2017, the treasury portfolio (excluding investments in equity shares) had an average balance period to maturity of 31.59 months. The average yield on the non-equity portfolio for the year ended March 31, 2017 was 8.71% per annum.

The Issuer has classified its investments into current and long-term investments. The current investments have been entirely 'marked to market'. In respect of long-term investments, provisions have been made to reflect any permanent diminution in the value of investments. The aggregate provision on account of such current and long-term investments stood at ₹382 crore as of March 31, 2017. After considering the opening balance of ₹90.63 crore in the diminution in the value of investments account, a provision for contingencies of ₹291.43 crore was made in the statement of profit and loss during the year ended March 31, 2017.

As of March 31, 2017, the market value of quoted investments was higher by ₹81,514 crore as compared to the value at which these investments are reflected in the balance sheet. This unrealised gain includes appreciation in the market value of investments held by HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited. It, however, excludes the unrealised gains on the unlisted investments, such as HDFC ERGO General Insurance Company Limited, amongst others.

Indebtedness

The following table sets forth the details of the Issuer's indebtedness as of the dates mentioned:

(in ₹ crore)

Particulars	**As of March 31,**			**As of September 30,**
	2015	**2016**	**2017**	**2017 (unaudited)**
LONG - TERM BORROWINGS				
Bonds and Debentures	60,192.20	63,267.20	95,026.36	1,11,355.95
Term Loans:				
Banks	6,378.01	5,415.69	2,432.00	1,550.00
External Commercial Borrowing - Low Cost Affordable Housing	1,884.00	5,318.40	7,619.87	7,670.40
Others	1,300.15	2,104.66	4,145.83	4,723.74
Deposits	27,847.98	33,186.30	40,838.17	41,315.53
Total	**97,602.34**	**1,09,292.25**	**1,50,062.23**	**1,66,615.62**
OTHER LONG - TERM LIABILITIES				
Interest accrued but not due on borrowings	772.20	974.58	1,443.52	1,011.13
Total	**772.20**	**974.58**	**1,443.52**	**1,011.13**
SHORT-TERM BORROWINGS				
Loans repayable on demand:				
From Banks - Unsecured	116.46	-	-	199.34
Deposits - Unsecured	2,822.05	3,786.19	2,687.05	6,974.67
Other loans and advances:				
Scheduled Banks - Secured	4,660.00	10,800.00	2,000.00	3,000.00

Particulars	As of March 31,			As of September 30,
	2015	**2016**	**2017**	**2017 (unaudited)**
National Housing Bank - Secured	-	-	-	0
Scheduled Banks - Unsecured	-	1,190.00		60.00
Commercial Papers - Unsecured	25,659.20	25,726.49	37,443.28	31,286.52
Total	**33,257.71**	**41,502.68**	**42,130.33**	**41,520.53**
OTHER CURRENT LIABILITIES				
Current maturities of long-term borrowings	77,738.98	86,968.01	87,539.59	91,301.75
Interest accrued but not due on borrowings	5,409.65	5,553.58	6,359.50	8,084.12
Interest accrued and due on matured deposits	78.70	74.35	107.20	108.16
Unclaimed matured deposits	617.92	554.09	801.39	857.96
Other current liabilities	1361.33	3207.66	2458.18	**1,899.45**
Total	**85,206.58**	**96,357.69**	**97,265.86**	**1,02,251.44**

As of September 30, 2017, the total loans outstanding from banks, financial institutions and the NHB amounted to ₹39,041 crore. As of March 31, 2017, the total loans outstanding from banks, financial institutions and the NHB amounted to ₹37,269.51 crore as compared to ₹42,678.32 crore as of March 31, 2016 and to ₹26,194.24 as at March 31, 2015.

During Fiscal 2017, the Issuer raised ₹44,546 crore through the issue of non-convertible debentures. In Fiscal 2017 the Issuer raised ₹ 5,000 crore through various issues of Rupee Denominated Bonds to overseas investors. In particular, the Issuer also established a Medium Term Note Programme (MTN Programme) of up to USD 750 million so as to enable the Issuer to issue debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Issuer raised ₹3,300 crore through the issuance of Rupee Denominated Bonds to overseas investors through the approval route. The subordinated debt was assigned the highest rating of ‘CRISIL AAA/Stable’ and ‘ICRA AAA/Stable’ by CRISIL and ICRA respectively.

As of March 31, 2017, the Issuer's outstanding subordinated debt stood at ₹5,500 crore. The debt is subordinated to present and future senior indebtedness of the Issuer and qualifies as Tier II capital under National Housing Bank (**NHB**) guidelines for assessing capital adequacy. Based on the balance term to maturity, as of March 31, 2017, 83.64% of the book value of subordinated debt was considered as Tier II under the guidelines issued by NHB for the purpose of capital adequacy computation.

The Issuer'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 Issuer intends to continue to utilize long-term debt.

Non convertible debentures

During Fiscal 2017, the Issuer raised ₹44,546 crore through the issue of non-convertible debentures on a private placement basis in multiple tranches to investors. The Issuer's non-convertible debentures have been listed on the Wholesale Debt Market segment of NSE and BSE. The non-convertible debentures have been assigned the highest rating of 'CRISIL AAA/Stable' and ‘ICRA AAA/Stable’, by CRISIL and ICRA respectively.

Debt – equity ratio

The gross debt to equity ratio of the Issuer as at September 30, 2017 was 7.35:1 as compared to 7.06:1 as at March 31, 2017.

Interest coverage ratio

The following table sets the Issuer's interest coverage ratio as at September 30, 2017 and as at March 31, 2017 on a standalone basis.

	As at September 30, 2017 **(unaudited)**	**As at March 31 2017**
Interest coverage ratio (%)	133.52	135.88

Contractual commitments

As at September 30, 2017 and March 31, 2017, the Issuer did not have any contractual commitments other than in the ordinary course of business.

Fixed assets and intangible assets

On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets except computers, data processing equipment and vehicles. Leasehold land is amortised over the duration of the lease. The revised useful lives, as assessed by management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than computer hardware and vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

Fixed assets as of September 30, 2017 amounted to ₹641.74 crore and as at March 31, 2017 amounted to ₹642 crore compared to ₹665 crore as of March 31, 2016.

Provision for contingencies

As of September 30, 2017, the Issuer has made a provision for contingencies of ₹3,235 crore against a provision of ` 3,119 crore in same period of the previous year. This provision was mainly in respect of non performing loans and standard assets. During Fiscal 2017, the Issuer has made a provision for contingencies of ₹700.00 crore against a provision in Fiscal 2016 for an amount of ₹ 715.00 crore. This provision was mainly in respect of standard assets and additional special provision. This special provision was done voluntarily and not on account of any regulatory requirement.

As per the prudential norms prescribed by NHB, the Issuer is required to carry a provision of ₹2,396 crore as of March 31, 2017 in respect of non-performing assets and a general provision on outstanding standard non-housing loans. As a matter of prudence, however, over the years, the Issuer has been transferring additional amounts to the provision for contingencies account.

During the year ended March 31, 2017, the Issuer utilised ₹328.69 crore (net) out of the balance in provision for contingencies primarily on account of provision in diminution of value of investments and loan write-offs. After taking into account the transfers as well as the net utilisation, the balance in provision for contingencies as of March 31, 2017 stood at ₹3,066.65 crore, including provision for non-performing loans of ₹738.01 crore. The balance in the provision for contingencies stood at 1.02% of the loan portfolio as of March 31, 2017.

Recoveries

In terms of the Issuer's accounting policies, an asset is a NPA if the interest or installment is overdue for 90 days.

Gross non-performing loans outstanding amounted to ₹3,701 crore as of September 30, 2017, constituting 1.14% of the loan portfolio. The principal outstanding in respect of individual loans where the installments were in arrears constituted 0.65% of the individual portfolio and the corresponding figure was 2.18% in respect of the non-individual portfolio. Gross non-performing loans outstanding amounted to ₹2,377.69 crore as of March 31, 2017, constituting 0.79% of the loan portfolio. The principal outstanding in respect of individual loans where the installments were in arrears constituted 0.61% of the individual portfolio and the corresponding figure was 1.16% in respect of the non-individual portfolio.

The Issuer has written off loans aggregating to ₹37.26 crore during Fiscal 2017. These loans have been written off pursuant to one-time settlements, where the Issuer 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 Issuer is exposed to various types of market risk, including changes in interest rates and foreign exchange rates, in the ordinary course of business. The Issuer entered into forward foreign exchange contracts and cross-currency 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 Issuer maintain its accounting records and prepare its financial statements in Indian Rupees.

Risk management

The Financial Risk Management and Hedging Policy as approved by the Issuer's Board sets limits for exposures on currency and interest rates. The Issuer manage 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 Issuer has to manage various risks associated with the mortgage business. These risks include credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Issuer 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 Issuer 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 dollar denominated assets, long term forward contracts, principal only swaps ("**POS**"), full currency swaps and currency options.

As of March 31, 2017, the Issuer had foreign currency borrowings of US$ 2,944 million equivalent. The entire principal on the foreign currency borrowings has been hedged by way of principal only swaps, currency options, forward contracts and risk management arrangements with financial institutions. As of March 31, 2017, the Issuer had no foreign currency exposure on borrowings net of risk management arrangements.

In addition, the Issuer has entered into cross currency swaps of a notional amount of US$ 49.42 million equivalent wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to benchmarks of the respective currencies. The total net foreign currency exposure on cross currency swaps is US$ 37.00 million. The open position stood at 0.09% of the Issuer's total borrowings.

As a part of asset liability management and on account of the predominance of the Issuer's adjustable rate home loan product as well as to reduce the overall cost of borrowings, the Issuer has entered into interest rate swaps wherein the Issuer has converted its fixed rate rupee liabilities of a notional amount of ₹30,655 crore as of March 31, 2017 for varying maturities into floating rate liabilities linked to various benchmarks.

Revaluation of foreign currency assets and liabilities

Assets and liabilities in foreign currencies net of risk management arrangements are converted at the rates of exchange prevailing at the year end, where not covered by forward contracts. Wherever the Issuer has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the exchange difference is being amortised over the life of the contract.

Cross currency interest rate swaps are recorded at the closing rate.

The net loss/gain on translation of long-term monetary assets and liabilities in foreign currencies is amortised over the maturity period of monetary assets and liabilities. 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.

As of March 31, 2017, an amount of ₹171.69 crore (net of future tax benefit of ₹59.00 crore) is carried forward in the foreign currency monetary item translation difference account. This amount is to be amortised over the period of the monetary assets/liabilities.

Asset-liability management ("ALM")

Under Schedule III of the Companies Act, 2013, the classification of assets and liabilities into current and non-current is based on their contracted maturities. However, the estimates based on past trends in respect of prepayments of loans, renewals of liabilities and liquid investments, which are in accordance with the ALM guidelines issued by NHB have not been taken into consideration while classifying the assets and liabilities under the Schedule III.

The Issuer'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 Issuer. Its ALM position is as under:

As of March 31, 2017, assets and liabilities with maturity up to one year amounted to ₹73,634 crore and ₹64,915 crore respectively. Asset and liabilities with maturity of between two years and five years amounted to ₹1,50,992 crore and ₹1,78,377 crore, respectively and assets and liabilities with maturity beyond five years amounted to ₹ 1,11,732 crore and ₹93,006 crore respectively.

The Issuer's loan book is predominantly floating rates whereas liabilities, especially deposits and non convertible debentures are fixed rates. In normal economic conditions, the fixed rate liabilities are converted into floating rate denominated liabilities by way of interest rate swaps. However, during the Fiscal 2017 due to the uncertain interest rate environment, short term rates continued to remain volatile and this was accentuated during the demonetisation period. This resulted in the cost of floating rate liabilities post the interest rate swap being higher than fixed rate liabilities. Hence, the Issuer did not convert a part of its liabilities to a floating rate basis to avoid the negative carry. The Issuer is monitoring the money market conditions and shall enter into interest rate swaps at an appropriate time to minimise the interest rate gap.

As of March 31, 2017, 88% of the assets and 70% of the liabilities were on a floating rate basis.

Further, the Issuer 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.

Exchange rate risk

Monetary assets and liabilities in foreign currencies net of risk management arrangement are revalued at the rate of exchange prevailing at the year end. Cross currency swaps have been marked to market at the year end. For forward contract or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. Loss on mark to market of cross currency interest rates swaps is recognised in the Profit and Loss Account and the net gains is not recognised keeping in view the principles of prudence as enumerated in Accounting Standard (AS1) notified by the Companies (Accounting Standards) Rules, 2006.

Taxation

The DTL on the amount of Special Reserve appropriated out of the profits of the Issuer for the Fiscal 2017 was ₹431.56 crore. This has been taken into account in determining the effective tax rate which has been used in determining the tax charge on the income of the Issuer for the year ended March 31, 2017. After taking this into account, the effective tax rate for the year increased to 30.6% as compared to 29.8% for Fiscal 2016.

Subsidiaries and Associates

Though housing remains the core business, the Issuer has continued to make investments in its Subsidiaries. These investments are made in companies where there are strong synergies with us. The Issuer 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 2017, the Issuer made gross investments in the equity capital of its Subsidiaries, HDFC Credila Financial Services Private Limited (₹55 crore) and HDFC ERGO General Insurance Company Limited (₹289 crore - of which ₹281 crore was towards funding the acquisition of L&T General Insurance Company Limited). In addition, during the year, the Issuer made investments in optionally convertible debentures in HDFC Education and Development Services Private Limited (₹38 crore), HDFC Realty Limited (₹20 crore) and HDFC Developers Limited (₹15 crore). On December 21, 2017, the Issuer has approved the sale of 100% of the equity share capital of HDFC Developers Limited and HDFC Realty Limited to Quikr India Private Limited. HDFC Developers Limited and HDFC Realty Limited has been sold on January 24, 2018[(1)].

The Issuer's shareholding (together with its nominees) in its key Subsidiaries and Associates, as at September 30, 2017 is as follows:

Entity	%
HDFC Investments Limited	100.0%
HDFC Holdings Limited	100.0%
HDFC Trustee Company Limited	100.0%
HDFC Property Ventures Limited	100.0%
HDFC Sales Private Limited	100.0%
HDFC Ventures Trustee Company Limited	100.0%
HDFC Credila Financial Services Private Limited(2)	81.54 %
HDFC Venture Capital Limited	80.50%
HDFC ERGO General Insurance Company Limited	50.79%
HDFC Standard Life Insurance Company Limited	61.32%
GRUH Finance Limited	58.00%
HDFC Asset Management Company Limited	59.99%
HDFC Bank Limited(3)	21.02%

Note:

(1) On December 21, 2017, the Issuer has completed the sale of 100% of the equity share capital of HDFC Developers Limited and HDFC Realty Limited to Quikr India Private Limited. HDFC Developers Limited and HDFC Realty Limited has been sold on January 24, 2018.

(2) The issuer holds 90.2% stake in HDFC Credila Financial Services Private Limited on a fully diluted basis as of September 30, 2017.

(3) inclusive of shareholding of HDFC Investments Limited and HDFC Holdings Limited.

Auditor Observations and Matters of Emphasis

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.

SUMMARY OF SIGNIFICANT DIFFERENCES AMONG INDIAN GAAP AND IND AS

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
1.	Presentation of Financial Statements	Other Comprehensive Income: There is no concept of 'Other Comprehensive Income' under Indian GAAP.	Other Comprehensive Income: Ind AS 1 introduces the concept of Other Comprehensive Income ("OCI"). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS.
		Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	Extraordinary items: Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		Change in Accounting Policies: Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	Change in Accounting Policies: Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
2.	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments.
3.	Property, plant and equipment - reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on straight line method over the useful lives of the assets estimated by the Management.	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
4.	Investment Property	Under Indian GAAP, Investment properties are classified as long term investments and measured at cost.	Under Ind AS 40, Investment properties are measured using the cost model. Fair value model is not permitted. However, detailed disclosures pertaining to fair value is required.
5.	Accounting for Employee benefits	Currently, all actuarial gains and losses are recognized immediately in the statement of profit and loss.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
6.	Accounting for investments in Subsidiaries/Associates/ JV in separate Financial Statements	Accounting for investments in subsidiaries is governed by Accounting Standard 13 depending on the classification of the investment as current or long term.	Accounting for investments in subsidiaries is governed by Ind AS 27 which gives an option to account the same at cost or in accordance with Ind AS 109.
7.	Consolidated Financial Statements	Under Indian GAAP the consolidation is driven by the reporting entity's control over its investees namely subsidiaries, associates and joint ventures. Control is: (a) the ownership, directly or indirectly through subsidiary(ies), of more than one- half of the voting power of an entity; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other entity so as to obtain economic benefits from its activities. Therefore, a mere ownership of more than 50 per cent of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under Ind AS.	Control is based on whether an investor has: (a) power over the investee; (b) exposure, or rights, to variable return from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amounts of the returns.
8.	Consolidation - Exclusion o f	Excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary/	Consolidated financial statements include all subsidiaries and equity accounted

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
	subsidiaries, associates and joint ventures	investment/interest in joint venture was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/ investor/venturer.	associates and joint ventures. No exemption for "temporary control", "different lines of business" or "subsidiary / associate / joint venture that operates under severe long- term funds transfer restrictions" except when the investment is determined as held for sale in accordance with Ind AS.
9.	Consolidation -Joint Ventures	Under Indian GAAP, Proportionate consolidation method is applied when the entity prepares consolidated financial statements.	The equity method, as described in Ind AS 28 is applied when the entity prepares consolidated financial statements.
10.	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted.	Under IND AS, provisions are recognised for legal as well as constructive obligations. IND AS requires discounting the provisions to present value, if the effect of time value of money is material.
11.	Share based payments	Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a disclosure for the fair valuation.	Under Ind AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit or Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings.
12.	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. Currently under Indian GAAP, interest subsidy is recognised when right to receive the payment is established and loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss.	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss, (FVTPL), or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, security receipts, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and FVOCI and the related revenue (including interest subsidy, processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			Interest subsidy and loan processing fees and/or fees of similar nature would be measured and recognized using the Effective Interest Rate (EIR) method over the period of loan. There are two measurement categories for financial liabilities - FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost & fees) have to be measured using the Effective Interest Rate (EIR) method. Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive.
13.	Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, lease receivables, contract assets within the scope of Ind AS 115 (currently deferred) and certain written loan commitments and financial guarantee contracts.
14.	The pooling of interests and purchase method	Amalgamations in the nature of purchase are accounted for by recording the identifiable assets and liabilities of the acquiree either at the fair values or at book values. Amalgamations in the nature of merger are accounted under the pooling of interests method.	All business combinations, other than those between entities under common control, are accounted for using the purchase method. An acquirer is identified for all business combinations, which is the entity that obtains control of the other combining entity. Business combination transactions between entities under common control should be accounted for using the 'pooling of interests' method.

INDUSTRY OVERVIEW

All data in this section is derived from (i) websites of and publicly available documents from various sources, including but not limited to, the RBI and the NHB, the Ministry of Finance, Ministry of Housing and Urban Affairs, (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.

Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness 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. Accordingly, investors should not place undue reliance on the information contained in this section.

Certain information set out below has been extracted from the report CRISIL Research – NBFC Report released in India in November 2017(the "Report") prepared by CRISIL Research, a division of CRISIL Limited (CRISIL). CRISIL has taken due care and caution in preparing the Report 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 / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. The Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of the 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 the Report or any information extracted therefrom. Without limiting the generality of the foregoing, nothing in the Report or the following discussion 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 Report 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 Report are those of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of the Report 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 year" are to the year ended, and as of, March 31.

Overview of the Indian economy

GDP and disposable income

The Indian economy is one of the largest economies in the world, with a GDP on purchasing power parity basis of an estimated US$ 9.447 trillion for the Fiscal 2017. *(Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html).*

Following an overall slowdown in India's rate of GDP growth in 2011, growth rebounded in 2014 through 2016, exceeding 7% each year, but slowed again in 2017. Per capita GDP in India has nevertheless grown from estimated US$ 6,400 in 2015 to an estimated US$ 7,200 for the year 2017. *(Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html).* The increase in per capita income has created increasing wealth and positively affected disposable incomes. This has consequently had a significant investment multiplier effect on the economy leading to increasing consumerism and wealth creation and thus positively impacting savings.

Investors' perceptions of India improved in early 2014, due to a reduction of the current account deficit and expectations of post-election economic reform, resulting in a surge of inbound capital flows and stabilization of the rupee. Since the election in 2014, the government has passed an important goods and services tax bill and raised foreign direct investment caps in some sectors, but most economic reforms have focused on administrative and governance changes largely because the ruling party remains a minority in India's upper house of Parliament, which must approve most bills. Despite a high growth rate compared to the rest of the world, India's government-owned banks faced mounting bad debt in 2015 and 2016, resulting in low credit growth and restrained economic growth. *(Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html).*

The real growth rate of GDP was 6.7% in Fiscal 2017 as compared to 7.1 % for the previous year. *(Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html).* In Fiscal 2017, GDP growth moderated due to slowdown in gross capital formation as waning business confidence and flagging entrepreneurial energies took their toll on the appetite for new investment. On the other hand, both government and private consumption accelerated and held up aggregate demand. *(Source: RBI's Annual Report 2016-2017).* The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, strong savings and investment rates, and increasing integration into the global economy. High demand growth in the mortgage market in India is driven by improved affordability as a result of rising disposable income and tax incentives (interest and principal repayments deductible). As per the 2011 census, only 31.16% of the total Indian population is urban. Increasing urbanization has also resulted in a higher demand for housing, and has spurred an increase in mortgage lending, given that the key market for HFCs is urban areas. *(Source: Ministry of Housing & Urban Affairs Annual Report 2012-13 available on http://mohua.gov.in/pdf/582d95857d0dbar_2012_13.pdf)* Despite a flourishing housing finance industry, India still faces a huge shortage of houses, especially in the urban areas. The share of urban population rose steadily from 28.8% in calendar year 2004 to ~33.5% in calendar year 2017. Urbanisation is expected to accelerate, and the proportion of urban population to reach ~40% in calendar year 2030.

Flagship government schemes such as 'Housing for All by 2022', Smart Cities Mission and Atal Mission for Rejuvenation and Urban Transformation are expected to help satisfy housing demand and improve urban infrastructure. (*Source: Ministry of Housing and Urban Affairs*). In the Indian finance budget for 2018, the Housing For All by 2022 scheme has been emphasised, with targets to build 1 crore houses in rural areas and 37 lakh houses in urban areas. The Saubhagya Scheme has set a target of connecting electricity to 4 crore houses. *(Source: https://mofapp.nic.in/budgetmicrosite/index.html)*

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.

Demographics

India's median population is below 28 years of age. *(Source: The World Factbook available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html).* The Indian housing finance market is largely driven by the aspirations of people in all income segments who desire to own a house early in their lives. The capacity of the lending institutions has grown over the years as the mortgage segment has proved to be promising and profitable and increasingly bankable. The market is growing on account of factors such as population migrating to urban centers, and demographic composition. *(Source: NHB, Report on Trend and Progress of Housing in India 2015).*

Indian housing finance industry

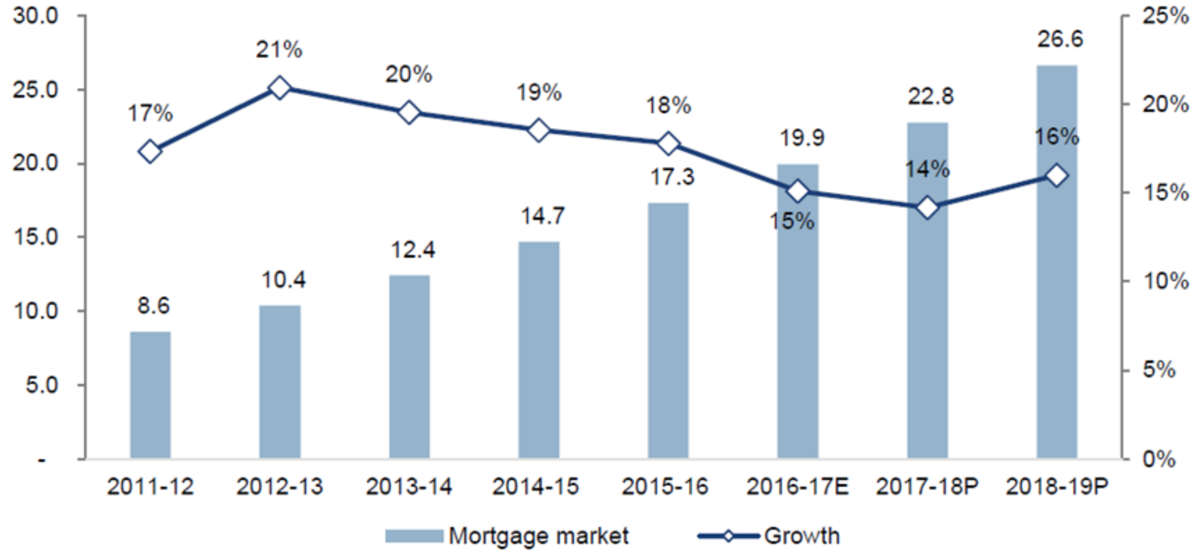
Overview

The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to growth in construction and demand for housing. Housing finance companies ("**HFC**") have been at the forefront, increasing the outstanding loans of approximately 22% between 2011-12 and 2016-17 *vis-à-vis* an industry's increase of 18- 19% (computed as an aggregate of banks and HFCs). This was due to higher growth in non-metropolitan cities supported by government's support, rising finance penetration, increasing demand from Tier-II cities as well as improved transparency and higher focus by HFCs. *(Source: CRISIL Research, NBFC Report, November 2017).*

Housing finance is the second-largest portfolio after infrastructure for non-banking financial companies ("**NBFC**"). Several NBFCs have shifted focus to secured lending post global slowdown in 2008-09, when delinquencies on unsecured loans soared. The shift in focus can be gauged from the fact that a large number of players started full fledged housing finance divisions as a result of which loan outstanding by HFCs accelerated. The change in focus to secured assets helped de-risk the order books of HFCs and resulted in continuous improvement in asset quality. *(Source: CRISIL Research, NBFC Report, November 2017)*.

HFCs' outstanding loans are projected to increase from ₹ 7.8 trillion in 2016-17 to ₹ 10.8 trillion in 2018-19, aided by higher finance penetration and demand for affordable housing, driven by growth across housing loans, developer loans and loans against property portfolios. *(Source: CRISIL Research, NBFC Report, November 2017).* Tax incentives on home loans have also been increased in recent years in order to encourage individuals, especially the younger segment of the population, to acquire housing. *(Source: Finance Bill, 2015 available on http://www.indiabudget.gov.in/budget2015-2016/budget.asp?pageid=1).*

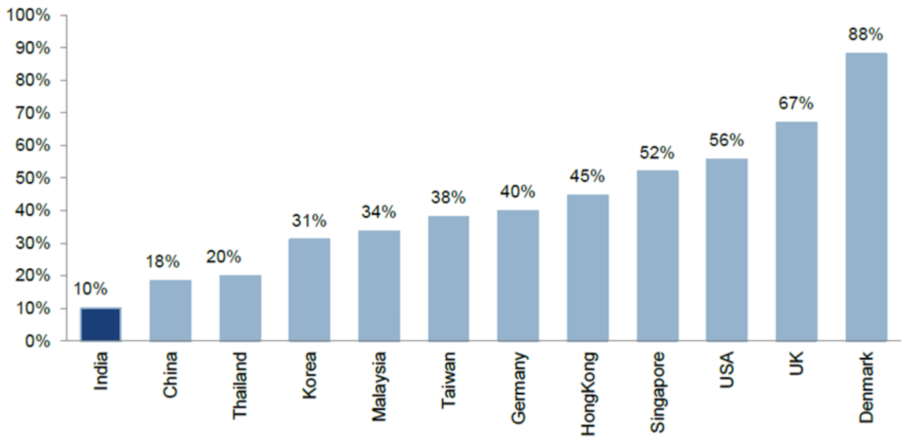
The following table sets out the rate of growth in the mortgage book (mortgage market measured in INR trillion):



Note: Includes the overall portfolio of HFCs and only housing loans and developer loans of banks *(Source: CRISIL Research, NBFC Report, November 2017).*

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. As of March 2014, India's mortgage-to-GDP ratio remained at approximately 8% which increased to 9% in 2014-2015. India's mortgage-to-GDP ratio was still low at 10% in Fiscal 2016 compared with other developing countries, but it has increased from 7.4% in fiscal 2010, given rising incomes, improving affordability, growing urbanisation and nuclearisation of families, emergence of Tier-II and Tier-III cities, ease of financing, tax incentives, and widening reach of financiers. *(Source: CRISIL Research, NBFC Report, November 2017).*

Mortgage penetration (% of GDP)



Note: India data for Fiscal 2016, other countries data for calendar year 2015.
(Source: CRISIL Research, NBFC Report, November 2017)

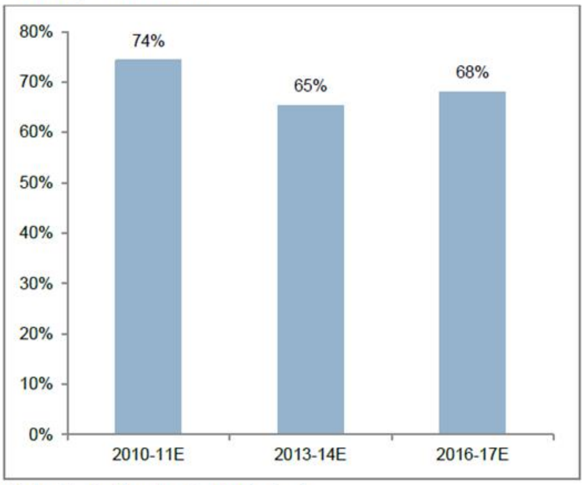
India's mortgage-to-GDP ratio is significantly lower than the levels achieved in most of the advanced economies where the mortgage markets average roughly around 60% of GDP. Some emerging economies (for example, Russia and Turkey) have mortgage markets of below 1% of GDP, while others (such as the Netherlands, New Zealand and Switzerland) average around 80% based on 2001 – 2005 averages. *(Source: NHB, Report on Trend and Progress of Housing in India 2015).* 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, November 2017)*.

Loan to value ("LTV") ratio to inch up as prices rise

The average LTV ratio disbursed in the top 13 cities in India declined from 74.3% to ~68% between Fiscal 2011 and Fiscal 2017, as rising interest rates and slow income growth led to higher equated monthly installment ("**EMIs**") and, consequently, a decline in LTVs. With interest rates are expected to decline over the medium term, the LTV ratio is expected to increase from the current level. *(Source: CRISIL Research, NBFC Report, November 2017)*

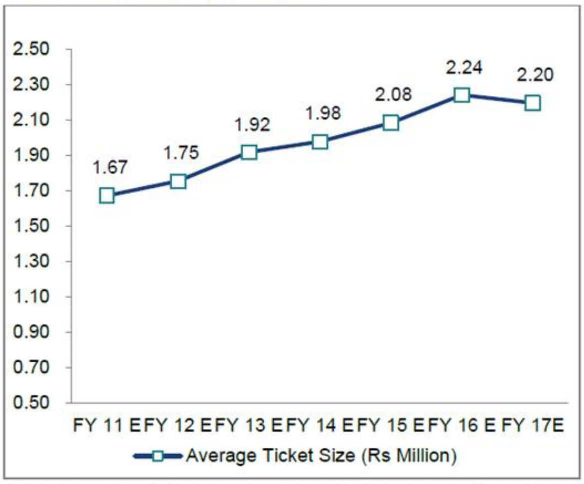
In the long term as well, as prices of urban properties rise, borrowers will find it increasingly difficult to arrange for the required equity. However, factors such as regulatory obligations and prudent lending norms are expected to deter financiers from increasing LTVs significantly. Hence, over the longer term, the LTV ratio is projected to go up to 75%. *(Source: CRISIL Research, NBFC Report, November 2017)*.

Average LTV ratio



Note: E: Estimate, P: Projected
Numbers are based on data from top 13 cities
Source: RBI, CRISIL Research

Trend in average ticket size



Note: Average ticket size is calculated based on financials of top 8 HFCs
Source: CRISIL Research, company report

Ticket size of loans to remain flat

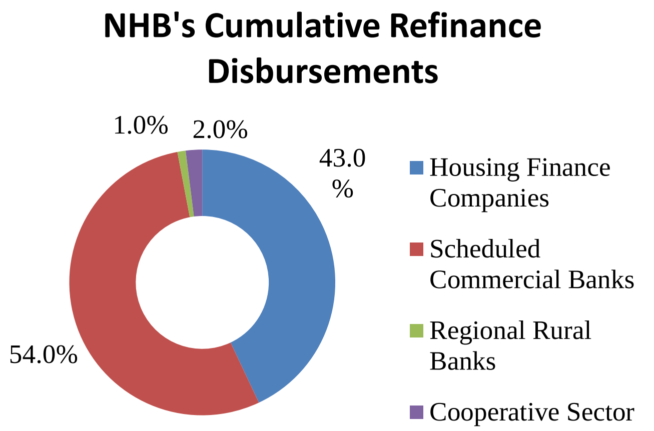
The average ticket size of loans disbursed by HFCs increased in line with the rapid rise in urban property prices, fuelling growth in the sector. While the average ticket size of loans increased of 7-8% to ₹ 2.2 million in Fiscal 2016, it declined marginally in Fiscal 2017, because of a slight drop in property prices. As property prices declined post demonetisation, the average ticket size is expected to remain stable in Fiscal 2018, but increase marginally in Fiscal 2019 on a recovery in prices. *(Source: CRISIL Research, NBFC Report, November 2017)*.

National Housing Bank

National Housing Bank ("**NHB**") was established under an Act of Parliament ("**NHB Act**") in 1988 to operate as a principal agency and statutory body to promote housing finance institutions and to provide financial and other support to such institutions. NHB is wholly-owned by the RBI. One of the prime objectives of the RBI is to establish and promote a sound and stable housing financial system in India. Under the provision of the NHB Act, NHB regulates HFCs conducting business in India.

Through its refinance schemes, NHB has made cumulative refinance disbursements (from its inception till June 30, 2016) of ₹ 1,63,922 crore. The following table and graph illustrate the cumulative disbursements of NHB, by breakdown of categories of recipient institutions, from inception up to June 30, 2016:

Institutions	Amount (₹ Crore)	% of Total
Housing Finance Companies	69,811	43.0
Scheduled Commercial Banks	89,357	54.0
Regional Rural Banks	1,736	1.0
Cooperative Sector	3,018	2.0
Total	**1,63,922**	**100.00**



(Source: NHB, Annual Report 2015-2016).

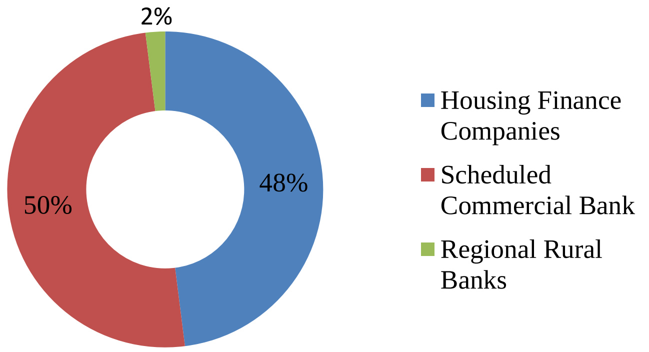
The following table and graph sets out the refinance disbursements of NHB, by breakdown of categories of recipient institutions, in the year 2015-2016:

(in ₹Crore)

Institution	Disbursements 2015-16
Housing Finance Companies	10,852
Scheduled Commercial Banks	10,275
Regional Rural Banks	463.00
Cooperative Sector	0.00
Total	**21,590**

(Source: NHB, Annual Report 2015-2016).

The following chart illustrates the breakdown of refinance disbursements by NHB, by categories of recipient institutions, in the year 2015-2016:



(Source: NHB, Annual Report 2015-2016).

Housing finance companies

The Indian financial system includes banks and NBFCs. NBFCs over the years have played a vital role in the Indian economy. 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 January 25, 2018, there are 92 HFCs that have been granted a Certificate of Registration (COR), 12 of these with permission to accept public deposits, 6 HFCs which require prior written permission and 74 which cannot accept public deposits. (*Source: https://nhb.org.in/regulation accessed on 13 February 2018*). HFCs branches and other offices increased from 2,510 as of March 31, 2014 to 2,958 as of March 31, 2015, with an annual growth of about 18%. *(Source: NHB, Report on Trend and Progress of Housing in India 2015).*

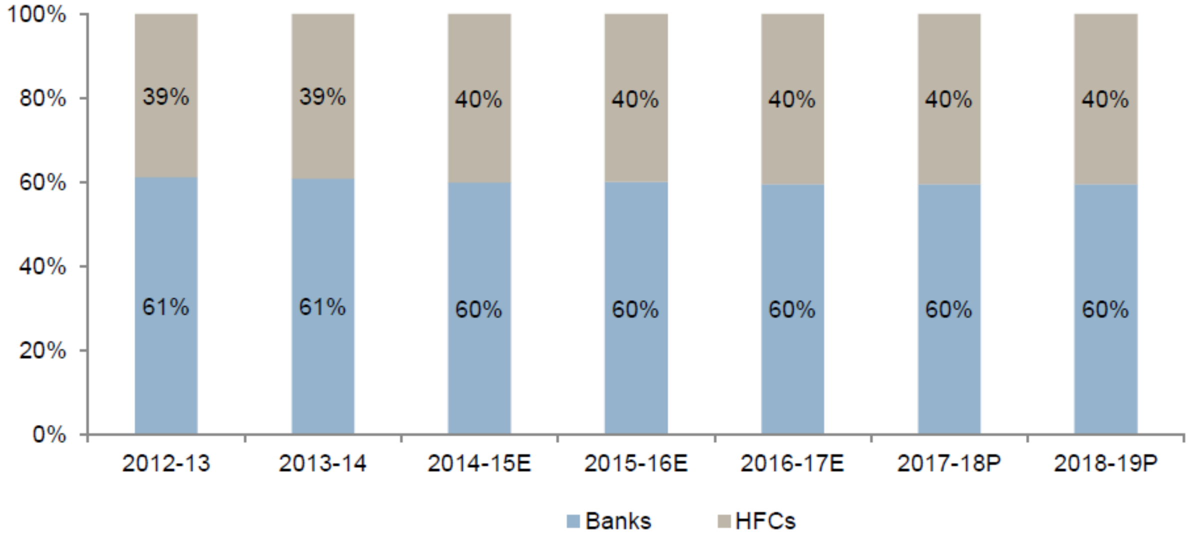
Product segments

Generally, HFCs' housing loans can be categorized into two segments: retail housing loans and non-retail housing loans. Retail housing loans represent housing loans to individuals, which is the focus of HFC. Non-retail housing loans include construction finance, corporate loans, loan against property and lease rental discounting.

HFCs' share increasing gradually, supported by faster growth in non-retail portfolio

Both banks and HFCs offer mortgage loans. Banks currently have the largest share in loan assets (60% as of 2016-17). However, share of HFCs has increased steadily from 34% to 40% over past five years, mainly supported by their sharper focus on loan against property ("**LAP**") and developer loan segment. Going forward, as HFCs are likely to get more aggressive, their share is likely to expand in the long term. *(Source: CRISIL Research, NBFC Report, November 2017).*

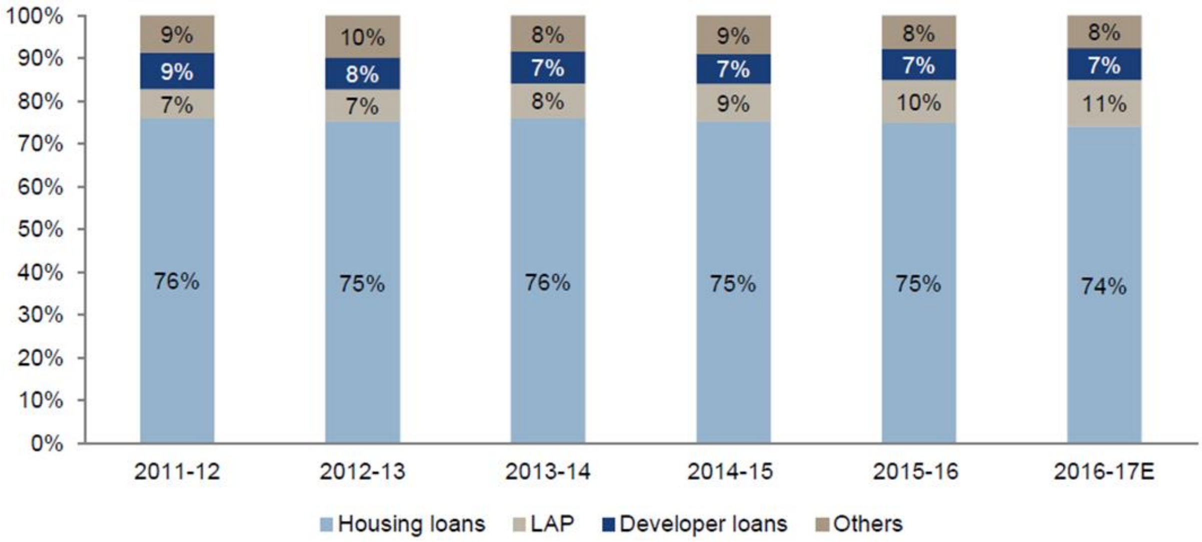
The share of HFCs in the total retail housing loans portfolio in India has been generally constant over the last few years. The following graph sets out the market share of HFCs' retail housing loans from the year 2012-2013 to the year 2018-2019:



(Source: CRISIL Research, NBFC Report, November 2017).

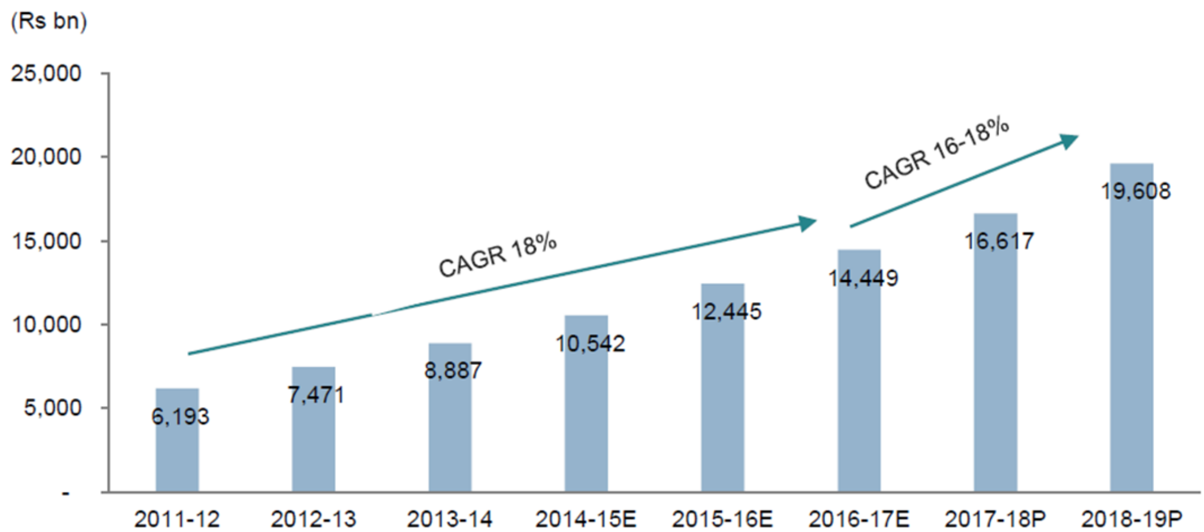
It is estimated that HFCs' total loans outstanding (housing loans, LAPs, developer loans and others) increased 19% on-year to ₹ 7.7 trillion in 2016-17. LAP and developer loans increased faster, their share widening to ~11% and 8% respectively in 2016-17. In contrast, between fiscal 2011 and 2015, financiers had become cautious in lending to this segment, because of slowdown and rising delinquency in builders' portfolios. Further, in fiscal 2018, share of developer loans in HFCs' portfolio is likely to increase as banks are reluctant to lend owing to higher delinquency in the past. *(Source: CRISIL Research, NBFC Report, November 2017).*

Share of retail loans declined by approximately 300 bps in last six fiscals



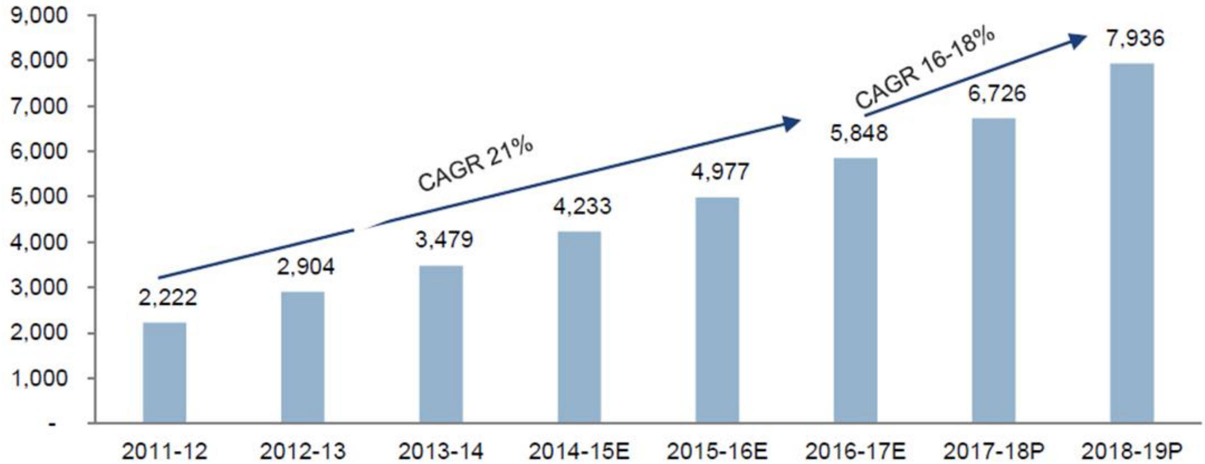
E: Estimated. *(Source: CRISIL Research, NBFC Report, November 2017)*

Housing loans outstanding grew at 18% compound annual growth rate (**CAGR**) from fiscal 2011 to 2017, supported by higher government support, lower interest rates and easing inflation, as well as rising urbanisation, nuclearisation of families and an increase in the number of affordable-housing projects..



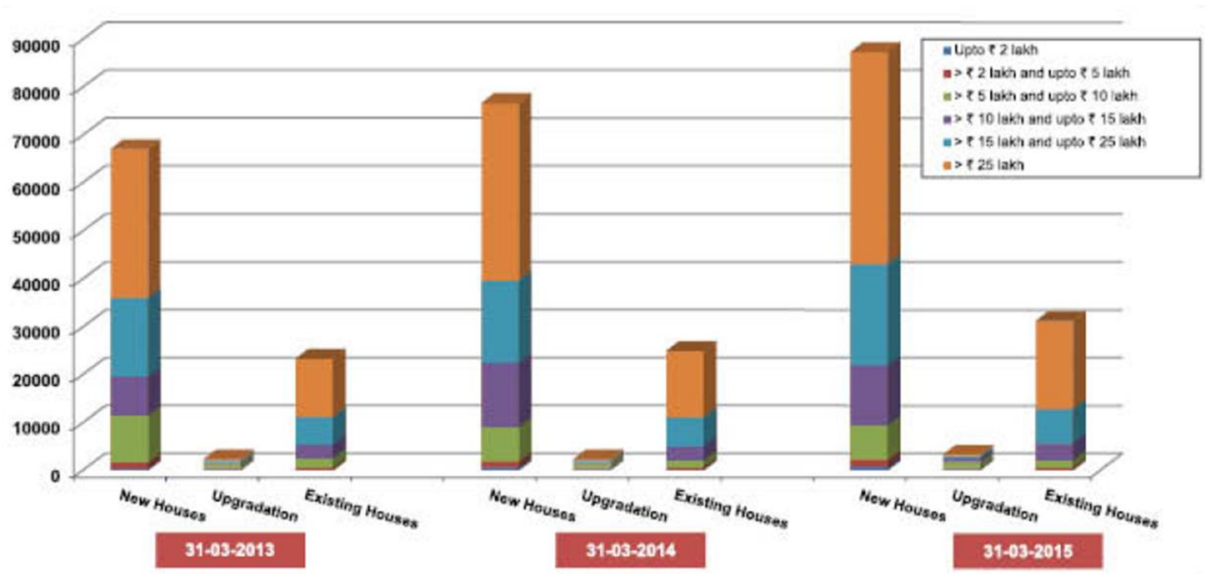
(Source: Reserve Bank of India (RBI), NHB, Company Reports, CRISIL Research, NBFC Report, November 2017)

CRISIL Research expects HFCs' loan portfolios to grow at a slower pace of 16-18% CAGR in fiscals 2018 and 2019 due to the RERA. Thereafter, growth is expected to accelerate, leading to 18-20% CAGR over next five fiscal years, led by HFCs' strong origination skills, focused approach (catering to a particular category of customers), relatively superior customer service and diverse channels of business sourcing. The push towards affordable housing is also expected to support growth.



(Source: Reserve Bank of Inia (RBI), NHB, CRISIL Research, NBFC Report, November 2017)

Among the retail housing loans portfolio in the year 2014-2015, approximately 72% of the loans were for construction or buying new houses, 3% were for upgrades including repairs of existing houses, and the remaining 25% 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 table sets out the disbursements of housing loans by HFCs, by purposes of the housing loans, for the year 2012-2013 to the year 2014-2015:



(Source: NHB, Report on Trend and Progress of Housing in India 2015).

Out of the total housing loan disbursements of ₹ 1,21,665 crore in the year 2014-2015, approximately ₹ 3,146 crore were disbursed towards individual loan up to ₹ 500,000, which contributed to 2.6% of the total.

The following table sets out the breakdown of small ticket size loans by size of loans and by monthly income of borrowers in the year 2014-2015:

Disbursements of housing loans by HFCs to individuals in 2014-2015, as per income category

(Amounts in ₹crore)

	Income < ₹ 5,000 per month		Income ₹ 5,001 to 10,000 per month		Income > ₹ 10,000 per month		Total	
Size of Loan	***Amount***	***No.***	***Amount***	***No.***	***Amount***	***No.***	***Amount***	***No.***
Up to ₹ 300,000	12	1,437	224	26,615	1,141	80,363	1,377	108,415
> ₹ 300,000 and up to ₹ 500,000	22	568	27	825	1,720	49,817	1,769	51,210
Total	**34**	**2,005**	**251**	**27,440**	**2,816**	**130,180**	**3,146**	**159,625**

(Source: NHB, Report on Trend and Progress of Housing in India 2015).

Borrowing Mix

The funding for HFC consists of fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This lends flexibility to 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 (CASA) as do banks; hence, their cost of funds is generally higher than banks. Therefore, managing cost of funds is vital for them to be competitive in this space. *(Source: CRISIL Research, NBFC Report, November 2017).*

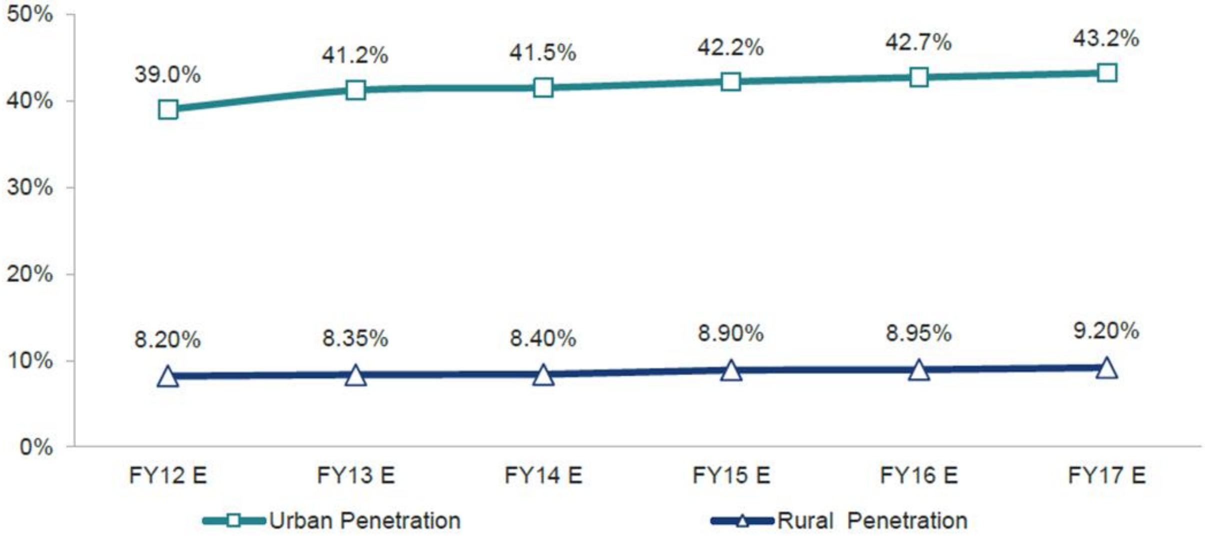
Access to funds is expected to improve, as the government and the Reserve Bank of India (RBI) have announced several measures to ensure adequate funding. The new marginal cost of lending rate (**MCLR**) scheme has reduced borrowing costs, and bank lending for housing loans has declined 100-120 basis points (bps) since banks switched to MCLR from the previous base-rate system. Initiatives such as raising the investment limit of debt mutual funds in HFCs by 10%, opening up of external commercial borrowings route to HFCs by the RBI, and the setting up of the Urban Housing Fund (UHF) to support refinancing of affordable housing projects, are expected to further reduce funding costs. *(Source: CRISIL Research, NBFC Report, November 2017).*

The share of borrowings by HFCs from debt funds has increased in fiscal 2017, helped by an ~80 bps reduction in government security yield (difference between average yield during the year) in March 2017 compared with the previous year, leading to lower cost of borrowings for higher-rated HFCs. PSBs have also increased their lending to corporates through investments in corporate bonds, rather than providing direct credit. This is in part attributable to concerns in the financial sector about asset quality, and the need for higher capital requirements to comply with Basel-III norms. *(Source: CRISIL Research, NBFC Report, November 2017).*

Geographic segments

An increase in the finance penetration is expected to support the industry's growth. Rising demand for housing from Tier-II and Tier-III cities, and a subsequent surge in the construction activity, have increased the focus of financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to ~43% in fiscal 2017, from ~39% in fiscal 2012, while penetration in rural areas is estimated to have risen only slightly. However, even in urban areas, the self-employed population is not catered to by several HFCs. Finance penetration is expected to increase gradually from these levels, driven by the thrust on affordable housing, improved data availability, and rising competition. *(Source: CRISIL Research, NBFC Report, November 2017).*

Finance penetration in rural and urban areas (overall housing finance)



(Source: CRISIL Research, NBFC Report, November 2017)

Moreover, rural areas are expected to witness considerable improvement in finance penetration, led by the government's efforts to provide housing for all. However, operational challenges such as timely collection of payments, lower ticket sizes, and higher delinquencies in comparison with the urban markets, will pose headwinds to rural expansion.

Profitability

Key financial indicators

The key financial indicators of all HFCs as of March 31, 2013, 2014 and 2015 are set out below:

(₹Crore)

Particulars	2013	2014	Growth %	2015	Growth %
Paid up Capital	5,541	6,014	8.54	6,629	10.23
Free Reserves	48,019	55,179	14.91	62,994	14.16
Net Owned Fund (NOF)	51,027	51,785	1.49	61,790	19.32
Public Deposits	44,179	51,981	17.66	63,681	22.51
Outstanding Housing Loans	2,90,427	3,47,858	19.77	4,23,346	21.70
Outstanding Total Loans	3,90,217	4,63,942	18.89	5,62,315	21.20
GNPA as Percentage of Total Loans	1.11	1.14	-	1.08	
NNPA as Percentage of Total Loans	0.45	0.59	-	0.47	

(Source: NHB, Report on Trend and Progress of Housing in India 2015).

Assets profile

Assets profile of HFCs mainly comprises of housing loans, other loans and advances and investments. As of March 31, 2014, total assets of all HFCs amounted to ₹ 4,98,170 crore. In the year 2014-2015, housing loans contributed around 71% of the total assets portfolio of HFCs, with an annual growth rate of 22% as on March 31, 2015. *(Source: NHB, Report on Trend and Progress of Housing in India 2015).*

The following table sets out the assets profiles of HFCs, by type of assets, as of March 31, 2013, 2014 and 2015:

(₹Crore)

Particulars	2013	2014	Growth %	2015	Growth %
Housing Loans	2,90,427	3,47,858	19.77	4,23,346	21.7
Other Loans & Advances	99,790	1,16,084	16.33	1,38,970	19.7
Investments	27,176	34,228	25.95	33,817	(1.2%)
Total	**4,173,930**	4,98,170	**19.35**	**5,96,132**	**19.7%**

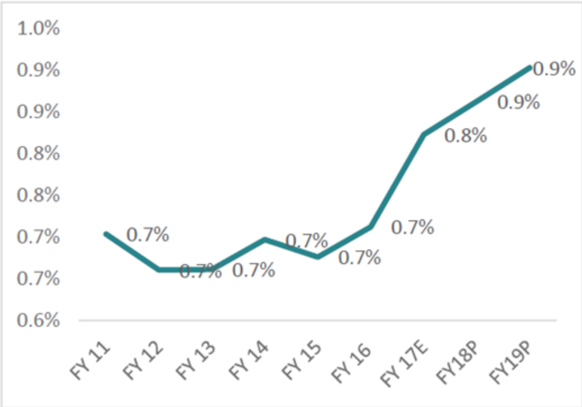
(Source: NHB, Report on Trend and Progress of Housing in India 2015).

Asset quality

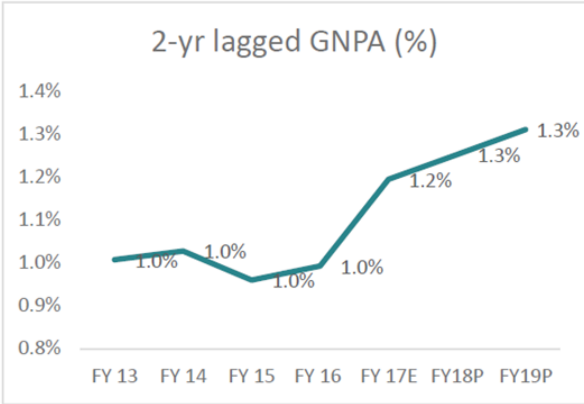
As the portfolios of rapidly growing HFCs season, NPAs are forecast to increase, particularly as significant demand for financing is from first-time buyers and, in the case of the HFCs, a tendency to focus more on self employed customers. Asset quality in the non-individual segment is also subject to pressure, given the pressure on real estate developers and aggressive focus on HFCs in the segment. NPAs are likely to show a marginal uptick in fiscal 2018 but expected to remain stable in long term, led by an economic recovery, lower interest rates, better control, system checks, follow-ups and an expected improvement in job security. *(Source: CRISIL Research, NBFC Report, November 2017).*

The gross non-performing assets ("**GNPAs**") of mid- and small-sized HFCs will remain high by virtue of their presence in small rural areas, where the cash inflow of borrowers is irregular as it depends on macros such as the monsoon, and the credit history of borrowers is not available. These HFCs are exposed to higher geographical concentration risk. To mitigate that risk they charge higher yield and also use a different/unique assessment strategy, resulting in lower GNPAs in the segment compared with banks. *(Source: CRISIL Research, NBFC Report, November 2017).*

Gross NPA of HFCs



Two-years lagged GNPA

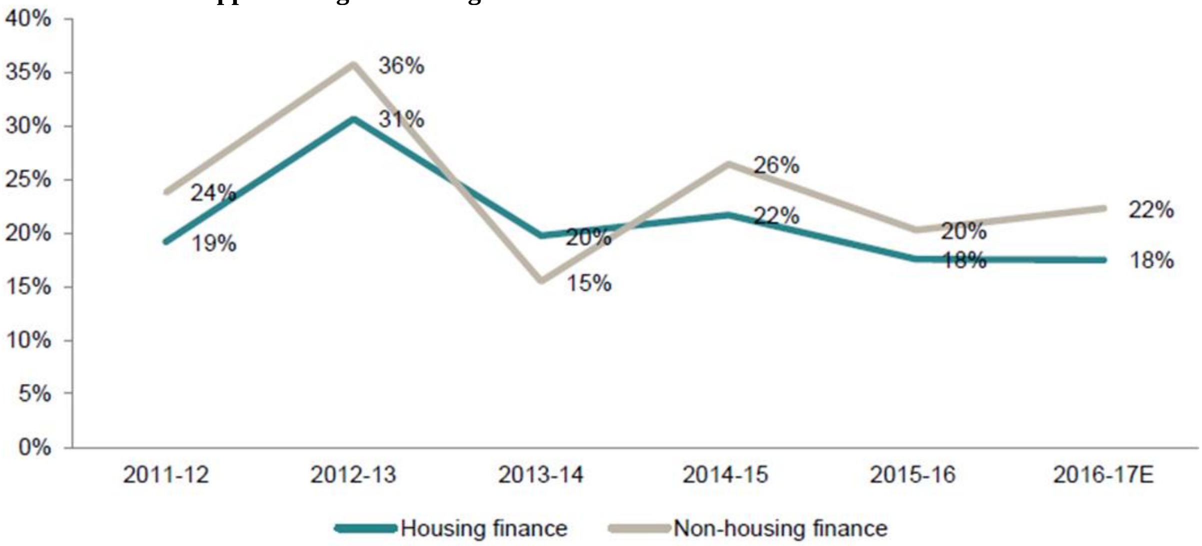


GNPA is calculated based on weighted average of 15 HFCs accounting for more than 95% of market share. *(Source: CRISIL Research, NBFC Report, November 2017).*

In pursuit of higher profitability, non-housing finance share is increasing in HFCs' loan book.

Over the last 2-3 years, HFCs' focus is shifting to LAP and developer funding from home loan as the yield differential between housing loan and LAP is ~ 100-150 bps and between housing loan and developer finance is ~250-300 bps, on incremental basis in fiscal 2017. HFCs are expected to continue to concentrate on higher-yielding assets as competition in housing finance is very high from banks. (Source: *CRISIL Research*, *NBFC Report, November 2017*).

Non-retail loans supported higher credit growth for HFCs:



Note: Non-housing finance including LAP, corporate loans, lease rental discounting (LRD) and developer loans of HFCs. *(Source: CRISIL Research, NBFC Report, November 2017).*

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 39 of this Placement Document.

Overview

Our Company was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956 and has its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020 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 was the first specialised mortgage company in India and is now the largest housing finance company in India in terms of market share based solely on housing loans. (*Source: CRISIL Research, Housing Finance Report, November 2017*). As of December 31, 2017, our Company's outstanding loan book amounted to ₹ 3,42,136.39 crore. Our Company's principal business is providing finance to individuals, corporates, developers and co-operative societies for the purchase, construction, development and repair of residential and commercial property in India.

Our Company's initial public offering was undertaken in 1978 and its equity shares are listed on BSE and NSE. As of December 31, 2017, our Company's distribution network comprised 453 outlets, which included 140 offices of its wholly owned subsidiary, HDFC Sales Private Limited. As of March 31, 2017, our Company's capital adequacy ratio, after reducing the investment in HDFC Bank and Deferred Tax Liability on Special Reserves from Tier 1 capital, was 14.5 per cent, as against a minimum regulatory requirement of 12 per cent and our Company's Tier I capital was 11.8 per cent, as against a minimum requirement of 6 per cent.

Strengths

Our Company's strengths as a provider of housing finance are:

- one of the lowest levels of NPA in the industry due to, among others:
  - efficient recovery mechanisms; and
  - efficient and robust operating process;
- well diversified assets and liabilities mix;
- low average loan to value and installment 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 large customer base;
- stable and experienced management, with the average tenor of senior management of our Company being approximately 30 years;
- low cost income ratio: for Fiscal 2017, the cost income ratio was 7.4 per cent;
- high service standards; and
- synergistic and diverse presence across segments of financial services through subsidiaries and associates.

The significantly low mortgage penetration in India implies room for growth (mortgages represented 9 per cent of nominal GDP in India as of March 31, 2017, compared to 22 per cent in China and 68 per cent in the United Kingdom. (*Source*: European Mortgage Federation, HOFINET & Company estimates for India)

Strategies

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.

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; and
- grow through diversification by leveraging its client base.

Our Company's primary financial objectives are to:

- *increase the return on equity to maximise shareholder value*: for Fiscal 2017, our Company's return on equity (excluding the impact of deferred tax liability on Special Reserve) was 22.2 per cent, compared to 23 per cent for Fiscal 2016;
- *minimise gross non-performing assets*: Our Company's gross non-performing loans stood at 0.79 per cent of its loan portfolio as of March 31, 2017, compared to 0.70 per cent as of March 31, 2016; and
- *minimise cost to income ratio*: for Fiscal 2017, our Company's cost to income ratio stood at 7.4 per cent, compared to 7.6 percent in Fiscal 2016.

Warrants

In October 2015, our Company had issued warrants with NCDs to domestic Qualified Institutional Buyers on a QIP basis. Our Company had allotted 3.65 crore warrants at an issue price of ₹ 14 per warrant with a right exercisable by the warrant holder to exchange each warrant for one equity share of face value of ₹ 2 each of our Company at any time on or before October 5, 2018, at a warrant exercise price of ₹ 1,475 per equity share, to be paid by the warrant holder at the time of exchange of the warrants. The warrants are listed on BSE and NSE. Simultaneously, our Company had issued 5,000 Secured Redeemable NCDs of face value of ₹ 1 crore each due on March 28, 2017, with a coupon of 1.43 per cent per annum payable annually for cash aggregating to ₹ 5,000 crore. The NCDs were redeemed on maturity.

Establishment of MTN Programme and issuance of Rupee Denominated Bonds

During Fiscal 2017, our Company established a MTN Programme of up to USD 750 million so as to enable it to issue debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, our Company raised ₹ 3,300 crore in March 2017 through the issuance of Rupee Denominated Bonds to overseas investors through the approval route in Fiscal 2017. Our Company has further raised ₹ 1,300 crore through the issuance of Rupee Denominated Bonds to overseas investors through the approval route in November 2017. Pursuant to the Stock Exchange intimation dated January 19, 2018, our Company increased the limit under the MTN programme from 750 USD million to 1,300 USD million. Subsequently, pursuant to the Stock Exchange intimation dated March 1, 2018, our Company increased the limit under the MTN programme from 1,300 USD million to 2,800 USD million.

Non-convertible debentures

During Fiscal 2017, our Company issued NCDs amounting to ₹ 44,546 crore 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.

Debt - equity ratio

The gross debt to equity ratio of our Company as at September 30, 2017 was 7.35:1 as compared to 7.06:1 as at March 31, 2017.

Interest coverage ratio

The following table sets out our Company's interest coverage ratio as at March 31, 2017, March 31, 2016 and March 31, 2015 on a standalone basis.

	As at March 31		
	2017	**2016**	**2015**
Interest coverage ratio (per cent)	135.68	136.89	133.49

Products and Services

Loan Products

Our Company lends to individuals, developers, members of co-operative housing societies and companies to finance the construction, repair, development or purchase of residential and non-residential premises in India. It constantly endeavors to improve and expand its existing product portfolio into new customer segments as well as regions and markets in India. Its products are designed to satisfy the diverse needs of its customers. It has introduced various innovative lending products at affordable interest rates to serve such diverse purposes. Our Company's principal products comprise loans to individuals, developers and corporates, and include:

- *home 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;
- *loans against the value and security of a property* for certain other approved purposes, such as education, medical costs coverage, and others;
- *non-residential premises loans* provided to professionals to facilitate the purchase or construction of office premises and renovation of existing office premises;
- *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; and
- *developer loans* provided to approved developers to finance the construction of housing projects and loans to property owners against rent receivables.

The total loans outstanding for the various customer categories and as a percentage of total outstanding loans across the following categories of customers as of March 31, 2017 and March 31, 2016 were as follows:

(₹ *Crore, except percentages)*
As of March 31

	2017	per cent	2016	per cent
Individuals	2,04,436.19	68.96	1,79,967.49	69.43
Corporate Bodies	87,377.22	29.47	75,228.46	29.02
Others	4,658.44	1.57	4,028.45	1.55
Total	**2,96,471.85**	**100.00**	**2,59,224.40**	**100.00**

For our Company's individual loan portfolio, the average loan size is ₹ 0.256 crore, average loan-to-value is 66 per cent (at origination) and average loan tenure is 13 years as of March 31, 2017.

Individual loans

Our Company offers loans to acquire or construct residential accommodation in India. The principal eligibility criterion is the borrower's repayment capacity. Loans are generally repaid in equated monthly installments over a period of five to 20 years. The maximum loan size for loans from ₹ 0.3 crore to ₹ 0.75 crore is 80 per cent of the cost of the property, for loans from ₹ 0.75 crore is 75 per cent of the cost of the property and for loans less than ₹ 0.3 crore 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 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 of the loan prior to disbursement.

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 decision on collateral security are based on our Company's internal credit appraisal of each borrower.

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.

As of March 31, 2017, individual loans comprised 68.96 per cent of the total loans outstanding.

Other individual loan products

Apart from home loans, our Company offers a number of other lending products to individuals:

- *Home Improvement Loans*: loans for internal and external repairs, additions and other structural improvements of residential properties;
- *Home Extension Loans*: loans to finance additions and extensions in the form of an additional room, floor and any other extensions to residential properties;
- *Home Equity/Top-Up Loans*: loans advanced against the value and security of the customer's existing property for non-housing purposes such as education, medical costs coverage, etc.;
- *Non-Residential Premises Loans*: loans provided to professionals such as doctors, chartered accountants and other such professionals to facilitate the purchase or construction of their own office premises and/or to renovate their existing office premises;
- *Land Purchase Loans*: loans to acquire land for construction of a residential unit;
- *Loans to NRIs and persons of Indian origin*; and
- *Loans for the purchase or construction of residential properties anywhere in India*.

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 Installment Plan*: in this facility, the repayment schedule is in tranches, with an initial higher installment for a fixed term, followed by lower installments for the balance of the term.

Non-individual loans

- *Corporate loans*
  Our Company offers loans and line of credit facilities to approved corporates and loans to housing boards and co-operative housing societies.
  As part of its portfolio, our Company also provides loans against rent receivables.

- *Developer loans*
  Our Company offers loans to approved developers for the construction of housing projects and loans to property owners which are secured by rent receivables from their tenants.

  Developer loans are typically for a term of two to four years. Our Company generally requires security by way of a mortgage over the property, a personal guarantee in respect of amounts due under the loan and such other security as it may require.

Our Company usually offers an option to non-individual borrowers to choose between a fixed or variable interest rate. It also offers a combined option of a part fixed, part variable interest rate so as to enable them to hedge against unexpected interest rate fluctuations.

In the case of fixed rate loans, the interest rate remains fixed for the entire term of the loan. On the contrary, in the case of variable rate loans, the interest rate is linked to the Corporate Prime Lending Rate. The term of the loan varies according to the purpose of the loan.

Sale of loans

During Fiscal 2017, our Company sold loans amounting to ₹ 16,027 crore, of which ₹6,476 crore qualified as priority sector advances for banks. During Fiscal 2017, the Company sold loansamounting to ₹ 13,146 crore to HDFC Bank under the loan assignment route, which qualified as priority sector advances for HDFC Bank. During Fiscal 2017, the loans amounting to ₹2,881 crore was assigned/ securitised to other banks. The amount of individual loans that were sold under the mortgage backed securities and loan assignment route as of March 31, 2017 stood at ₹ 41,296 crore. Our Company continues to service these loans. The residual income on loans sold is recognised at the time of actual collections (i.e. over the life of the underlying loans) and not upfront on a net present value basis. Loan pools which were rated by external rating agencies carry a rating indicating the highest degree of safety.

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.

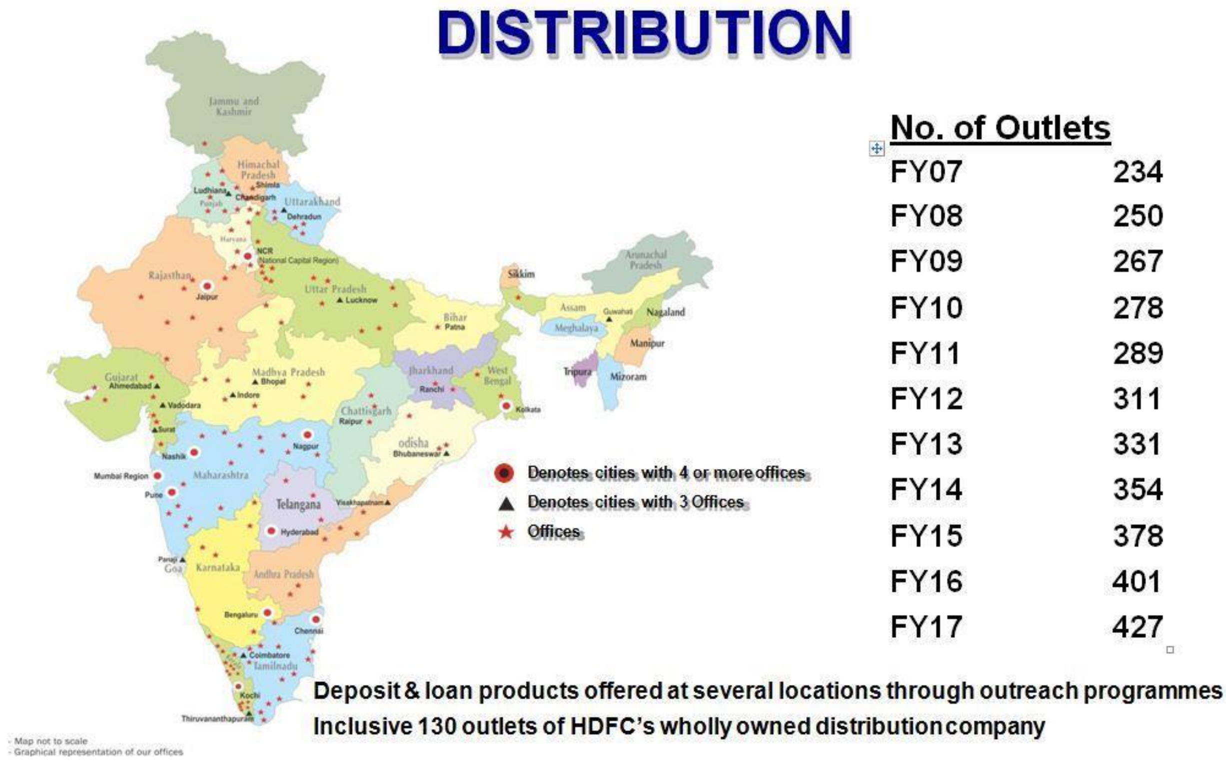
Our Company and The Frankfurt School of Finance & Management jointly organise the "Housing Finance Summer Academy" in Germany, a course that aims to provide housing finance solutions for emerging markets through a combination of academic knowledge and practical experience.

Our Company 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 East Europe.

Marketing and Distribution Offices

As of March 31, 2017, our Company's business is conducted through its network of 427 outlets across India and abroad, including 130 offices of its wholly owned Subsidiary, HDFC Sales Private Limited, compared to 401 outlets, including 166 offices of HDFC Sales Private Limited as of March 31, 2016. . However, as of December 31, 2017, our Company's distribution network comprised 453 outlets, which included 140 offices of its wholly owned subsidiary, HDFC Sales Private Limited. Deposit and loan products offered by our Company are offered at several locations through outreach programmes.

The following map shows our Company's distribution network across India as at March 31, 2017:

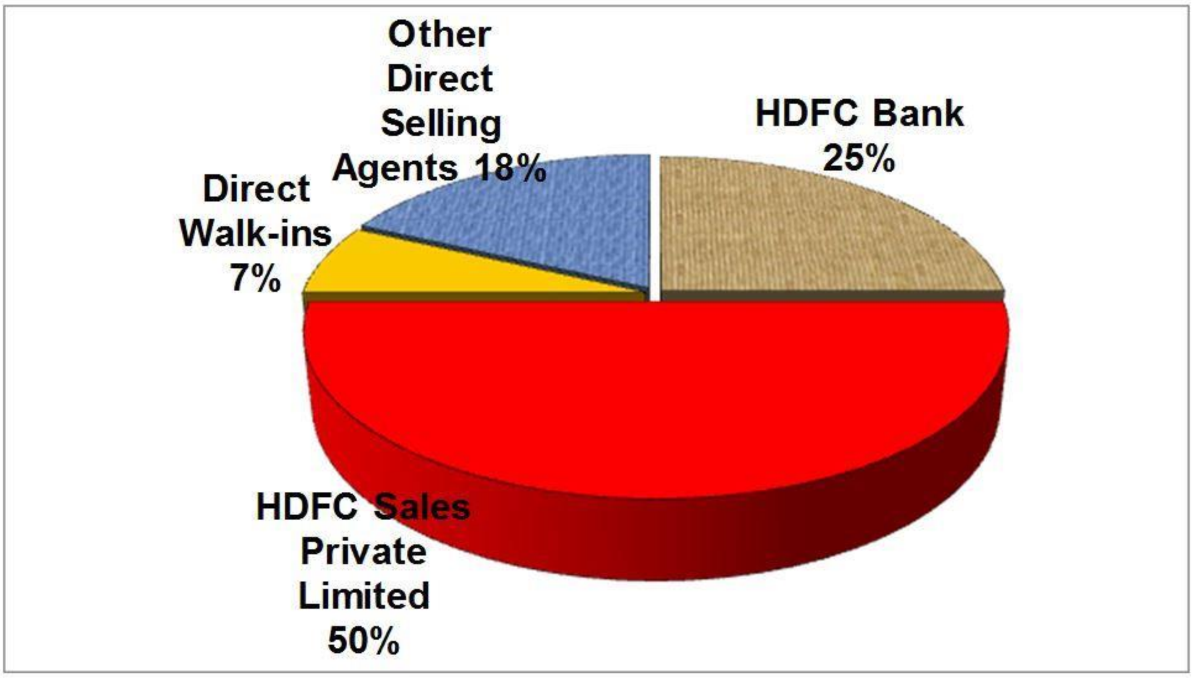


The map above represents an unofficial map of India and is for illustrative purposes only and our Company does not make any representations or warranties regarding the accuracy thereof. This map is not intended to accurately show the size or exact location of our Company's distribution network nor does it provide exhaustive or precise information on all sites located within the area of the map. This map has not been drawn to scale.

Our Company has overseas offices in London, Dubai and Singapore. The Dubai office reaches out to its customers across West Asia through its service associates in Kuwait, Oman, and Saudi Arabia.

Distribution network

Our Company's distribution network, which include our Company's branches, HDFC Sales Private Limited, HDFC Bank and third party direct selling associates, play an important role in sourcing home loans. As of March 31, 2017, 82 per cent of our Company's individual loan business is sourced through itself or its affiliates. It also 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.



The role of our Company's distribution channels is limited only to the marketing of loan products. Our Company retains control over the credit, legal and technical appraisal process, thereby ensuring that the quality of borrowers to whom loans are distributed is not compromised in any way and is consistent across all distribution channels.

Our Company and HDFC Sales Private Limited are Composite Corporate Agents for HDFC Standard Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited.

Our Company has an arrangement with HDFC Bank for them to source loans for a fee. The arrangement seeks to leverage the strengths of the two organisations in terms of product acceptance, operational efficiencies and credit expertise on the one hand and sales origination and distribution on the other. For further details of our Company's Subsidiaries and Associates, please refer to "*Key Subsidiaries and Associates*" beginning on page 127.

Lending

Loan book

The following table sets out some key figures in relation to our Company's loan book as of March 31, 2017:

(₹ crore)

Assets Under Management	3,38,478
Less: Loans sold	42,006
Loans Outstanding	2,96,472

Individual loans include home loans (both fixed interest rate and floating interest rate), home improvement loans, home extension loans, home equity loans, short-term bridging loans and loans to NRIs.

The following table provides further analysis of our Company's loan book:

	Loan Book o/s as of March 31, 2017	
	₹ crore	**per cent growth**
Individuals	2,04,436.91	14
Non-Individuals	92,035.66	16
Total	2,96,471.85	14

Individual loans sold in the Fiscal 2017 amounted to ₹ 16,027 crore.

Our Company's 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. As of March 31, 2017, its loan book increased to ₹ 2,96,471.85 crore from ₹ 2,59,224.40 crore as of March 31, 2016, representing a growth of 14 per cent The growth in the loan book would have been 21 per cent if the loans sold during the preceding 12 months were to be included in the loan book.

Our Company's loan portfolio is diversified in terms of market segmentation. As of March 31, 2017, individual loans, inclusive of loans sold, constituted 72 per cent and non-individual loans constituted 28 per cent of its outstanding loans.

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 96.

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 and on non-individual loans to its CPLR. As of March 31, 2017, 88 per cent of the assets and 70 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.

As of March 31, 2017, our Company's twenty largest performing loans accounted for ₹ 32,180 crore or 11 per cent of its outstanding loans.

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 ₹ 0.3 crore is 90 per cent of the cost of the property, for loans from ₹ 0.3 crore to ₹ 0.75 crore is 80 per cent of the cost of the property and for loans above ₹ 0.75 crore 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.

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.

- *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*: **CIBIL**" is a repository of information which contains credit histories of customers. CIBIL 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.

The loan processing software has in-built warnings and validations with respect to our Company's credit policy, internal process and government regulations.

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.*

Asset classification

With effect from June 10, 2010, the NHB notified NHB Directions 2010 with respect to prudential norms for recognising NPAs. In accordance with the revised norms, NPAs are recognised as such when an asset is 90 days overdue. The classification and provisioning requirements are as follows:

Asset Classification	Guidelines Period of Default	Provisioning Required (in per cent)
Standard Assets (only Individuals)	<90 days	0.25
	<90 days	0.75 (non-individual CRE-RH)
	<90 days	1.00 (non-individual CRE-Others)
Sub-standard Assets	90 days to one year	15.00
Doubtful Assets	Up to one year	25.00
	One to three years	40.00
	More than three years	100.00
Loss Assets	—	100.00

Our Company's gross non-performing loans as of March 31, 2017 amounted to ₹ 2,377.69 crore, which is equivalent to 0.79 per cent of the portfolio, comprising loans as well as debentures issued by corporates and corporate deposits placed for financing their real estate projects.

Our Company is required to make a provision of 0.25 per cent against its standard assets under the NHB Directions 2010.

In terms of prudential norms as stipulated by the NHB, our Company is required to carry a provision of ₹ 2,395.50 crore in respects of NPAs and a general provision on outstanding standard non-housing loans. As a matter of prudence, however, over the years, our Company has been transferring additional amounts to the provision for contingencies account. The balance in the provision for contingencies account as of March 31, 2017 stood at ₹ 3,067 crore, which is equivalent to 1.03 per cent of the portfolio, as compared to ₹ 2,695 crore, equivalent to 1.04 per cent of the portfolio, as of March 31, 2016.

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:

As of March 31, 2017, 2016 and 2015

Gross non-performing loans as a percentage of the portfolio as of (in per cent)		
March 31, 2015	₹ 1,542.36 crore	0.67%
March 31, 2016	₹ 1,832.75 crore	0.70%
March 31, 2017	₹ 2,377.69 crore	0.79%

There are no loans classified as loss assets. Since inception, our Company has written off loans (net of subsequent recovery) aggregating to ₹ 296 crore.

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.

As of March 31, 2017, 83 per cent of our Company's liabilities comprised borrowings. Its sources of funding comprise debentures and securities, which constitute 56 per cent, term loans, which constitute 13 per cent and deposits, which account for 31 per cent of its borrowings.

Sources of borrowings

Subordinated Debt

As of March 31, 2017, our Company's outstanding subordinated debt stood at ₹ 5,500 crore. The debt is subordinated to our Company's present and future senior indebtedness. Based on the balance term to maturity, as of March 31, 2017, ₹ 4,600 crore 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.

Debentures and securities

During Fiscal 2017, our Company issued NCDs amounting to ₹ 44,546 crore on a private placement basis. Our Company's issuances of 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. These issuances of non-convertible debentures have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA, respectively.

As of March 31, 2017, our Company has outstanding zero coupon debentures amounting to ₹ 6,710 crore.

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 2015, 2016 and 2017, our Company's deposits have been rated 'CRISIL AAA/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 March 31, 2017, our Company had deposits outstanding of ₹ 86,574 crore.

Term loans from scheduled commercial banks and institutions and refinance from NHB

As of March 31, 2017, the total loans outstanding from scheduled commercial banks, financial institutions and NHB amounted to ₹ 37,270 crore, as compared to ₹ 42,802 crore on March 31, 2016.

Foreign currency borrowings

On March 31, 2017, the outstanding foreign currency borrowings constituted borrowings from Asian Development Bank under the Housing Finance Facility Project amounting to USD 41 million and ECB under RBI's Low Cost Affordable Housing Scheme amounting to USD 1,175 million.

During the current financial year, our Company has raised an ECB of USD 375 million under RBI's Low Cost Affordable Housing Scheme.

Rating

Both CRISIL and ICRA, the leading rating agencies in India, have assigned an "AAA" rating for our Company's deposits, bonds and debentures. This rating represents the highest safety grade with respect to timely repayment of principal and interest.

Summary of indebtedness

The following table sets forth the details of our Company's indebtedness as of the dates mentioned:

(in ₹ crore)

Standalone	**As of March 31, 2017**	**As of March 31, 2016**
LONG-TERM BORROWINGS Bonds and Debentures	95,026.36	63,267.20
Term Loans:		
Scheduled Commercial Banks	2,432.00	5,415.69
External Commercial Borrowing — Low Cost Affordable Housing. .	7,619.87	5,318.40
Others	4,145.83	2,104.66
Deposits	40,838.17	33,186.30
Total	**1,50,062.23**	**1,09,292.25**
OTHER LONG-TERM LIABILITIES Interest accrued but not due on borrowings	1,443.52	974.58

Standalone	As of March 31, 2017	As of March 31, 2016
Total	**1,51,505.75**	**1,10,266.83**
SHORT-TERM BORROWINGS **Loans repayable on demand:**		
From Banks — Unsecured	-	-
Deposits — Unsecured **Other loans and advances: Particulars**	2,687.05	3,786.19
Scheduled Commercial Banks — Secured National Housing Bank — Secured Scheduled Banks — Unsecured Commercial Papers — Unsecured	2,000.00 - - 37,443.28	10,800.00 - 1,190.00 25,726.49
Total	**42,130.33**	**41,502.68**
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	87,539.59	86,968.01
Interest accrued but not due on borrowings	6,359.50	5,553.58
Interest accrued and due on matured deposits	107.20	74.35
Unclaimed matured deposits	801.39	554.09
Other Current Liabilities	2,458.18	3,207.66
Total	**97,265.86**	**96,357.69**

The following table shows the net increase in funding for our Company for Fiscal 2017 compared to Fiscal 2016:

	March 31 2017 (in ₹ crores)	**March 31 2016 (in ₹ crores)**	**Net increase (in ₹ crores)**	**Fiscal 2017 compared to Fiscal 2016 per cent of incremental funding**
Term Loans	37,300	42,800	(5,500)	(1,300)
Debentures & Securities	156,700	1,20,800	35,900	8,500
Deposits	86,500	74,700	11,800	2,800
Total	280,500	238,300	42,200	10,000

As of March 31, 2017, our Company's outstanding subordinated debt stood at ₹ 5,500 crore. The debt is subordinated to present and future senior indebtedness of our Company and has been assigned the highest rating by CRISIL and ICRA, respectively. Based on the balance term to maturity, as of March 31, 2017, ₹ 4,600 crore of the book value of subordinated debt was considered as Tier II under the guidelines issued by NHB for the purpose of capital adequacy computation.

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.

Key Subsidiaries and Associates

Housing finance continues to remain our Company's core business. While the main focus is to grow the housing portfolio, organically and inorganically, 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. Some of the key subsidiaries and associate companies are described below.

HDFC Bank

HDFC Bank, a scheduled commercial bank, was promoted by our Company in Fiscal 1993. Its equity shares are listed on the BSE and the NSE. As of March 31, 2017, its market capitalisation on the NSE and BSE was ₹ 3,69,660 crore and ₹ 3,69,596 crore, respectively. It also has American Depository Receipts listed on the New York Stock Exchange.

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 for assignment to HDFC Bank.

As at March 31, 2017, advances of HDFC Bank stood at ₹ 554,568 crores, an increase of 19.4 per cent over the same period in 2016. Total deposits stood at ₹ 643,640 crores, an increase of 17.8 per cent over the same period in 2016. As at March 31, 2017, HDFC Bank's distribution network included 4,715 branches and 12,260 ATMs.

For the year ended March 31, 2017, HDFC Bank reported a profit after tax of ₹ 14,549.7 crores as compared to ₹ 12,296.2 crores in the same period in 2016, representing an increase of 18.3 per cent The board of HDFC Bank has recommended a dividend of ₹ 11 per equity share of ₹ 2 each for Fiscal 2017 compared to a dividend payout of ₹ 9.5 per equity share for the Fiscal 2016.

As of March 31, 2017, our Company together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited held 21.2 per cent of the equity share capital of HDFC Bank.

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 paid-up share capital (including securities premium) of ₹ 2,193 crores as at March 31, 2017.

As on March 31, 2017, our Company had 30 individual and 10 group products in its portfolio, along with eight optional 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 414 branches and additional distribution touch-points through several new tie-ups and partnerships comprising 117 bancassurance partners including NBFCs, MFIs, SFBs and nine partnerships within non-traditional ecosystems as on March 31, 2017. Our Company has a strong base of financial consultants.

Gross premium income of HDFC Life for the Fiscal 2017 stood at ₹ 19,445 crores, an increase of 19 per cent, as compared to the similar period last year. As at March 31, 2017, its assets under management stood at ₹ 91,742 crores, an increase of 24% per cent., over March 31, 2016.

For the period ended March 31, 2017, HDFC Life ranked third among private sector life insurers based on the individual weighted received premium with market share of 12.7 per cent (Source: Life Insurance Council of India disclosures). Total new business premium income including single premium (Individual+Group) was ₹ 8,696 crores for the Fiscal 2017. During Fiscal 2017, HDFC Life ranked second in overall new business received premium in the private sector with market share of 17.2 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 24.3 per cent during the same period (Source: Life Insurance Council of India disclosures).

HDFC Life reported a profit after tax of ₹ 892 crores for the Fiscal 2017, as compared to ₹ 818 crores in the same period last year, registering a growth of 9%.

During the Fiscal 2017, HDFC Life paid a dividend of ₹ 1.1 per equity share of ₹ 10 each. The solvency ratio of HDFC Life was 192 per cent as at March 31, 2017, as compared to the minimum regulatory requirement of 150 per cent.

Our Company's holding in HDFC Life as on March 31, 2017 was 61.5 per cent and that of Standard Life (Mauritius Holdings) 2006 Limited was 34.9 per cent, and the balance was held by others.

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 closing price of the outstanding equity shares of HDFC Life on BSE and NSE on February 26, 2018 was ₹ 468.15 and ₹ 468.30 per equity share, respectively.

Employees

As of March 31, 2017, our Company had approximately 2,305 full-time employees.

Our Company recognizes that training and continuous upgrading of skill sets are essential to ensure a high caliber 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 March 31, 2017 was ₹ 140 crore, as compared to ₹ 124 crore as of March 31, 2016. However, the net profit per employee for Fiscal 2017 was the same as for Fiscal 2016 i.e., ₹ 3.23 crore.

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 a union, which is consistent with other HFCs in India. Our Company considers its relations with its employees to be good.

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 installment 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, intellect 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 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.

Under 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. Every HFC is required to obtain a certificate of registration and meet the requirement of net owned funds of ₹ 2 crores or such other higher amount as the NHB may specify for commencing or carrying on the business of HFCs. Further, 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% (or such higher percentage as the NHB may specify, not exceeding 25%) 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% (or such higher percentage as the NHB may specify, not exceeding 25%), of the deposits outstanding in the books of the HFC 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% 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. If any HFC accepting deposits fails to comply with any direction given by the NHB, the NHB may prohibit the acceptance of deposits by that HFC.

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 with effect from 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 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%. 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")

The objective of the NHB Directions, 2010 is to consolidate and issue 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 and the matters to be included in the auditors' report by the auditors of HFCs.

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 five 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 16 times of its NOF. 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 84 months from the date of acceptance or renewal of such deposits. On and from July 6, 2007, no HFC shall invite or accept or renew any public deposit at a rate of interest exceeding 12.5% 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 of 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 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 substandard 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% of the outstanding amounts should be provided for;

(b) doubtful assets - 100% 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% to 100% of the secured portion i.e. the estimated realisable value of the outstanding shall be made in the following manner: (i) 25% up to the period of one year; (ii) 40% for the period of one year to three years, and (iii) 100% for the period more than three years;

(c) substandard assets - provision of 15% of the total outstanding amounts should be made without making any allowance for export credit guarantee, corporation guarantee and securities available; and

(d) standard assets- (i) standard assets with respect to housing loans at teaser/special rates - provision of 2% 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% 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 CRE (and not CRE-RH) - provision of 0.75% on the total outstanding amount of such loans; (ii) (b) standard assets in respect of all other Commercial Real Estates ("**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% 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% 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% on the total outstanding amount of such loans.

Pursuant to the notification No.NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, no HFC shall (i) grant housing loans up to ₹ 0.2 crores to individuals with loan to value ("**LTV**") ratio exceeding 90%, (ii) grant housing loans above ₹ 0.2 crores and up to ₹ 0.75 crores to individuals with LTV exceeding 80% and (iii) grant housing loans above ₹ 0.75 crores to individuals with LTV exceeding 75%.

Every HFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 12% of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items.

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% of its capital fund (aggregate of Tier I capital and Tier II capital) provided that such investment over and above 10% 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% of its owned funds, and to any single group of borrowers, an amount exceeding 25% of its owned funds. A HFC is not allowed to invest in the shares of another company an amount exceeding 15% of its owned funds; and in the shares of a single group of companies an amount exceeding 25% of its owned funds. An HFC shall not lend and invest (loans/investments together) amounts exceeding 25% of its owned funds to a single party and 40% 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 Directions, 2010 provide for exposure limits for HFC to the capital market. Pursuant to the NHB Directions, 2010, the aggregate exposure of an HFC to the capital market in all forms should not exceed 40% 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% 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 the 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 floating rate basis and pre-closed by the borrower from funds received from any source and (ii) the housing loan is on 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 and/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 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 fixed/floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for entire duration of the loan. Thus, in the case of a dual/special rate housing loans, the pre-closure norm for floating rate will be applicable once the loan has been converted into 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/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 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 aforesaid circular is applicable to term loans sanctioned to individual borrowers and loan in which company, 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/ houses and upfront disbursal should not be made in cases of incomplete/ under-construction/ greenfield housing projects/ 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/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.

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 ₹ 1,00,00,000 or less. This was as a result of the withdrawal of the legal tender status of ₹ 500 and ₹ 1,000 notes. However, such policy will apply to dues payable between November 1, 2016 and December 31, 2016.

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 ₹ 30 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio < 80%	35
Outstanding Housing loans to individuals up to ₹ 30 lakhs secured by mortgage of immovable property, which are classified as standard assets with LTV Ratio > 80% and < 90%	50
Outstanding Housing loans to individuals above ₹ 30 lakhs and upto ₹ 75 lakhs secured by mortgage of immoveable property which are classified as standard assets with LTV ratio < 75% (loan sanctioned before August 1, 2017)	35
Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹ 75 lakhs secured by mortgage of immoveable property which are classified as standard assets with LTV ratio > 75% and < 80% (loan sanctioned before August 1, 2017)	50
Outstanding Housing loans to individuals above ₹30 lakhs and upto ₹ 75 lakhs secured by mortgage of immoveable property which are classified as standard assets with LTV ratio < 80% (loan sanctioned on or after August 1, 2017)	35
Outstanding Housing loans to individuals above ₹ 75 lakhs secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio < 75% (loan sanctioned before August 1, 2017)	75
Outstanding Housing loans to individuals above ₹ 75 lakhs secured by mortgage of immoveable property, which are classified as standard assets with LTV ratio < 75% (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

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 offence of money laundering. The NHB *vide* circular NHB(ND)/DRS/POL No. 13/2006 dated April 10, 2006 had introduced anti-money laundering measures wherein the HFCs were advised *inter-alia* to follow the customer identification procedure, maintenance of records of transactions and period of preservation of such record keeping in view of the provisions of PMLA. Further, the aforesaid circular introducing anti-money laundering measures were reviewed and revised *vide* circular NHB (ND)/DRS/POL-No. 33/2010-11 dated October 11, 2010 ("**2010 Notification**") in light of amendments in the PMLA and the rules framed there under. Further, the 2010 Notification requires the HFC to verify the identities of non-account based customers while carrying out transactions of an amount equal to, or exceeding, ₹ 50,000, whether conducted as a single transaction or several transactions, that appear to be conducted or any international money transfer operations. Further, it was directed *vide* NHB(ND)/DRS/Misc. circular No.13/2014 dated January 20, 2014, that the HFCs shall ensure that the documents are not given directly to the customers for verification, etc. to obviate any frauds.

The NHB vide circular NHB(ND)/DRS Circular No. 72/2014-2015 dated April 23, 2015 (i) established "E-Adhaar" as an officially valid document, (ii) laid down the operational procedure to be followed in respect of the same, and (iii) further directed HFCs to revise their KYC policy to ensure strict adherence to the guidelines prescribed thereunder. Further, NHB *vide* circular NHB(ND)/DRS/Policy Circular No.76/2016-17 dated November 1, 2016 directed HFCs to upload the Know Your Customer ("**KYC**") data with Central Registry of Securitisation Asset Reconstruction and Security Interest of India in respect of new individual accounts opened on or after the date of the circular in the form and manner prescribed thereunder. Further, NHB *vide* NHB (ND)/DRS/Policy Circular No.85/2017-18 dated December 8, 2017, directed that HFCs may provide an option to customers for e-KYC through Aadhaar Based One Time Pin and laid down procedure in respect of the same.

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. A bank or financial institution may sell a financial asset only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the assets to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale of the asset to the securitisation or reconstruction company.

The SARFAESI Act provides for the acquisition of financial assets by securitization company or reconstruction company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization 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 securitization 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 fee 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, secured creditors would be given a preference in payment of debt 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) "substantial change" to include change affecting the sponsorship in the company by way of transfer of shares.

Refinance Scheme for Housing Finance Companies, 2003

Pursuant to 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 ₹ 0.50 crores 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 %. of capital employed by way of long-term finance for housing;

(c) The HFC should have a NOF of not less than ₹ 100 crores. 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 National Housing Bank Act, 1987 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 2.50 %. 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. 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.

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 are eligible to deploy their funds under the housing finance allocation in any of three categories, *i.e.* (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Master Circular, banks may grant loans to housing finance institutions taking in to 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 to them banks are required to adhere to the loan to value ratio for loans as specified in the Master Circular.

Master Circular on Priority Sector Lending issued by the RBI

Pursuant to the Master Circular on Priority Sector Lending – Urban Cooperative Banks dated July 1, 2015, issued by the RBI, assistance given to a non-governmental agency approved by the NHB for the purpose of refinance for construction/ reconstruction of dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹ 0.10 crores per dwelling unit would be classified under priority sector, provided that all inclusive interest rate charged to the ultimate borrower is not exceeding the lowest lending rate of the lending bank for housing loans plus 8% p.a. However, the eligibility under this measure is restricted to 5% of the individual bank's total priority sector lending, on an ongoing basis. 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 vide circular NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010

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. The revised guidelines would be applicable to all HFCs irrespective of whether they are accepting/ holding public deposits or not. The ALM Guidelines for HFCs lays 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 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 HFC's 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 HFC's 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 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/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, 2017, 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, increase transparency, encourage market forces, promote fair and cordial relationship between customer and HFCs and foster 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. Further, 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 material is 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 repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her 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 of the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for engagement of 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 and 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 with care and sensitivity their responsibilities, in particular, aspects like hours of calling and privacy of customer information, among others. HFCs are also required to inform the borrower of the details of recovery agency firms/companies while forwarding default cases to the recovery agency.

Under the Recovery Agents Guidelines, any person authorized to represent an HFC in 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, fee and other charges. According to this notification, the board of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and approve the same. HFCs are advised to put in place an internal mechanism to monitor the process and operations in relation to disclosure of interest rates and charges in view of the guidelines indicated in the Fair Practices Code, to ensure transparency in communications with borrowers.

Foreign Investment in HFCs

On November 7, 2017, the RBI issued Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2017 ("**FEMA Regulations**") to replace the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**Old FEMA 20**") and the Foreign Exchange Management (Investments in Firms or Proprietary concern in India) Regulations, 2000 ("**FEMA 24**"). FEMA Regulations consolidates Old FEMA 20 and FEMA 24.

Foreign Investment in India is governed primarily by the provisions of the FEMA Regulations and the rules, regulations and notifications there-under, read with the presently applicable Consolidated FDI Policy, effective from August 28, 2017 ("**Consolidated FDI Policy**") (provisions of the Circular 2017) 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% 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, National Housing Bank 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 as prescribed under the FEMA Act.

(b) ‘Other Financial Services' activities need to be regulated by one of the financial sector regulators. In all such financial services activity 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% 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.

(d) Downstream investments by any of these entities engaged in "Other Financial Services" will be subject to the extant sectoral regulations and provisions of FEMA Regulations.

The Bankruptcy Code

The Bankruptcy Code was effective from May 28, 2016. 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.

Timelines for Stressed Assets Resolution

RBI *vide* notification DBR.BP.BC.No.67/21.04.048/2016-17 dated May 5, 2017, a day after the recent Banking Regulation (Amendment) Ordinance, 2017 (“**Ordinance**”) received Presidential assent, issued guidelines on Timelines for Stressed Assets Resolution. The circular amends the existing Framework for Revitalising Distressed Assets in the Economy – Guidelines on Joint Lenders Forum and Corrective Action Plan dated February 26, 2014 (JLF Framework) and mandates members of a joint lenders forum to follow strict timelines in implementing the corrective action plan or suffer penal consequences for non-compliance. This circular has been issued against the backdrop of the Ordinance which empowered the RBI to, *inter alia*, direct banks to initiate insolvency proceedings and issue directions for resolving stressed assets. The aforesaid circular constitutes the first set of directions issued by the RBI under the Ordinance, and clearly demonstrates that the RBI is exercising its powers under the Ordinance to achieve successful resolution of stressed asset situations.

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 ₹ 2,44,323 crores, which includes issuance of Masala Bonds of ₹ 44,001 crores (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.

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	Designation
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 **Term**: Liable to retire by rotation **Nationality**: Indian	73	Non-executive Chairman
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 **Term**: November 14, 2015 to November 13, 2018, liable to retire by rotation within such term **Nationality**: Indian	63	Vice-Chairman and Chief Executive Officer
3.	**Ms. Renu Sud Karnad** **Address**: BB - 14, Greater Kailash, Enclave - II, New Delhi – 110048, Delhi **Occupation**: Company Executive **DIN**: 00008064 **Term**: January 1, 2015 to December 31, 2019, liable to retire by rotation within such term **Nationality**: Indian	65	Managing Director
4.	**Mr. V. Srinivasa Rangan**	58	Executive Director and Chief Financial Officer

Sr. No.	Name, Address, Occupation, DIN, Current Term and Nationality	Age	Designation
	Address: C - 1003, 10th Floor, Ashok Towers, Dr. S. S Rao Road, Parel, Mumbai - 400012, Maharashtra **Occupation:** Company Executive **DIN:** 00030248 **Term:** January 1, 2015 to December 31, 2019, liable to retire by rotation within such term **Nationality**: Indian		
5.	**Mr. Dattatraya M. Sukthankar** **Address**: Flat No. 5, Priya Co-operative Housing Society, 9, Khan Abdul Gafar Khan Road, Worli Sea Face, Mumbai - 400030, Maharashtra **Occupation**: Retired Bureaucrat **DIN**: 00034416 **Term**: Liable to retire by rotation **Nationality**: Indian	86	Non-executive Director
6.	**Mr. Bansidhar S. Mehta** **Address**: 5th Floor, Maheshwari Mansion, 34 - Napean Sea Road, Mumbai - 400006, Maharashtra **Occupation**: Professional **DIN**: 00035019 **Term**: July 21, 2014 to July 20, 2019; not liable to retire by rotation **Nationality**: Indian	82	Independent Director
7.	**Mr. Dhruba N. Ghosh** **Address**: South City Projects (Kolkata) Limited Tower-1, Flat no. 22E, 375, Prince Shah Road, Kolkata - 700068, West Bengal **Occupation**: Professional Director **DIN**: 00012608 **Term**: July 21, 2014 to July 20, 2019; not liable to retire by rotation **Nationality**: Indian	89	Independent Director

Sr. No.	Name, Address, Occupation, DIN, Current Term and Nationality	Age	Designation
8.	**Mr. Nasser M. Munjee** **Address**: Benedict Villa, House No.471, Saud Vaddo, Chorao Island, Tiswadi, Goa - 403102 **Occupation**: Economist, banker and advisor **DIN**: 00010180 **Term**: July 21, 2014 to July 20, 2019; not liable to retire by rotation **Nationality**: Indian	65	Independent Director
9.	**Dr. Bimal N. Jalan** **Address**: 4, Babar Road, New Delhi - 110001, National Capital Territory of Delhi **Occupation**: Professional Director **DIN**: 00449491 **Term**: July 21, 2014 to July 20, 2019; not liable to retire by rotation **Nationality**: Indian	77	Independent Director
10.	**Dr. Jamshed J. Irani** **Address**: H No. 3 C Road (East) Northern Town, Bistupur East Singhbhum, Jamshedpur - 831001, Jharkhand **Occupation**: Professional Director **DIN**: 00311104 **Term**: July 21, 2014 to July 20, 2019; not liable to retire by rotation **Nationality**: Indian	82	Independent Director

Mr. Deepak S. Parekh is the Non-executive Chairman of our Company. 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 Director of our Company, liable to retire by rotation, by the shareholders of our Company at its Annual General Meeting held on July 14, 2010. He is a director on the boards of prominent companies in India.

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 and 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 is the Chairman of the CII National Council on Corporate Governance and also a member of the Committee on Corporate Governance set up by SEBI. He was re-appointed as the Vice Chairman and Chief Executive Officer, with effect from November 14, 2015.

Ms. Renu Sud Karnad is the Managing Director of our Company. She holds a bachelor's degree in law from the University of Mumbai and a master's degree in Economics from the University of Delhi. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She joined our Company in 1978 and was appointed as the Executive Director of our Company in 2000 and was re-designated as the Joint Managing Director of our Company in October 2007. She was re-appointed as the Managing Director of our Company, with effect from January 1, 2015.

Mr. V. Srinivasa Rangan is the Executive Director and Chief Financial Officer of our Company. He holds a bachelor's degree in commerce and is an associate of the Institute of Chartered Accountants of India and of the Institute of Cost Accountants of India. He joined our Company in 1986 and served as a senior general manager-corporate planning and finance since 2001. He was re-appointed as the Executive Director of our Company with effect from January 1, 2015. He is responsible for the treasury, resources and accounts functions of our Company.

Mr. Dattatraya M. Sukthankar is a Non-executive Director of our Company. He was an officer of the Indian Administrative Service and was the Secretary, Ministry of Urban Development, Government of India and, subsequently, the Chief Secretary to the Government of Maharashtra. He is recognised as an expert on issues related to urban development and management and has been associated with the housing sector in India for a number of years. He has been a Director of our Company since 1989.

Mr. Bansidhar S. Mehta is an Independent Director of our Company. He is a fellow of the Institute of Chartered Accountants of India. He is a Chartered Accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several companies in India. He has been a Director of our Company since 1988.

Mr. Dhruba N. Ghosh is an Independent Director of our Company. He holds a master's degree in economics from Calcutta University. He was the former Chairman of the State Bank of India. He has been a Director of our Company since 1989.

Mr. Nasser M. Munjee is an Independent Director of our Company. He holds a master's degree in economics from the London School of Economics, United Kingdom. He is a director on the boards of several companies in India. He was appointed as an Executive Director of our Company in 1993 and has worked with our Company from 1978 to 1998. He is deeply interested in development and infrastructure issues.

Dr. Bimal N. Jalan is an Independent Director of our Company. He holds a bachelor's degree in arts (economics) from Presidency College, Kolkata and a Masters in Arts from University of Cambridge, U.K. He is a former Governor of the Reserve Bank of India. He has previously held several positions in the Government including those of the Finance Secretary and Chairman of the Economic Advisory Council to Prime Minister. He was also a nominated Member of Parliament from 2003 to 2009. He was associated with a number of public institutions and was a Chairman of Centre for Development Studies, Thiruvananthapuram. He has been a Director of our Company since 2008.

Dr. Jamshed J. Irani is an Independent Director of our Company. He holds a master's degree in science from the Nagpur University and a master's degree in metallurgy from University of Sheffield, U.K. He holds a Doctorate degree in Metallurgy from the University of Sheffield, U.K. The President of India conferred on him the award of Padma Bhushan in 2007 for his services to trade and industry in India. Queen Elizabeth II conferred on him honorary Knighthood (KBE) for his contribution to Indo-British Trade and Co-operation. He has been a Director of our Company since 2008.

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 ₹ 3,50,000 crore 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 of February 23, 2018:

Name	Number of Equity Shares	Percentage of Total Number of Outstanding Equity Shares
Mr. Deepak S. Parekh	1,160,000	0.07%
Mr. Keki M. Mistry	615,845	0.04%
Ms. Renu Sud Karnad	2,734,658	0.16%
Mr. V. Srinivasa Rangan	553,775	0.03%
Mr. Bansidhar S. Mehta	435,000	0.03%
Mr. Dhruba N. Ghosh	144,935	0.01%
Mr. Nasser M. Munjee	0	0.00%
Dr. Bimal N. Jalan	15000	0.00%
Dr. Jamshed J. Irani	65,000	0.00%
Mr. Dattatraya M. Sukthankar	143,000	0.01%

Terms of appointment of the Whole-time Directors

Our Company’s Whole-time Directors are 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 CEO of our Company:

a. *Period of Agreement*: Three years with effect from November 14, 2015, up to November 13, 2018 and liable to retire by rotation within such term.
b. *Salary*: Within the range of ₹ 15 lakhs to ₹ 27 lakhs per month. The current salary paid to him is ₹ 22 lakhs per month, effective from January 1, 2017.

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*: Five years with effect from January 1, 2015, up to December 31, 2019 and liable to retire by rotation.

b. *Salary*: Within the range of ₹ 15 lakhs to ₹ 27 lakhs per month. The current salary paid to her is ₹ 20.05 lakhs per month, effective from January 1, 2017.

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, 2015, up to December 31, 2019 and liable to retire by rotation.
b. *Salary*: Within the range of ₹ 5 lakhs to ₹ 20 lakhs per month. The current salary paid to him is ₹ 13.40 lakhs per month, effective from January 1, 2017.

Mr. V. Srinivasa Rangan has also been appointed as the CFO of our Company.

Common terms applicable to the agreements entered into with Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan:

a. *Commission*: Commission per annum 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.
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 as remuneration, 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

Executive Directors

The Executive Directors are paid a remuneration consisting of commission 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 Executive Directors of our Company for the Fiscals 2018 (to the extent paid as on the date of this Placement Document), 2017, 2016 and 2015:

Name of the Directors	Commission (₹)			
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mr. Keki M. Mistry	-	6,60,00,000	5,74,50,000	5,13,00,000
Ms. Renu Sud Karnad	-	6,01,50,000	5,23,50,000	4,68,00,000
Mr. V. Srinivasa Rangan	-	4,02,00,000	3,49,50,000	3,12,00,000

Name of the Directors	Salary and Perquisites (₹)			
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mr. Keki M. Mistry	11,03,40,428	10,25,73,767	4,15,41,186	3,66,53,094
Ms. Renu Sud Karnad	10,02,10,065	9,50,63,418	38,067,542	3,32,90,688
Mr. V. Srinivasa Rangan	6,66,85,035	6,29,86,283	2,48,48,171	2,25,86,995

Name of the Directors	Total (₹)			
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mr. Keki M. Mistry	11,03,40,428	16,85,73,767	9,89,91,186	8,79,53,094
Ms. Renu Sud Karnad	10,02,10,065	15,52,13,418	9,04,17,542	8,00,90,688
Mr. V. Srinivasa Rangan	6,66,85,035	10,31,86,283	5,97,98,171	5,37,86,995

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 a sitting fees of ₹ 1,00,000 per meeting to non-executive Directors for attending meetings of the Board and a sitting fees of ₹50,000 per meeting for attending meetings of board committees/independent directors.

The following tables set forth the remuneration paid by our Company to the present non-executive Directors of our Company for the Fiscals 2018 (to the extent paid as on the date of this Placement Document), 2017, 2016 and 2015:

Name of the Directors	Commission (₹)			
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mr. Deepak S. Parekh	-	2,40,00,000	1,80,00,000	1,80,00,000
Mr. Bansidhar S. Mehta	-	20,00,000	20,00,000	20,00,000
Mr. Dhruba N. Ghosh	-	20,00,000	20,00,000	20,00,000
Mr. Nasser M. Munjee	-	20,00,000	20,00,000	20,00,000
Dr. Bimal N. Jalan	-	20,00,000	20,00,000	20,00,000
Dr. Jamshed J. Irani	-	20,00,000	20,00,000	20,00,000
Mr. Dattatraya M. Sukthankar	-	20,00,000	20,00,000	20,00,000

Name of the Directors	Sitting fees (₹)			
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mr. Deepak S. Parekh	8,50,000	9,00,000	9,50,000	7,00,000
Mr. Bansidhar S. Mehta	13,00,000	10,00,000	9,50,000	9,00,000
Mr. Dhruba N. Ghosh	7,50,000	9,00,000	8,00,000	7,00,000
Mr. Nasser M. Munjee	8,00,000	5,50,000	4,50,000	3,00,000
Dr. Bimal N. Jalan	2,00,000	4,50,000	4,50,000	2,50,000
Dr. Jamshed J. Irani	8,00,000	7,50,000	6,50,000	5,00,000
Mr. Dattatraya M. Sukthankar	8,50,000	7,50,000	6,00,000	3,00,000

Name of the Directors	Total (₹)

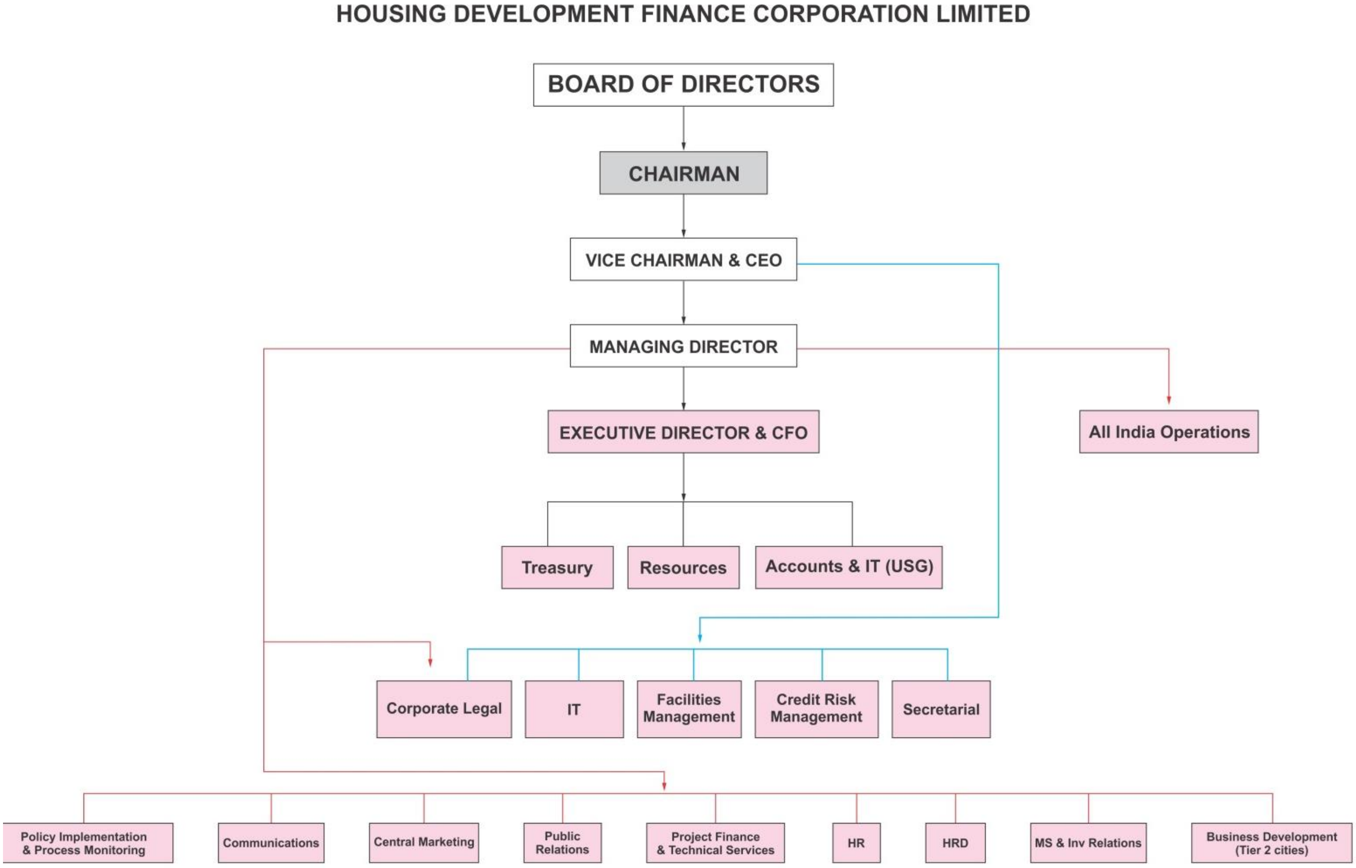
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mr. Deepak S. Parekh	8,50,000	2,49,00,000	1,89,50,000	1,87,00,000
Mr. Bansidhrar S. Mehta	13,00,000	30,00,000	29,50,000	29,00,000
Mr. Dhruba N. Ghosh	7,50,000	29,00,000	28,00,000	27,00,000
Mr. Nasser M. Munjee	8,00,000	25,50,000	24,50,000	23,00,000
Dr. Bimal N. Jalan	2,00,000	24,50,000	24,50,000	22,50,000
Dr. Jamshed J. Irani	8,00,000	27,50,000	26,50,000	25,00,000
Mr. Dattatraya M. Sukthankar	8,50,000	27,50,000	26,00,000	23,00,000

Changes in the Board in the last three years

Name of Director	Date of appointment	Date of cessation	Remarks
Ms. Renu Sud Karnad* **DIN**: 00008064	January 1, 2015	-	Re-appointed as a Managing Director
Mr. V. Srinivasa Rangan* **DIN**: 00030248	January 1, 2015	-	Re-appointed as an Executive Director
Mr. Ram S. Tarneja **DIN**: 00009395	-	August 7, 2015	Vacation of office on account of death on August 7, 2015
Mr. Keki M. Mistry** **DIN**: 00008886	November 14, 2015	-	Re-appointed as Vice Chairman & Chief Executive Officer
Dr. Surendra. A . Dave **DIN**: 00001480	-	August 10, 2017	Vacation of office on account of resignation on August 10, 2017

**Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan were re-appointed as Managing Director and Executive Director, respectively with effect from January 1, 2015.*
*** Mr. Keki M. Mistry was re-appointed as Vice Chairman and Chief Executive Officer with effect from November 14, 2015*

Management Organisation Structure:



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	46	Company Secretary

Biographies of the key managerial personnel

The details of the key managerial personnel other than our Whole-time Directors, as on the date of this Placement Document, are set out below:

Mr. Ajay Agarwal, aged 46 years, is the Company Secretary of our Company. He is a fellow member of the Institute of Company Secretaries of India. He has 20 years of experience in corporate and securities laws. He has been associated with our Company since September 2000. He has been appointed as the Company Secretary and the key managerial person of our Company under Section 203 of the Companies Act, 2013 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, Insider Trading Regulations, 2015 and Securities and Exchange Board of India (Registrar and Share Transfer Agent) Regulations, 1993.

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 of February 23, 2018:

Name	Number of Equity Shares	Percent of Total Number of Outstanding Equity Shares
Mr. Ajay Agarwal	38,810	0.00%

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 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:

Mr. Conrad D'Souza is a member of executive management and Chief Investor Relations Officer of our Company and his responsibilities include corporate planning and budgeting, corporate finance and investor relations. He holds a masters' degree in commerce from University of Mumbai, a masters' degree in business administration from South Gujarat University and is a Senior Executive Program (SEP) graduate of the London Business School. He has been associated with our Company since 1984. He was earlier the treasurer of our Company and his responsibilities included resource mobilisation both domestic and international and asset liability management. Mr. D'Souza has also worked earlier in the operations and management services at our Company and was also the Regional Manager for the State of Maharashtra. He has been a consultant to USAID, United Nations Development Programme and International Finance Corporation (Washington) 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 Committee and the Risk Management Committee of our Company.

Mr. Suresh Menon is a member of executive management of our Company and is responsible for policy implementation and process monitoring, internal audit and Information Technology User Support Group. He holds a bachelor's degree in commerce from Maharaja Sayajirao University of Baroda and a master's degree in business administration from South Gujarat University. He has been associated with our Company since 1984. 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 for 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 Limited in 2007-2008. He is currently co-ordinating the consultancy and training assignments with Sarana Multigriya Finansial - Indonesia. He is also a member of the core faculty at the Frankfurt School of Finance and Management, Germany - Housing Finance Summer Academy. He is a member of the Risk Management Committee of our Company.

Ms. Madhumita Ganguli is a member of executive management of our Company and is responsible for the home loan operations of our Company in the National Capital Region, Punjab and Madhya Pradesh. She holds a bachelor's degree in law from University of Delhi. She has been associated with our Company since 1981 and was responsible for steering the business process reengineering 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 is a member of the National Housing Bank Working Committee on Standardizing of Loan Documentation for Retail Housing Loans and a committee set up by FICCI to formulate recommendations for the Government of India for real estate sector. She has also been a speaker at various international and national seminars on housing finance. She is a member of the Risk Management Committee of our Company.

Mr. Mathew Joseph is a member of executive management of our Company and is responsible for the operations and business of our Company in Tamil Nadu, Andhra Pradesh and Telangana. He is a member of Institute of Chartered Accountants of India. He has been associated with our Company since 1988. 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 of our Company and is responsible for all information technology decisions at our Company. He holds a post graduate diploma in Management from IIM Calcutta. He has been associated with our Company since 1986. He has previously worked with Larsen and Toubro Limited as a management trainee.

Mr. Rajeev Sardana is a member of executive management of our Company and is the national head - self employed business and loan against property and also the business head in Uttar Pradesh, Uttarakhand and Bihar. He is a member of the Institute of Chartered Accountants of India. 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.

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 five 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 (ESOP) Regulations and the SEBI Listing Regulations. The Committees constituted in accordance with the SEBI Listing Regulations and the Companies Act, 2013 are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; (v) Corporate Social Responsibility Committee; and (vi) Allotment Committee - Equity Shares.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Committee	Members
Audit Committee	Mr. Nasser Munjee (Chairman), Mr. Bansidhar S. Mehta and Mr. Mr. Dhruba N. Ghosh
Nomination and Remuneration Committee	Mr. Bansidhar S. Mehta (Chairman), Mr. Nasser Munjee and Dr. Dr. Jamshed J. Irani
Stakeholders Relationship Committee	Dr. Jamshed J. Irani (Chairman), Mr. Dattatraya M. Sukthankar and Mr. V. Srinivasa Rangan
Risk Management Committee	Mr. Nasser Munjee (Chairman), Mr. Keki M. Mistry, Ms. Renu Sud Karnad, Mr. V. Srinivasa Rangan, Mr. Conrad D'Souza, Ms. Madhumita Ganguli and Mr. Suresh Menon
Corporate Social Responsibility Committee	Mr. Deepak S. Parekh (Chairman), Mr. Keki M. Mistry, Ms. Renu Sud Karnad, Mr. V. Srinivasa Rangan and Mr. Dhruba N. Ghosh
Allotment Committee - Equity Shares	Mr. Deepak S. Parekh (Chairman), Mr. Dattatraya M. Sukthankar, Dr. Bimal Jalan, Mr. Keki M. Mistry, Ms. Renu Sud Karnad, and 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 Accounting Standard 18, see the section titled "*Financial Information*" on page 201 of this Placement Document.

Policy on Disclosures and Internal Procedure for prevention of Insider Trading

The Insider Trading Regulations, 2015 applies to our employees and to our Company. It 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. Mr. Ajay Agarwal, the Company Secretary is the Compliance Officer under the said code.

PRINCIPAL SHAREHOLDERS

Our Company does not have an identifiable promoter or any principal shareholder.

1. The summary statement showing the holding of specified securities of our Company as of December 31, 2017 is herein below:

Category of Shareholder		No. of Shareholders	No. of fully paid up equity shares held	Total No. of Shares held	Total Shareholding as a % of Total No. of Shares As a % of (A+B + C2)	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Number of equity shares held in dematerialized form
(A)	**Promoter & Promoter Group**	-	-	-	0.00	-	-
(B)	**Public**	2,28,036	1,59,75,97,695	1,59,75,97,695	100.00	3,65,00,000	1,58,57,46,261
(C1)	**Shares underlying DRs**	-	-	-	0.00	-	-
(C2)	**Shares held by Employee Trust**	-	-	-	0.00	-	-
(C)	**Non Promoter-Non Public**	-	-	-	0.00	-	-
Grand Total		**2,28,036**	**1,59,75,97,695**	**1,59,75,97,695**	**100.00**	**3,65,00,000**	**1,58,57,46,261**

2. The summary statement showing holding of specified securities of public shareholders as of December 31, 2017, is herein below:

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 Shares Underlying Outstanding convertible securities (including Warrants)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of equity shares held in dematerialized form(Not Applicable)
B1) Institutions									
Mutual Funds / UTI	39	10,59,79,215	10,59,79,215	6.63	10,59,79,215	6.63	2,24,69,400	6.49	10,59,76,965
ICICI Prudential		1,90,19,847	1,90,19,847	1.19	1,90,19,847	1.19	-	1.16	1,90,19,847

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 Shares Underlying Outstanding convertible securities (including Warrants)	Total shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of equity shares held in dematerialized form(Not Applicable)
Balanced Fund									
SBI-Etf Nifty 50		1,73,24,864	1,73,24,864	1.08	1,73,24,864	1.08	-	1.06	1,73,24,864
Foreign Portfolio Investors	1500	1,19,43,48,342	1,19,43,48,342	74.76	1,19,43,48,342	74.76	51,100	73.09	1,19,43,48,342
Oppenheimer Developing Markets Fund		5,90,03,592	5,90,03,592	3.69	5,90,03,592	3.69	-	3.61	5,90,03,592
Europacific Growth Fund		3,18,13,425	3,18,13,425	1.99	3,18,13,425	1.99	-	1.95	3,18,13,425
Government of Singapore		3,15,61,171	3,15,61,171	1.98	3,15,61,171	1.98	-	1.93	3,15,61,171
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund		2,69,02,395	2,69,02,395	1.68	2,69,02,395	1.68	-	1.65	2,69,02,395
Abu Dhabi Investment Authority - Behave		2,26,68,517	2,26,68,517	1.42	2,26,68,517	1.42	-	1.39	22,668,517
Vanguard Total International Stock Index Fund		2,09,39,254	2,09,39,254	1.31	2,09,39,254	1.31	-	1.28	20,939,254
Ishares India Index Mauritius Company		1,75,24,085	1,75,24,085	1.10	1,75,24,085	1.10	-	1.07	1,75,24,085
Financial Institutions/ Banks	20	17,87,000	17,87,000	0.11	17,87,000	0.11	-	0.11	17,79,900
Insurance Companies	36	11,49,27,861	11,49,27,861	7.19	11,49,27,861	7.19	-	7.03	11,49,27,861
Life Insurance Corporation of India		6,72,84,735	6,72,84,735	4.21	6,72,84,735	4.21	-	4.12	6,72,84,735
Sub Total B1	1,595	1,41,70,42,418	1,41,70,42,418	88.70	1,41,70,42,418	88.70	2,25,20,500	86.72	1,41,70,33,068

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 Shares Underlying Outstanding convertible securities (including Warrants)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of equity shares held in dematerialized form(Not Applicable)
B2) Central Government/ State Government(s)/ President of India									
Central Government/ State Government(s)/ President of India	5	15,56,861	15,56,861	0.10	15,56,861	0.10	-	0.10	15,56,861
Sub Total B2	5	15,56,861	15,56,861	0.10	15,56,861	0.10	-	0.10	15,56,861
B3) Non-Institutions									
Individual share capital upto ₹ 2 Lacs	2,13,919	11,78,46,812	11,78,46,812	7.38	11,78,46,812	7.38	46,37,447	7.21	10,64,38,838
Individual share capital in excess of ₹ 2 Lacs	93	2,29,04,770	2,29,04,770	1.43	2,29,04,770	1.43	27,74,000	1.40	2,27,97,370
Others	12,424	3,82,46,834	3,82,46,834	2.39	3,82,46,834	2.39	65,68,053	2.34	3,79,20,124
Sub Total B3	**2,26,436**	**17,89,98,416**	**17,89,98,416**	**11.20**	**17,89,98,416**	**11.20**	**1,39,79,500**	10.95	**16,71,56,332**
B=B1+B2+B3	**2,28,036**	**1,59,75,97,695**	**1,59,75,97,695**	**100.00**	**1,59,75,97,695**	**100.00**	**3,65,00,000**	**97.77**	**1,58,57,46,261**

3. Details of disclosure made by the trading members holding 1% or more of the total number of Equity Shares of our Company: NIL

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Our Company and the Book Running Lead Managers are not liable for any amendment, modification or change to applicable law or regulations, which may occur after the date of this Placement Document. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them. Bidders will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribe to and acquire the Equity Shares. Our Company and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Please see the sections "Selling Restrictions" and "Transfer Restrictions" on pages 168 and 175, respectively.

Qualified Institutions Placement

The Issue is being made to Eligible QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, by way of a QIP and the Preliminary Placement Document and this Placement Document will not be registered as a prospectus with the RoC and the Equity Shares offered by way of the Issue will not be deemed to be offered to the public or any other class of investors, other than to Eligible QIBs.

Under Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, a company may issue equity shares to Eligible QIBs provided that certain conditions are met by the company. Certain of these conditions are set out below:

a) the shareholders of our Company have passed a special resolution approving such QIP. Such special resolution must specify that the allotment of securities is proposed to be made pursuant to the QIP and the Relevant Date;

b) equity shares of the same class of our Company, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of postal ballot notice to its shareholders for passing the above-mentioned special resolution;

c) the aggregate of the Issue and all previous qualified institutions placements made by our Company in the same financial year does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of our Company as per the audited balance sheet of the previous financial year;

d) our Company shall be in compliance with the minimum public shareholding requirements set out in the SCRR;

e) our Company shall offer to each Allottee at least such number of the securities in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the securities;

f) the explanatory statement to the postal ballot notice to the shareholders must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

g) prior to circulating the private placement offer letter, our Company must prepare and record a list of Eligible QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;

h) the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the Eligible QIB to whom the offer is made, and sent within 30 days of recording the names of such Eligible QIBs; and

i) the payment to be made for subscription to the Equity Shares shall be made from the bank account of the person subscribing to such securities and in case of securities to be held by joint holders, the payment for subscription to the securities shall be paid from the bank account of the person whose name appears first in the application.

At least 10.00% of the Equity Shares issued to Eligible QIBs must be allotted 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 are not allowed to withdraw their Bids after the Issue Closing Date.

Allotments made to FVCI, 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. Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Issue Price of the Equity Shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date.

The "Relevant Date" referred to above means the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of our Company decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the Equity Shares of our Company 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.

Securities must be allotted within 12 months from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the Bidders. Our Company shall have completed allotments with respect to any offer or invitation made earlier by our Company or has been rescinded or abandoned any such invitation or offer made by it.

The securities issued pursuant to a QIP must be issued on the basis of the Preliminary Placement Document and this Placement Document, each of which shall contain all material information, including the information specified in Schedule XVIII of the SEBI ICDR Regulations and the requirements prescribed under Form PAS-4 as prescribed under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. The Preliminary Placement Document and this Placement Document are private document provided to only select investors through serially numbered copies and is required to be placed on the websites 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.

The minimum number of allottees for a QIP shall not be less than:

a) two, where the issue size is less than or equal to ₹ 2,500 million; and
b) five, where the issue size is greater than ₹ 2,500 million.

No single Allottee shall be allotted more than 50.00% of the Issue size or a number of equity shares which would aggregate to less than ₹ 20,000 calculated on the basis of the face value of the equity shares. 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", please see the section "*Issue Procedure—Application Process—Application Form*" on page 161.

Our Company has applied for and received the in-principle approvals of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges. Our Company has filed a copy of the Preliminary Placement Document and this Placement Document with the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013.

The Issue has been authorised and approved by the Board of Directors on December 19, 2017 and by the committee of directors on January 13, 2018. The Shareholders have authorised and approved the Issue by way of a special resolution passed by way of postal ballot on February 14, 2018.

Securities allotted to an Eligible QIB pursuant to the Issue shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India.

The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, please see the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on page 168 and 175, respectively.

The Equity Shares 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.

Issue Procedure

Our Company and the Book Running Lead Managers shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and each Application Form will be specifically addressed to the relevant Eligible QIB. In terms of Section 42 of the Companies Act, 2013, our Company shall maintain complete records of the Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI as prescribed under applicable law.

The list of QIBs to whom the Preliminary Placement Document and Application Form is to be delivered, shall be determined by our Company, in consultation with the Book Running Lead Managers. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been 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 application that does not comply with this requirement shall be treated as invalid.

Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee, at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000, calculated at the face value of the Equity Shares.

Eligible QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Managers.

Eligible QIBs will be, amongst other things, be required to indicate the following in the Application Form:

a) full official name of the Eligible QIB to whom Equity Shares are to be Allotted;

b) number of Equity Shares Bid for;

c) price at which they are agreeable to subscribe for the Equity Shares, provided that Eligible QIBs may also indicate that they are agreeable to submit a Bid 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 SEBI ICDR Regulations and decided by the Board;

d) details of the depository account to which the Equity Shares should be credited;

e) representation that it is outside the United States (within the meaning of Regulation S) and was outside the United States at the time the buy order for the Equity Shares was originated, and is acquiring the Equity Shares in an offshore transaction under Regulation S and it has agreed to certain other representations set forth in the Application Form;

f) it has agreed to the representations set forth in the Preliminary Placement Document and the Application Form; and

g) SEBI registration number, if applicable.

NOTE**:** *FPIs are required to indicate the SEBI FPI registration number in the Application Form. Each sub-account of an FPI other than a sub-account which is a foreign corporate or a foreign individual will be considered an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids. Bids 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 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. Application by various schemes or funds of a Mutual Fund will be treated as one application 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.*

Once a duly completed Application Form is submitted by an Eligible QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Issue Closing Date. The Issue Closing Date shall be notified to the Stock Exchanges and Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

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 and such Bids by 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. Application by various schemes or funds of a Mutual Fund will be treated as one application 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.

Under the current regulations, the following restrictions are applicable for investments by Mutual Funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company; provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.
- No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Upon receipt of the Application Forms, after the Issue Closing Date, our Company has determined the final terms, including the Issue Price of the Equity Shares and the number of Equity Shares to be issued pursuant to the Issue in consultation with the Book Running Lead Managers. Upon determination of the final terms of the Equity Shares, our Company shall report the Issue Price to the Stock Exchanges and the Book Running Lead Managers will send the serially numbered CANs along with this Placement Document to Eligible QIBs who have been Allocated the Equity Shares either in electronic form or by way of physical delivery. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the Eligible QIB and payment instructions including the details of the amounts payable by the Eligible QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective Eligible QIB. **Please note that the Allocation will be at the absolute discretion of our Company in consultation with the Book Running Lead Managers.**

Pursuant to receiving a CAN, each Eligible QIB shall be required to pay the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Escrow Account by the Pay-In Date as specified in the CAN sent to the respective Eligible QIBs. No payment shall be made by Eligible QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant Eligible QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Please see the section "*Issue Procedure - Bank*

Account for Payment of Application Money" on page 165.

Upon receipt of the application monies from the Eligible QIBs, our Company shall Allot Equity Shares as per the details in the CAN sent to the Eligible QIBs.

After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to the Issue into the beneficiary accounts of the respective Allottees in accordance with the details submitted by the Eligible QIBs in the Application Form.

Our Company will then apply for the final listing and trading permissions from the Stock Exchanges.

The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

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. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

Only eligible QIBs as defined in Regulation 2(1)(zd) and Chapter VIII of the SEBI ICDR Regulations, and not otherwise excluded under Regulation 86 of the SEBI ICDR Regulations or other applicable regulations, can invest in the Issue.

Currently, under Regulation 2(1)(zd) and Chapter VIII of the SEBI ICDR Regulations, a QIB means:

1. a public financial institution as defined in Section 2(72) of the Companies Act, 2013;
2. a scheduled commercial bank;
3. a mutual fund registered with the SEBI;
4. Eligible FPIs;
5. a multilateral and bilateral development financial institution;
6. venture capital funds and AIFs registered with the SEBI;
7. a foreign venture capital investor registered with the SEBI;
8. a state industrial development corporation;
9. an insurance company registered with Insurance Regulatory and Development Authority of India;
10. a pension fund with minimum corpus of ₹ 250 million;
11. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
12. an insurance fund set up and managed by the army, navy or air force of the Union of India;
13. insurance funds set up and managed by the Department of Posts, India;

14. a provident fund with minimum corpus of ₹ 250 million; and

15. systematically important non banking financial companies having networth of more than ₹ 5,000 million as per such companies' last audited financial statements.

Eligible FPIs are permitted to participate in the Issue through the Portfolio Investment Scheme and the Foreign Portfolio Investment Scheme, respectively, subject to compliance with all applicable laws and such that the shareholding of the FPIs does not exceed specified limits as prescribed under applicable laws in this regard.

As on February 22, 2018, the aggregate FPI holding is 73.93% of our total paid-up capital.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of the post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Regulations, the total holding of each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 100% of the paid-up Equity Share capital of our Company.

Our Company does not have any identifiable promoters and accordingly, no allotment shall be made in accordance with Regulation 86(1)(b) of the SEBI ICDR Regulations.

Our Company and the Book Running Lead Managers 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 Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not directly or indirectly result in triggering an open offer under the Takeover Regulations. Eligible QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. Eligible QIBs are advised to consult their advisors in this regard.

Note: *Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Application Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through the Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions" on pages 2, 4, 168 and 175, respectively:*

1. it is a Eligible QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and is not excluded under Regulation 86 of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in the Issue;

2. it acknowledges that it has no right to withdraw its Bid after the Issue Closing Date;

3. if Equity Shares are Allotted through the Issue, it shall not, for a period of one year from the date of Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

4. it is eligible to Bid and hold Equity Shares so Allotted and its holding, does not and shall not, exceed

the level permissible as per any applicable regulations applicable to the Eligible QIB;

5. its Bid(s) would not directly or indirectly result in triggering an open offer under the Takeover Regulations;

6. to the best of its knowledge and belief together with other Eligible QIBs in the Issue that belongs to the same group or are under same control, the Allotment to it shall not exceed 50.00% of the Issue. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956;

   (b) "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations.

7. it shall not undertake any trade in the Equity Shares credited to its 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.

8. the Eligible QIB acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "Holding"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5.00% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is a Shareholder who, together with persons acting in concert, holds 5.00% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

9. it has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of the Preliminary Placement Document, will be deemed to have made, the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 2, 4, 168 and 175.

ELIGIBLE QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, EMAIL ADDRESS, CONTACT NUMBERS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE ELIGIBLE SUB ACCOUNTS OF AN FPI WOULD BE CONSIDERED AS AN INDEPENDENT ELIGIBLE QIB.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIB SUBMITTING A BID, ALONG WITH THE BID CUM APPLICATION FORM, 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, ESCROW BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER CLOSURE OF THE ISSUE, THE ELIGIBLE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE PLACEMENT, WILL HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by an Eligible QIB shall be deemed to be a valid, binding and irrevocable offer for the Eligible QIB to pay the entire Issue Price for the Equity Shares (as indicated by the

CAN) and becomes a binding contract on the Eligible QIB upon issuance of the CAN by our Company in favour of the Eligible QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Eligible QIB and the number of Equity Shares applied for. The Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following address:

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
Citigroup Global Markets India Private Limited	1202, 12th Floor First International Financial Centre, G-Block Bandra Kurla Complex Bandra East Mumbai 400 098	Mr. Jeetendra Parmani	investors.cgmib@citi.com	**Tel**: +91 22 6175 9999 **Fax**: +91 22 6175 9961
CLSA India Private Limited	8/F Dalamal House Nariman Point Mumbai 400 021 Maharashtra, India	Mr. Ankur Garg	project.tragopan@clsa.com	**Tel**: +91 22 6650 5050 **Fax**: +91 22 2284 0271
Credit Suisse Securities (India) Private Limited	Ceejay House 10th Floor Plot F Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai 400 018 Maharashtra, India	Mr. Akshay Saxena	list.hdfcltdqip@credit-suisse.com	**Tel**: +91 22 6777 3885 **Fax**: +91 22 6777 3820
IIFL Holdings Limited	10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013 Maharashtra, India	Mr. Vishal Bangard	hdfc.qip@iiflcap.com	**Tel**: +91 22 4646 4600 **Fax**: +91 22 2493 1073
JM Financial Limited	7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India	Mr. Hiren Raipancholia	hdfc.qip2018@jmfl.com	**Tel**: +91 22 22 6630 3030 **Fax**: +91 22 6630 3330
Motilal	Motilal Oswal	Mr. Subodh	hdfcqip2018@motilaloswal.com	**Tel**: +91 22 3980

Name of the Book Running Lead Managers	Address	Contact Person	Email	Phone (Telephone and Fax)
Oswal Investment Advisors Limited	Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai 400 025 Maharashtra, India	Mallya		4380 **Fax**: +91 223980 4315

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each Eligible QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

Eligible QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to one of the Book Running Lead Managers and such Bids cannot be withdrawn after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Managers, has determined the Issue Price.

After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and filed the same with the Stock Exchanges as this 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 VIII of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

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 EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Managers as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, has decided the Eligible QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Eligible QIBs. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable Designated Date, being the date of credit of the Equity Shares to the respective Eligible QIB's account.

Eligible QIBs who have been Allotted Equity Shares pursuant to the Issue would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to furnish all details that may be required by the Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened the Escrow Account titled "HDFC Ltd QIP 2018 Account" (the "**Escrow Account**") with the Escrow Banks in terms of the Escrow Agreement. Eligible QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the Eligible QIB are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if, our Company has not been able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Eligible QIBs, our Company and the Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Eligible QIBs at its sole and absolute discretion subject to such Eligible QIBs having received the Application Forms.

Payment Instructions

The payment of application money shall be made by the Eligible QIBs in the name of the Escrow Account as per the payment instructions provided in the CAN.

Payments are to be made only through electronic fund transfer.

***Note**: Payments other than through electronic transfer funds including through cheque are liable to be rejected at the sole discretion of the Book Running Lead Managers.*

Closing Date and Allotment of Equity Shares

Our Company will endeavour to complete the allotment of Equity Shares by the Issue Closing Date for those Eligible QIBs who have paid the subscription money as stipulated in their respective CANs. The Equity Shares will not be Allotted unless the Eligible QIBs pay the Issue Price to the Escrow Account as stated above.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Alloted only in dematerialised form to the Allottees and shall be credited to the Depository Participant Account of the Eligible QIB. Allottees will have the option to-rematerialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company, at its sole discretion, reserves the right to cancel / withdraw the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

In the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the Eligible QIBs.

In relation to Eligible QIBs who have been Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such Eligible QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Banks shall release the monies lying to the credit of the Escrow Account to our Company after Allotment of Equity Shares to Eligible QIBs and receipt of the required the listing and trading approvals from the Stock Exchanges. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. If an Eligible QIB is Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Eligible QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Eligible QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Company will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Eligible QIBs.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into an agreement with our Company ("**Placement Agreement**") dated February 27, 2018 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 Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis, to Eligible QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and the Companies Act, 2013.

The Placement Agreement contains customary representations, warranties and indemnities from our Company 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 has not been and will not be, registered 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 Equity Shares 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 Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Equity Shares have not been and will not be registered under the U.S Securities Act or any state securities laws in the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of U.S Securities Act and applicable U.S. state securities law. The Equity Shares are being offered and sold outside the United States in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the "*Selling Restrictions*" and "*Transfer Restrictions*" on page 168 and 175, respectively.

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 Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. 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.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of 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. 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.

General

No action has been taken or will be taken that would permit an offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required, except India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the offering of the Equity Shares 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 Equity Shares offered by the Preliminary 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*" on 2, 4, 166 and 173.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs and is not an offer to the public. This Placement Document is neither a public issue nor a prospectus under the Companies Act or 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 registered as a prospectus with the Registrar of Companies in India.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales are made.

Each subscriber of the Equity Shares offered by the Preliminary Placement Document will be deemed to have made the representations, warranties, agreements, acknowledgements and undertakings set forth in "*Transfer Restrictions*" on page 175.

Australia

This Placement Document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "**Corporations Act**");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the

Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the 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 us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

Dubai International Financial Centre ("DIFC")

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, 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. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of Equity Shares may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Underwriters; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the Underwriters and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

In the case of any Equity Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Offer 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 Equity Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the 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 that Ordinance. No advertisement, invitation or document relating to the Equity Shares has been or may be issued or has been or may be in the possession of any person for the purposes 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 of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Equity Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the Equity Shares nor any interest therein may be offered or sold, 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 and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Jordan

This Placement Document has not been and will not be filed with the Jordanian Securities Commission. This Placement Document has not been and will not be distributed, and offers to sell, and sales of the Equity Shares will not be made to more than 30 Jordanian residents. It may not be used for a public offering in Jordan of the Equity Shares. Offers of the Equity Shares are being made from outside Jordan on a private one-on-one contact basis to pre-identified potential investors in Jordan by persons who are not resident within Jordan and accordingly no registration, local prospectus filing and local agent requirements apply. This Placement Document is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Placement Document, each investor represents and warrants that if they receive this Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Placement Document to any person who is not also a Habitual Investor.

Oman

By receiving this document, the person or entity to whom it has been issued understands, acknowledges and agrees that this document has not been registered 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 Equity Shares sold under this 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. 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 (excluding Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

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 Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center ("**QFC**"), and accordingly should not be construed as such. This Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended (the "**CMA Regulations**"). The CMA 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 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 Placement Document, you should consult an authorized financial adviser.

South Africa

Due to restrictions under the securities laws of South Africa, the Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

i. the offer, transfer, sale, renunciation or delivery is to:

(a) persons whose ordinary business is to deal in securities, as principal or agent;

(b) the South African Public Investment Corporation;

(c) persons or entities regulated by the Reserve Bank of South Africa;

(d) authorised financial service providers under South African law;

(e) financial institutions recognised as such under South African law;

(f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

(g) any combination of the person in (a) to (f); or

ii. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) in South Africa is being made in connection with the issue of the Equity Shares. Accordingly, this Placement Document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Equity Shares in South Africa constitutes an offer of the Equity Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this Placement Document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "**SA Relevant Persons**"). Any investment or investment activity to which this Placement Document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), 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 Equity Shares 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 (as defined in Section 239(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:
    i. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
    ii. ii. where no consideration is or will be given for the transfer;
    iii. where the transfer is by operation of law;
    iv. as specified in Section 276(7) of the SFA; or
    v. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Placement Document nor any other offering or marketing material relating to the offering, the Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

United Arab Emirates

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Placement Document does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

United Kingdom

In the United Kingdom, this Placement Document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) and (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and/or (ii) who are high net worth companies falling within Article 49(2)(a) to (d) of the Order and/or (iii) who are persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the Equity Shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000. Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this Placement Document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this Placement Document relates to may be made or taken exclusively by relevant persons.

TRANSFER RESTRICTIONS

In terms of Chapter VIII of the SEBI ICDR Regulations, resale of Equity Shares, 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 Equity Shares, and also see "*Issue Procedure*" on page 156.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of 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 U.S. Securities Act and applicable U.S. state securities laws.

If you purchase the Equity Shares in the Issue, by accepting delivery of this Placement Document, submitting a bid to purchase the Equity Shares and accepting delivery of the Equity Shares, you will be deemed to have represented, agreed and acknowledged as follows:

- you have received a copy of this Placement Document, which you have read in its entirety, and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning our Company or the Equity Shares and neither our Company nor any other person responsible for this document or any part of it or the Book Running Lead Managers will have any liability for any such other information or representation;

- you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you will comply with all laws, regulations and restrictions (including the distribution and solicitation restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorisation required for you to purchase and accept delivery of the Equity Shares, and you acknowledge and agree that none of our Company, the Book Running Lead Managers or any of their respective affiliates shall have any responsibility in this regard;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that the Equity Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer, and you warrant to our Company, the Book Running Lead Managers and their respective affiliates that you will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to another available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- you and the person, if any, for whose account or benefit you are acquiring the Equity Shares, were located outside the United States at the time the buy order for the Equity Shares was originated and continue to be located outside the United States and have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

- the Equity Shares have not been offered to you by means of any "directed selling efforts", as defined under Regulation S;

- you are not an affiliate (as defined in Rule 405 of the U.S. Securities Act) of our Company or a person acting on behalf of such affiliate; and you are not in the business of buying and selling securities or, if you are in such business, you did not acquire the Equity Shares from our Company or an affiliate thereof in the initial distribution of the Equity Shares;

- you are aware of the restrictions on the offer and sale of the Equity Shares pursuant to Regulation S described in this Placement Document and that neither the BSE nor the NSE is a "designated offshore securities market" within the meaning of Regulation S;

- you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Book Running Lead Managers or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to distribution;

- you agree to indemnify and hold our Company and the Book Running Lead Managers and their respective 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 these representations and warranties. You will not hold any of the Company or the Book Running Lead Managers and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares; and

- you represent and warrant to our Company, the Book Running Lead Managers and their respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account; and

- you acknowledge that our Company, the Book Running Lead Managers and their respective affiliates (as defined in Rule 405 of the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agree that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, you will promptly notify our Company and the Book Running Lead Managers, and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such accounts.

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, 2012 ("**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.

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. 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.

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.

Insider Trading Regulations

The SEBI Insider Trading Regulations, 2015 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, 2015 also provide disclosure obligations for promoters, employees and directors, 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.

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 EQUITY SHARES

Set forth below is certain information relating to the Equity Shares, including a brief summary of some of the provisions of the Memorandum and Articles of Association of our Company and the Companies Act. 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 Equity Shares.

Share capital

The authorized share capital of our Company is ₹ 3,700,000,000 comprising 1,850,000,000 Equity Shares. For further details please see the section "*Capital Structure*" on page 66.

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 they became due for payment, along with the corresponding equity shares 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 free reserves of the company, (b) the securities premium account, or (c) the capital redemption 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, if so required. 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 six 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 majority in number of members entitled to vote and who represent not less than 95% paid-up share capital as gives a right to vote at the meeting. 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. For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such 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.

Buy Back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and other provisions of applicable law.

TAXATION

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 XYZ LIMITED ("CORPORATION") AND TO INVESTORS to this issue (BEING SHAREHOLDERS OTHER THAN INDIVIDUALS)

A. SPECIAL TAX BENEFITS AVAILABLE TO THE CORPORATION

1. **Transfer to Special Reserve under section 36(1)(viii)**

In terms of section 36(1)(viii) of the Income Tax Act,1961 ("the I.T. Act"), Company 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 Company. 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. TAX BENEFITS AVAILABLE TO THE INVESTORS (BEING SHAREHOLDERS OTHER THAN INDIVIDUALS)

I. General tax benefits available to Resident shareholders

1. Under section 10(34) of the I.T. Act, income by way of dividends (whether interim or final) referred to in Section 115-O of I.T. Act received on shares of any Indian Company is exempt from income tax in the hands of shareholders. Such dividend is to be excluded while computing Minimum Alternate Tax ("MAT") liability where such dividend is received by a Company.

   However it is pertinent to note that Section 14A of the I.T. Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not allowable expenditure.

2. As per section 115BBDA of the I.T. Act, income by way of dividend in excess of Rs. 10 lakhs declared, distributed or paid by a domestic company or companies shall be chargeable to tax in the case of an assessee other than a domestic company, a fund or institution or trust or any university or other educational institutions or

any hospital or other medical institutions referred to in section 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), a trust or institutions registered under section 12A or section 12AA, who is resident in India, at the rate of 10% (plus applicable surcharge and cess).

3. 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 or unit of Unit Trust of India or unit of an equity oriented fund or a zero coupon bond 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**").

4. As per provisions of section 48 of the I.T. Act, 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.

5. Under section 10(38) of the I.T. Act, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to Securities Transaction Tax ("**STT**"). Although LTCG on shares sold on Stock Exchange on which STT is paid are exempt in computation of taxable income as per the normal provisions of the Act, such gains as are includible in the book profits of a corporate assessee are not exempt from the levy of MAT under section 115JB of the I.T. Act.

   However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The Central Board of Direct Taxes ("**CBDT**") has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

6. In accordance with section 112 of the I.T. Act, LTCG on sale of capital assets to the extent not exempt under section 10(38) of the I.T. Act would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) with indexation benefits. However, as per the first proviso to section 112(1) of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:

   a. 20% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; or

   b. 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation.

   No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

7. The base year for the purpose of indexation has been changed from April 1, 1981 to April 1, 2001.

8. Finance Bill, 2018 proposes to terminate the exemption granted under section 10(38) of the I.T. Act to LTCG arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the I.T. Act to provide that LTCG arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% without indexation of such capital gains exceeding one lakh rupees. The concessional rate of 10% shall be available only if securities transaction tax (STT) has been paid on both acquisition and transfer in case of equity shares and on transfer in case of units of equity-oriented mutual funds or units of business trust.

Further, the CBDT has clarified vide FAQs dated 4 February 2018 that the notification no. 43/2017 dated 5 June 2017, will be reiterated to provide the concessional rate of 10% on transfer of equity shares acquired without payment of STT.

Further, the said section 112A under sub-section (6) provides for a grandfathering provision. As per the said sub-section, cost of acquisition of the aforementioned long term capital asset acquired by the assessee before 1.2.2018 would be higher of the following:

a. actual cost of acquisition of the asset; and
b. lower of:
   i. fair market value of such asset; and
   ii. full value of consideration received or accruing as a result of the transfer of the capital asset.

For the purpose of this section, the fair market value shall be the highest price quoted on the stock exchange as on January 31, 2018 in case of equity shares and the net asset value as on January 31, 2018 in case of units of equity-oriented mutual funds and units of a business trust.

CBDT has clarified vide FAQs dated 4 February 2018 has proposed the following in connection with the treatment of set-off and carry forward of LTCL arising on sale of shares which has been subjected to STT:

i. As the exemption from LTCG as per section 10(38) of the Act will be available for transfer made between 1 February, 2018 and 31 March, 2018, the LTCL arising during this period will not be allowed to be set-off or carried forward to subsequent years.

ii. LTCL arising from transfer made on or after 1 April, 2018 will be allowed to be set-off and carried forward in accordance with existing provisions of the Act. Therefore, such LTCL can be set-off against any other LTCG and any unabsorbed LTCL can be carried forward to subsequent eight years for set-off against LTCG.

9. Under section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under section 10(38) of the I.T. Act) arising on the transfer of capital asset would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in a 'long term specified assets'. A 'long term specified asset' means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

- National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988;

- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

- Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by Power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the 'long term specified asset' is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

Finance Bill, 2018 rationalised the provisions of section 54EC of the I.T. Act and proposed to amend the section 54EC of the I.T. Act with effect from April 1, 2019 i.e. assessment year 2019-20 so as to provide that capital gain arising from the transfer of a long-term capital asset, being land or building or both., invested in the long-term specified asset at any time within a period of six months after the date of such transfer, the capital gain shall not be charged to tax subject to certain conditions specified in this section. It has also proposed to substitute the definition of long-term specified asset to include any investment made under section 54EC of the I.T. Act:

i. on or after the 1 April 2007 but before the 1 April 2018, means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1 April 2018;

ii. on or after the 1 April 2018, means any bond, redeemable after five years and issued on or after 1 April, 2018,

by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 or any other bond notified in the Official Gazette by the Central Government in this behalf.

Accordingly, the Finance Bill, 2018 proposes to withdraw this benefit which was erstwhile available to shareholders, from April 1, 2019 i.e. assessment year 2019-20.

10. Section 54EE of the I.T. Act inserted by the Finance Act, 2016 with effect from April 01, 2017 provides that if a long term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in long term specified assets, then, subject to the limitations provided under the section, an exemption upto Rs. 50 lakhs can be claimed.

    Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer.

    For the purpose of section 54EE of the I.T. Act, long term specified assets has been defined as a unit or units, issued before April 01, 2019, of such fund as may be notified by the Central Government in this behalf.

11. As per section 111A of the I.T. Act, short term capital gains arising from the sale of equity shares of our Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, short term capital gains 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 VI-A of the I.T. Act shall be allowed from such income.

12. In case equity shares are held as stock in trade, the income on transfer of equity shares would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

13. In terms of section 36(1)(xv) of the I.T. Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of STT.

14. Under section 56(2)(x) of the I.T. Act and subject to exception provided therein, if any person receives from any person, on or after April 01, 2017, 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 FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

    Rule 11UA of the Income Tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties.

15. 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 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.

    CBDT has clarified vide FAQs dated 4 February 2018 has proposed the following in connection with the treatment of set-off and carry forward of LTCL arising on sale of shares which has been subjected to STT:

    i. As the exemption from LTCG as per section 10(38) of the I.T. Act will be available for transfer made between 1 February, 2018 and 31 March, 2018, the LTCL arising during this period will not be allowed to be set-off or carried forward to subsequent years.

    ii. LTCL arising from transfer made on or after 1 April, 2018 will be allowed to be set-off and carried forward in accordance with existing provisions of the Act. Therefore, such LTCL can be set-off against any other LTCG and any unabsorbed LTCL can be carried forward to subsequent eight years for set-off against LTCG.

16. 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.

II. General tax benefits available to Non-Resident Shareholders

1. Under section 10(34) of the I.T. Act, income by way of dividends (whether interim or final) referred to in Section 115-O of I.T. Act received on shares of any Indian Company is exempt from income tax in the hands of shareholders.

2. 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.

3. As per first proviso to section 48 of the 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.

4. Under section 10(38) of the I.T. Act, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to STT.

    However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification no. F.

No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

5. In accordance with section 112 of the I.T. Act, LTCG on sale of capital assets to the extent not exempt under section 10(38) of the I.T. Act would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) with indexation benefits. However, as per the first proviso to section 112(1) of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:

    a. 20% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; or

    b. 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation.

    No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

6. The base year for the purpose of indexation has been changed from April 1, 1981 to April 1, 2001.

7. Finance Bill, 2018 proposes to terminate the exemption granted under section 10(38) of the I.T. Act to LTCG arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the I.T. Act to provide that LTCG arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% without indexation of such capital gains exceeding one lakh rupees. The concessional rate of 10% shall be available only if securities transaction tax (STT) has been paid on both acquisition and transfer in case of equity shares and on transfer in case of units of equity-oriented mutual funds or units of business trust. Further, the CBDT has clarified vide FAQs dated 4 February 2018 that the notification no. 43/2017 dated 5 June 2017, will be reiterated to provide the concessional rate of 10% on transfer of equity shares acquired without payment of STT.

    Further, the said section 112A under sub-section (6) provides for a grandfathering provision. As per the said sub-section, cost of acquisition of the aforementioned long term capital asset acquired by the assessee before 1.2.2018 would be higher of the following:

    a. actual cost of acquisition of the asset; and
    b. lower of:
        i. fair market value of such asset; and
        ii. full value of consideration received or accruing as a result of the transfer of the capital asset.

    For the purpose of this section, the fair market value shall be the highest price quoted on the stock exchange as on January 31, 2018 in case of equity shares and the net asset value as on January 31, 2018 in case of units of equity-oriented mutual funds and units of a business trust.

    CBDT has clarified vide FAQs dated 4 February 2018 has proposed the following in connection with the treatment of set-off and carry forward of LTCL arising on sale of shares which has been subjected to STT:

    i. As the exemption from LTCG as per section 10(38) of the Act will be available for transfer made between 1 February, 2018 and 31 March, 2018, the LTCL arising during this period will not be allowed to be set-off or carried forward to subsequent years.

    ii. LTCL arising from transfer made on or after 1 April, 2018 will be allowed to be set-off and carried forward in accordance with existing provisions of the Act. Therefore, such LTCL can be set-off against any other LTCG and any unabsorbed LTCL can be carried forward to subsequent eight years for set-off against LTCG.

8. Under section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under section 10(38) of the I.T. Act) arising on the transfer of capital asset would be

exempt from tax if such capital gain is invested within 6 months after the date of such transfer in a 'long term specified assets'. A 'long term specified asset' means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

- National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988;

- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

- Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by Power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the 'long term specified asset' is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

Finance Bill, 2018 rationalised the provisions of section 54EC of the I.T. Act and proposed to amend the section 54EC of the I.T. Act with effect from April 1, 2019 i.e. assessment year 2019-20 so as to provide that capital gain arising from the transfer of a long-term capital asset, being land or building or both., invested in the long-term specified asset at any time within a period of six months after the date of such transfer, the capital gain shall not be charged to tax subject to certain conditions specified in this section. It has also proposed to substitute the definition of long-term specified asset to include any investment made under section 54EC of the I.T. Act:

iii. on or after the 1 April 2007 but before the 1 April 2018, means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1 April 2018;

iv. on or after the 1 April 2018, means any bond, redeemable after five years and issued on or after 1 April, 2018,

by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 or any other bond notified in the Official Gazette by the Central Government in this behalf.

Accordingly, the Finance Bill, 2018 proposes to withdraw this benefit which was erstwhile available to shareholders, from April 1, 2019 i.e. assessment year 2019-20.

9. Section 54EE of the I.T. Act inserted by the Finance Act, 2016 with effect from April 01, 2017 provides that if a long term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in long term specified assets, then, subject to the limitations provided under the section, an exemption upto Rs. 50 lakhs can be claimed.

   Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer.

   For the purpose of section 54EE of the I.T. Act, long term specified assets has been defined as a unit or units, issued before April 01, 2019, of such fund as may be notified by the Central Government in this behalf.

10. As per section 111A of the I.T. Act, short term capital gains arising from the sale of equity shares of our Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, short term capital gains 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 VI-A of the I.T. Act shall be allowed from such income.

11. In case equity shares are held as stock in trade, the income on transfer of equity shares would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

12. In terms of section 36(1)(xv) of the I.T. Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

13. As per Explanation 4 to section 115JB of the 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 Double Taxation Avoidance Agreement (the "**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.

14. Under section 56(2)(x) of the I.T. Act and subject to exception provided therein, if any person receives from any person, on or after April 01, 2017, 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 FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

    Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

15. 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 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.

    CBDT has clarified vide FAQs dated 4 February 2018 has proposed the following in connection with the treatment of set-off and carry forward of LTCL arising on sale of shares which has been subjected to STT:

    i. As the exemption from LTCG as per section 10(38) of the I.T. Act will be available for transfer made between 1 February, 2018 and 31 March, 2018, the LTCL arising during this period will not be allowed to be set-off or carried forward to subsequent years.

    ii. LTCL arising from transfer made on or after 1 April, 2018 will be allowed to be set-off and carried forward in accordance with existing provisions of the Act. Therefore, such LTCL can be set-off against any other LTCG and any unabsorbed LTCL can be carried forward to subsequent eight years for set-off against LTCG.

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 between India and the country of residence of the non-resident. As per section 90(2) of the I.T. Act, provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

17. As per section 90(4) of the I.T. Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the I.T. Act, unless a certificate of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the I.T. Act, the non-resident shall be required to provide such other information, as mentioned in Form 10F.

18. As per section 90(2A) of the I.T. 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 I.T. Act i.e. (the General Anti-Avoidance Rules).

III. Special benefits available to Foreign Portfolio Investors ("FPI")

1. Under section 10(34) of the I.T. Act, income by way of dividends (whether interim or final) referred to in section 115-O received on shares is exempt from income tax in the hands of shareholders.

2. As per section 2(14) of the I.T. Act, any security 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. The provisions of indirect transfer in terms of Explanation 5 to section 9 of the Act shall not apply to non-resident investors in Category-I and Category-II FPI registered under Securities and Exchange Board of India (FPI) Regulations, 2014.

4. 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, education cess and secondary and higher education cess), where such transactions are not subjected to STT, and at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

   Under section 115AD(1)(iii) of the I.T. Act income by way of LTCG arising from the transfer of shares (in cases not covered under section 10(38) of the I.T. Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

   However, LTCG on sale of equity shares in a company, will not be exempt under section 10(38) of the I.T. Act, if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

5. The Finance Bill, 2018 has proposed to amend section 115AD to provide that in case of income arising from the transfer of a long-term capital asset referred to in proposed section 112A of the Act, income- tax shall be chargeable at the rate of 10%.

6. In respect of FPIs, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA between India and the country of residence of the FPI. As per section 90(2) of the I.T. Act, the provisions of the Act would prevail over the provisions of the DTAA entered between India and the country of fiscal domicile of the FPI, if any, to the extent they are more beneficial to the FPIs. Thus, FPIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

7. The benefits conferred u/s. 90(2) may be subject to the FPIs not falling under the provisions of chapter X-A of the Act .i.e. the General Anti-Avoidance Rules.

8. As per section 90(4) of the I.T. Act, the FPIs 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, 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 FPIs shall be required to provide such other information as mentioned in Form 10F.

9. As per section 196D(2) of the I.T. Act, no tax is to be deducted from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a FPI.

IV. Special benefits available to Alternative Investment Fund (Category I and II)

1. Under section 10(23FBA), 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 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 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 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.

V. Special tax benefits available to Mutual Funds

As per section 10(23D) of the 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.

NOTES:

1. The above benefits are as per the current tax law, i.e. the Finance Act, 2017.

2. The amendments proposed as per the Finance Bill, 2018 are subject to enactment post approval of both the houses of the parliament and assent of the President of India.

3. As per the Finance Act, 2017,

   - Surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds Rs 1 crore but does not exceed Rs. 10 crores and at the rate of 12% where the income exceeds Rs. 10 crores.

   - Surcharge is to be levied on foreign company companies at the rate of 2% where the income exceeds Rs 1 crore but does not exceed Rs. 10 crores and at the rate of 5% where the income exceeds Rs. 10 crores.

   There has been no change in Finance Bill, 2018.

4. As per Finance Bill, 2018, Education cess on income-tax at 2% and secondary and higher education cess on income-tax at 1% shall be discontinued. However, a new cess, 'Health and Education Cess' shall be levied at the rate of 4% of income tax including surcharge wherever applicable.

Disclaimer

Deloitte Haskins & Sells LLP accepts no responsibilities of any investor or third party for any action taken or not taken in reliance of this information.

LEGAL PROCEEDINGS

Our Company, its Subsidiaries and Associates 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, our Company, its Subsidiaries and Associates 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 ₹ 110 crore or may have a significant effect on the financial condition or the results of operations of our Company, on a consolidated basis.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

I. *Litigation against 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.

Set out below are details of a recent order passed by the Supreme Court of India against our Company in relation to alleged non-compliance with the provisions of the *erstwhile* Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and certain outstanding disputes with the Indian tax authorities:

- The Supreme Court of India by way of an order dated July 22, 2015, directed our Company to pay a penalty of ₹ 75,000 to SEBI for an inadvertent delay in filing a report under the *erstwhile* Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997. This pertained to the acquisition of equity shares on a preferential basis of Hindustan Oil Exploration Company Limited in 1997, which resulted in our Company holding 10.92 per cent. of the voting rights of the company. Our Company has paid the penalty and has therefore settled the issue.

- 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, 2016 (inclusive) in the amount of ₹ 1,290.8 crore. 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.

Criminal Proceedings

1. 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 ₹ 9,00,00,000 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, Mr. Deepak S. Parekh, Non-executive Chairman and Ms. Renu Sud Karnad, Managing Director 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 of Judicature, Kerala, Ernakulam, since April, 2017. The stay order has been extended from time to time on monthly basis. The matters are currently pending and the interim order has been extended by one month vide order dated February 28, 2018.

2. 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.

3. 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.

4. 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 took 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.

5. Ms. Antara Alok Biswas ("**Borrower**") and Mr. Alok Biswas ("**Co-Borrower**") have defaulted in payment of the loan availed from our Company pursuant to which our Company has initiated action under SARFAESI Act before the Debt Recovery Tribunal. To avoid possession of the property, the Borrower filed a complaint before Kharghar Police Station and a criminal complaint on June 3, 2013 before Judicial Magistrate First Class, Panvel (the "**Court**") against the Co-Borrower and the authorised officer of our Company under the Protection of Women from Domestic Violence Act, 2005. The Borrower has sought for amongst others (i) protection of possession of the property where the Borrower is residing with peaceful residence; (ii) the authorised officers of our Company be ordered by the Court to withdraw the notice issued under the provisions of SARFAESI Act, and (iii) pass any just and necessary order in the interest of the Borrower. The matter is currently pending.

6. 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.

7. Mr. S. V. Parekh, one of the shareholders of our Company, has filed a criminal proceeding against our Company before the 8th Court of the Additional Chief Metropolitan Magistrate, Esplanade, Mumbai 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. At the hearing held on February 28, 2018 before the Additional Chief Metropolitan Magistrate, Esplanade, Mumbai, the matter was adjourned to June 11, 2018. The matter is currently pending.

II. Litigation against our Subsidiaries

HDFC Life

HDFC Life is involved in a number of legal proceedings in the ordinary course of its business. Accordingly, HDFC Life believes that except as disclosed below, there are currently no legal proceedings which, if adversely determined, might materially affect HDFC Life's financial condition or results of operations. The Commissioner of Income Tax, Mumbai filed eight separate appeals before the Bombay High Court challenging an order dated September 20, 2013, passed by the Income Tax appellate Tribunal, Mumbai, which partly allowed the appeals filed by HDFC Life. These appeals are partly admitted by the Bombay High Court.

The aggregate amount involved in all the appeals (HDFC Life's appeal against tax department and vice versa), relating to direct tax is ₹ 5,959.99 crore and relating to indirect tax is ₹ 290.92 crore.

HDFC Asset Management Company Limited

SEBI carried out an investigation into the alleged front running of trade orders of HDFC Mutual Fund by a certain set of persons on the basis of information provided by Nilesh Kapadia, formerly a dealer (in equities) at HDFC Asset Management Company Limited, and had issued the following orders and notices in the matter:

- SEBI interim order no. WTM/KMA/IVD/267/06/2010 dated June 17, 2010
- SEBI order no. WTM/PS/26/IVD/ID-6/JULY/2014 dated July 24 2014
- SEBI show cause Notice no. EAD-2/KM/8485/2014 dated March 20 2014
- SEBI interim order no. WTM/PS/135/IVD/JAN/2016 dated January 15, 2016

HDFC Trustee Company Limited (the '**Trustee Company**'), HDFC Asset Management Company Limited, and its managing director, Mr. Milind Barve, had filed consent applications seeking settlement of the issues arising out of the above and any proceedings that may be initiated by SEBI in this regard, including under the SEBl (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1993, Clause IV (Operation Risks) in Operating Manual for Risk Management for Indian Mutual Funds - Annexure to Circular No. MFD / CIR / 15 / 19133 /2002 dated September 30, 2002. The Trustee Company, HDFC Asset Management Company Limited and Mr. Milind Barve remitted sums of ₹ 0.2 crore, ₹ 0.2 crore and ₹ 0.15 crore, respectively, without admission or denial of guilt, and HDFC Asset Management Company Limited also undertook to compensate investors for any losses suffered by them on account of the alleged front-running activities, as determined by SEBI. HDFC Asset Management Company Limited also terminated the services of Mr. Nilesh Kapadia. SEBI issued a consent order dated September 30, 2011 bearing no. CO/ID-6/AO/BM/ 130-132/2011 dated September 30, 2011, in this regard.

Subsequently, SEBI, by its order dated July 24, 2014, amongst other things, prohibited Nilesh Kapadia and certain other accused persons from accessing the securities market, or buying, selling or otherwise dealing in securities, for a period of ten years for violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. SEBI further directed that Nilesh Kapadia shall not associate himself with any intermediary or any other entity registered with SEBI for a period of ten years from the date of the interim order dated June 17, 2010. SEBI, by its interim order dated January 15, 2016, ordered impounding of unlawful gains allegedly made by Mr. Nilesh Kapadia and certain front runners, together with interest. No directions were issued against the Trustee Company, HDFC Asset Management Company Limited or their managing director in SEBI's orders dated July 24, 2014 and January 15, 2016.

Further, pursuant to the directions issued by SEBI by way of an interim order dated June 17, 2010, a letter dated July 5, 2011 bearing no. EFD-DRA-3/PVS/21350/2011, a letter dated January 18, 2016 bearing no. DRA3/MC/OW/458/2016, and a letter dated March 10, 2016 bearing no. EFD/OW/MC/7367/1/2016, HDFC Asset Management Company Limited deposited the total amount of losses suffered by the investors during the period November 2001 to September 2007, aggregating to ₹ 6.97 crore, as determined by SEBI, in a segregated bank account maintained with the Trustee Company. HDFC Asset Management Company Limited thereafter compensated the concerned investors in accordance with the aforementioned directions issued by SEBI. Further, SEBI has, by way of its letter dated October 20, 2016 bearing no. EAD/PJ/JAK/OW/29035/2016 communicated that the adjudication proceedings with respect to SEBI, show cause notice dated March 20, 2014 bearing no. EAD-2/KM/8485/2014 have been dropped.

III. Litigation against our Associates

HDFC Bank

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.

2. 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 ₹ 2 crore 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.

3. The Financial Intelligence Unit of the Ministry of Finance ("**FIU**"), in January, 2015, levied a fine on us of ₹ 0.26 crore 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.

Civil Litigation

1. HDFC Bank has initiated arbitration proceedings pursuant to an arbitration clause under the Memorandum of Understanding dated December 11, 2000 ("**MoU**") executed with HDFC Bank, claiming ₹ 0.32 crore at a rate of 26.07% per annum on ₹ 84 crore 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. Mangla Capital Services Limited ("**Broker**") has filed a statement of counter claim against HDFC Bank, claiming ₹ 217 crore for loss incurred on business income, loss of goodwill and reputation in response to the claim filed by HDFC Bank before the arbitrator. The matter is presently pending for filing of evidence by HDFC Bank.

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 ₹ 43.7 crore. In response thereto, Multiwal has filed a counter claim involving an amount of ₹ 354.16 crore 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.

3. Bottle Samrat Private Limited ("**Customer**") filed a complaint ("**Complainant**") before the National Consumer Redressal Commission ("**NCRC**") against HDFC Bank claiming an amount of ₹ 276.25 crore towards value of dishonoured cheques, damages of ₹ 100 crore for loss of business and compensation of ₹ 150 crore 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.

IV. Cases against our Directors

Except as disclosed in section "*-Litigation against our Company- Criminal Proceedings*", there are no litigation against out Directors.

V. Litigation, inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company and / or its Subsidiaries in the last three years

Except as disclosed below there is no litigation, inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company and / or its Subsidiaries in the last three years:

GRUH Finance Limited

National Housing Bank ("**NHB**") had through a letter dated March 7, 2016 imposed penalty of ₹ 36.64 lacs for non-compliance with the provisions under sections 29B(1) & (2) of NHB Act, 1987 in relation to non-maintenance of requisite percentage of liquid assets on "Interest accrued but not due on Deposits" which was paid by GRUH Finance Limited on March 9, 2016. However, nowhere in the NHB Act and NHB Directions, "Deposit" is defined to include the component of Interest accrued but not due. Other than this, GRUH is not subject to any penalties or disciplinary action or investigation by the SEBI or any stock exchanges or any other regulatory authorities, courts or tribunals, inside or outside India, nor has any regulatory authority, court or tribunal, inside or outside India, found any probable cause for enquiry, adjudication, prosecution or other regulatory action.

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

Nil

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 are no material frauds committed against our Company during the last three years.

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 (including interest thereon)

Nil

STATUTORY AUDITORS

Our Company's statutory auditors, B S R & Co. LLP, Chartered Accountants, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

The Audited Standalone Financial Statements and Audited Consolidated Financial Statements have been audited by the previous statutory auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants.

The limited review report for the September Unaudited Standalone Financial Results, September Unaudited Consolidated Financial Results, December Unaudited Standalone Financial Statements and December Unaudited Consolidated Financial Results was issued by our current Statutory Auditors, B S R & Co. LLP, Chartered Accountants.

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 Issue was authorised and approved by our Board of Directors on December 19, 2017 and by the Committee of Directors on January 13, 2018. The Shareholders have authorised and approved the Issue by way of a resolution passed by way of a postal ballot on February 14, 2018.

- Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, each dated February 27, 2018.

- Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered Office.

- There has been no material change in our financial position since December 31, 2017, the date of the latest financial results prepared in accordance with Indian GAAP included in this Placement Document.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in the SCRR.

- The Floor Price is ₹ 1,824.63 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations, as certified by the Statutory Auditors of the Company.

- B S R & Co. LLP have been appointed as the Statutory Auditors of the Company by the Shareholders in the 40th AGM of our Company held on July 26, 2017.

- Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- Details of our Compliance Officer:

  Name: Mr. Ajay Agarwal
  Designation: Company Secretary and Compliance Officer
  Address: Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020
  Telephone: +91 22 6176 6000
  Facsimile: +91 22 2281 1205
  Email: ajaya@hdfc.com

FINANCIAL INFORMATION

B S R & Co. LLP
Chartered Accountants

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India

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Limited review report

Unaudited Standalone Financial Results of Housing Development Finance Corporation Limited for the quarter and nine months ended 31 December 2017 pursuant to the Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Housing Development Finance Corporation Limited

We have reviewed the accompanying statement of unaudited standalone financial results of Housing Development Finance Corporation Limited (the 'Corporation') for the quarter and nine months ended 31 December 2017 (the 'Statement'), being submitted by the Corporation pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Corporation's management and has been approved by the Board of Directors in its meeting held on 29 January 2018. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (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 misstatements. A review is limited primarily to inquiries of the Corporation's 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.

Attention is drawn to the fact that the figures for the quarter and nine months ended 31 December 2016 as reported in this Statement were reviewed by the then statutory auditors of the Corporation who expressed an unmodified opinion on such Statement dated 30 January 2017. Figures for the year ended 31 March 2017 as reported in this Statement were audited by the then statutory auditors of the Corporation who expressed an unmodified opinion on such Statement dated 4 May 2017.

The financial results for the three months ended 30 June 2017 included and forming part of the financial results for the nine months ended 31 December 2017 were reviewed by the then statutory auditors of the Corporation who expressed an unmodified opinion on such Statement dated 26 July 2017, whose report has been furnished to us and has been relied upon by us for the purpose of our review of the Statement.

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai-400011, India
Chartered Accountants

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 *(Continued)*

Housing Development Finance Corporation Limited

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 notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant directions issued by the National Housing Bank in respect of income recognition, asset classification, provisioning and other related matters.

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

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011 India
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
29 January 2018

With you, right through

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED DECEMBER 31, 2017

PART I – STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED DECEMBER 31, 2017

₹ in Crore

PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Nine Months ended	Nine Months ended	Year ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Reviewed					Audited
1 Income:						
- Revenue from Operations	8,667.15	8,685.12	8,133.78	25,481.04	23,657.65	32,111.06
- Profit on Sale of Investments (Note 1)	16.21	65.44	3.40	83.76	953.11	1,001.73
- Other Income	11.73	10.36	11.43	32.97	34.33	46.81
Total Income	8,695.09	8,760.92	8,148.61	25,597.77	24,645.09	33,159.60
2 Expenses:						
- Finance Cost	5,545.69	5,534.05	5,286.24	16,524.12	15,658.26	20,896.20
- Employee Benefit Expenses	109.31	104.76	103.22	329.54	302.70	388.80
- Establishment Expenses	22.83	21.79	21.12	74.04	69.13	86.22
- Other Expenses	95.28	86.44	75.63	279.14	232.25	305.78
- Depreciation and Amortisation	12.08	11.76	14.19	35.17	42.31	55.96
- Provisions and Contingencies (Note 1)	95.00	95.00	117.00	275.00	552.00	700.00
Total Expenses	5,880.19	5,853.80	5,617.40	17,517.01	16,856.65	22,432.96
3 PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (1-2)	2,814.90	2,907.12	2,531.21	8,080.76	7,788.44	10,726.64
4 EXCEPTIONAL ITEMS (Note 1)	3,675.31	-	-	3,675.31	-	-
5 PROFIT BEFORE TAX (3+4)	6,490.21	2,907.12	2,531.21	11,756.07	7,788.44	10,726.64
6 Tax Expense (Note 1)						
- Current Tax	933.00	734.00	761.00	2,399.00	2,277.00	2,789.00
- Deferred Tax	(113.00)	72.00	69.00	30.00	113.00	495.00
Total Tax Expense	820.00	806.00	830.00	2,429.00	2,390.00	3,284.00
7 Net Profit after Tax (5-6)	5,670.21	2,101.12	1,701.21	9,327.07	5,398.44	7,442.64

Earnings per Share (of ₹ 2 each)*						
- Basic	35.38	13.19	10.60	58.36	33.93	46.08
- Diluted	34.94	13.01	10.50	57.66	33.64	45.70
Paid-up Equity Share Capital (Face value ₹ 2)	319.52	319.02	317.02	319.52	317.02	317.73
Reserves excluding Revaluation Reserves as at March 31, 2017						39,276.55

* Not annualised for the quarters

Notes :

1 During the quarter ended December 31, 2017, 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 ₹ 5,250.31 crore (net of estimated expenses, which are yet to be fully crystalised).

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 (disclosed under exceptional items) has triggered the provision of Minimum Alternate Tax under section 115JB of the Income-tax Act, 1961. The tax expense has been adjusted accordingly.

2 During the quarter ended December 31, 2017, the Corporation approved the sale of 100% of the equity share capital of HDFC Developers Limited and HDFC Realty Limited, its wholly owned subsidiary companies to Quikr India Private Limited (Quikr India). The actual transaction has been consummated in January 2018 and as such the effect of the transaction has not been recognised in these results.

3 During the quarter ended December 31, 2017, the Corporation has allotted 24,96,750 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors

4 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 on 'Segment Reporting' (AS 17), specified under section 133 of the Companies Act, 2013.

5 Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

The above results for the quarter / nine months ended December 31, 2017, which have been subject to a Limited Review by the Auditors of the Corporation, were reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on January 29, 2018, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants

Akeel Master
Partner

Keki M. Mistry
Vice Chairman & CEO

Place: Mumbai
Date: January 29, 2018

B S R & Co. LLP
Chartered Accountants

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India

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Limited review report

Unaudited Consolidated Financial Results of Housing Development Finance Corporation Limited for the quarter and nine months ended 31 December 2017 pursuant to the 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

We have reviewed the accompanying statement of unaudited consolidated financial results of Housing Development Finance Corporation Limited (the 'Holding Company'), and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and associates for the quarter and nine months ended 31 December 2017 (the 'Statement') being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirement) Regulations, 2015. This Statement is the responsibility of the Holding Company's management and has been approved by the Board of Directors in its meeting held on 29 January 2018. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (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 misstatements. A review is limited primarily to inquiries of the Holding Company's 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.

The Statement includes the results of the following entities:

Name of the Company	Relationship
Housing Development Finance Corporation Limited	Holding Company
HDFC Standard Life Insurance Company Limited	Subsidiary
HDFC ERGO General Insurance Company Limited	Subsidiary
GRUH Finance 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 Realty Limited	Subsidiary
HDFC Sales Private Limited	Subsidiary
HDFC Developers Limited	Subsidiary

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Chartered Accountants

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Limited review report *(Continued)*

Housing Development Finance Corporation Limited

Name of the Company	Relationship
HDFC Venture Capital Limited	Subsidiary
HDFC Property Ventures Limited	Subsidiary
HDFC Ventures Trustee Company Limited	Subsidiary
HDFC Pension Management Company Limited	Subsidiary
HDFC Education and Development Services Private Limited	Subsidiary
Griha Investments	Subsidiary
Griha Pte Limited	Subsidiary
Haddock Properties Private Limited	Subsidiary
Pentagram Properties Private Limited	Subsidiary
Winchester Properties Private Limited	Subsidiary
Windermere Properties Private Limited	Subsidiary
Grandeur Properties Private Limited	Subsidiary
HDFC Capital Advisors Limited	Subsidiary
HDFC International Life and Re Company Limited	Subsidiary
HDFC Investment Trust	Subsidiary
HDFC Investment Trust-II	Subsidiary
HDFC Bank Limited	Associate
True North Ventures Pvt. Ltd. (erstwhile known as India Value Fund Advisors Pvt. Ltd.)	Associate

Attention is drawn to the fact that the figures for the quarter and nine months ended 31 December 2016 as reported in this Statement were reviewed by the then statutory auditors of the Corporation who expressed an unmodified opinion on such Statement dated 30 January 2017. Figures for the year ended 31 March 2017 as reported in this Statement were audited by the then statutory auditors of the Corporation who expressed an unmodified opinion on such Statement dated 4 May 2017.

The financial results for the three months ended 30 June 2017 included and forming part of the financial results for the nine months ended 31 December 2017 were reviewed by the then statutory auditors of the Corporation who expressed an unmodified opinion on such Statement dated 26 July 2017, whose report has been furnished to us and has been relied upon by us for the purpose of our review of the Statement.

We did not review the financial results of 20 subsidiaries included in the Statement which reflects total assets of Rs. 132,867 crores as at 31 December 2017, total revenue of Rs. 7,798 crores and Rs. 21,596 crores for the quarter and nine months ended 31 December 2017 respectively. These financial results have been reviewed by other auditors whose reports have been furnished to us by management and our report on the Statement in so far as it relates to the amounts included in respect of these subsidiaries are based solely on the reports of the other auditors.

We did not review the financial results of 2 subsidiaries included in the Statement which reflects total assets of Rs.116 crores as at 31 December 2017, total revenue of Rs. 3 crores and Rs. 8 crores for the quarter and nine months ended 31 December 2017 respectively, whose financial results are unaudited or not reviewed and are based solely on management certified financial results.

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai-400011. India
Chartered Accountants

Limited review report *(Continued)*

Housing Development Finance Corporation Limited

The Statement also include the Group's share of profit after tax of Rs. 1,034 crores and Rs. 2,811 crores for the quarter and nine months ended 31 December 2017 respectively, in respect of two associates and components of an associate (i.e. two subsidiaries and one associate company of one of the associates), based on their financial statements which have not been audited or reviewed by their auditors. These financial results have been furnished to us by management and our report on the Statement in so far as it relates to the amounts included in respect of these associates are based solely on management certified financial results.

The auditors of HDFC Standard Life Insurance Company Limited have reported, 'The actuarial valuation of liabilities for life policies in-force and policies where premium is discontinued is the responsibility of the Company's Appointed Actuary (the 'Appointed Actuary'), which has been certified by the Appointed Actuary. The Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with the generally accepted actuarial principles and practices, requirements of the Insurance Act, regulations notified by the Insurance Regulatory and Development Authority of India ('IRDAI') and Actuarial Practice Standards issued by the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the Appointed Actuary's certificate for forming our opinion on the financial statements of the Company'.

The auditors of HDFC ERGO General Insurance Company Limited have reported, 'The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at 31 December 2017 has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied on the Appointed Actuary's certificate in this regard'.

Our conclusion on the Statement is not modified in respect of the above matters with regards to our reliance on the work done and the reports of the other auditors and financial results certified by respective management.

Based on our review conducted as above, and based on the consideration of reports of other auditors referred to, and read with other comments stated above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirement) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant directions issued by the National Housing Bank in respect of income recognition, asset classification, provisioning and other related matters.

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

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011 India
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
29 January 2018

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED DECEMBER 31, 2017

PART I – STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED DECEMBER 31, 2017

₹ in Crore

PARTICULARS	Quarter ended 31.12.2017	Quarter ended 30.9.2017	Quarter ended 31.12.2016	Nine Months ended 31.12.2017	Nine Months ended 31.12.2016	Year ended 31.3.2017
			Reviewed			Audited
1 Income:						
- Revenue from Operations	**9,673.05**	9,264.92	8,971.70	**28,082.54**	25,854.83	35,005.26
- Premium from Insurance Business	**6,182.24**	6,149.75	5,222.33	**16,687.23**	13,835.01	21,729.13
- Other Operating Income from Insurance Business	**953.35**	1,066.66	697.05	**2,942.24**	2,299.33	3,122.70
- Profit on sale of Investments (Note 3)	**31.87**	95.79	90.33	**162.95**	1,013.95	1,177.26
- Other Income	**6.26**	5.98	7.46	**17.92**	43.92	53.28
Total Income	**16,846.77**	16,583.10	14,988.87	**47,892.88**	43,047.04	61,087.63
2 Expenses:						
- Finance Cost	**5,850.62**	5,834.02	5,543.99	**17,429.56**	16,448.36	21,953.15
- Employee benefits Expenses	**266.11**	269.57	232.53	**798.59**	692.16	913.02
- Claims paid pertaining to Insurance Business	**3,632.87**	3,551.50	2,516.96	**10,332.80**	8,491.22	11,888.33
- Commission and Operating Expenses pertaining to Insurance Business	**1,022.92**	949.92	748.97	**2,681.72**	1,992.84	3,118.88
- Other Expenses pertaining to Insurance Business	**2,125.71**	2,366.80	2,422.53	**5,518.44**	4,816.27	8,491.21
- Provisions and Contingencies (Note 3)	**164.54**	120.12	153.13	**398.43**	607.39	745.02
- Establishment Expenses	**39.34**	39.48	35.32	**125.95**	111.77	142.49
- Other Expenses	**271.38**	260.35	302.47	**793.70**	813.69	1,078.00
- Depreciation and Amortisation	**23.54**	22.70	27.23	**68.59**	81.02	107.98
Total Expenses	**13,397.03**	13,414.46	11,983.13	**38,147.78**	34,054.72	48,438.08
3 Profit before exceptional items and tax (1-2)	**3,449.74**	3,168.64	3,005.74	**9,745.10**	8,992.32	12,649.55
4 Exceptional items (Note 3)	**3,448.05**	-	-	**3,448.05**	-	-
5 Profit Before Tax (3-4)	**6,897.79**	3,168.64	3,005.74	**13,193.15**	8,992.32	12,649.55
6 Tax Expense (Note 3)						
- Current Tax	**1,127.86**	892.58	916.58	**2,943.70**	2,715.69	3,504.91
- Deferred tax	**(112.21)**	72.94	60.45	**31.70**	112.46	515.88
Total Tax Expense	**1,015.65**	965.52	977.03	**2,975.40**	2,828.15	4,020.79
7 Net Profit (before profit of Associates and adjustment for minority interest)(5-6)	**5,882.14**	2,203.12	2,028.71	**10,217.75**	6,164.17	8,628.76
8 Net share of profit of Associates (Equity Method)	**1,033.45**	931.32	852.91	**2,810.86**	2,347.75	3,219.38
9 Minority Interest	**(238.53)**	(265.03)	(152.96)	**(748.27)**	(540.13)	(797.02)
10 Net Profit after taxes, Minority interests and share of profit / (loss) of Associates (7+8+9)	**6,677.06**	2,869.41	2,728.66	**12,280.34**	7,971.79	11,051.12
Earnings per Share (of ₹ 2 each)*						
- Basic	**41.69**	18.01	17.09	**76.90**	50.19	68.87
- Diluted	**41.16**	17.75	16.92	**75.97**	49.76	68.30
Paid-up Equity Share Capital (Face value ₹ 2)	**319.52**	319.02	317.02	**319.52**	317.02	317.73
Reserves excluding Revaluation Reserves as at March 31, 2017						59,690.48

* Not annualised for the quarters

Notes :

1. The disclosure in terms of Accounting Standard 17 on 'Segment Reporting' as specified under Section 133 of the Companies Act, 2013;

₹ in Crore

PARTICULARS	Quarter ended 31.12.2017	Quarter ended 30.9.2017	Quarter ended 31.12.2016	Nine Months ended 31.12.2017	Nine Months ended 31.12.2016	Year ended 31.3.2017
			Reviewed			Audited
Segment Revenues						
- Loans	**14,496.53**	8,853.71	8,630.04	**32,003.73**	25,650.07	34,665.24
- Life Insurance	**6,310.30**	6,401.76	5,151.84	**17,261.26**	14,258.17	22,190.93
- General Insurance	**930.13**	925.26	867.79	**2,705.16**	2,150.49	3,041.98
- Asset Management	**497.88**	470.86	448.58	**1,394.45**	1,229.46	1,682.66
- Others	**104.11**	122.61	150.73	**337.19**	320.51	433.44
Total Segment Revenues	**22,338.95**	16,774.20	15,248.98	**53,701.79**	43,608.70	62,014.25
Add : Unallocated Revenues	**10.47**	9.22	10.75	**27.80**	28.79	100.43
Less: Inter-segment Adjustments	**(479.60)**	(200.32)	(270.86)	**(813.66)**	(590.45)	(1,027.05)
Total Revenues	**21,869.82**	16,583.10	14,988.87	**52,915.93**	43,047.04	61,087.63
Segment Results						
- Loans	**6,654.62**	2,622.70	2,651.89	**11,783.43**	7,767.61	10,894.77
- Life Insurance	**230.22**	248.46	199.71	**823.46**	697.01	1,061.21
- General Insurance	**130.12**	138.79	75.81	**388.81**	259.93	423.36
- Asset Management	**266.94**	253.57	191.64	**737.89**	566.88	805.23
- Others	**(18.79)**	3.20	52.85	**(19.93)**	28.80	33.27
Total Segment Results	**7,263.11**	3,266.72	3,171.90	**13,713.66**	9,320.23	13,217.84
Add / (Less) : Unallocated	**10.35**	8.91	10.74	**27.37**	28.73	99.98
Less: Inter-segment Adjustments	**(375.67)**	(106.99)	(176.90)	**(547.88)**	(356.64)	(668.27)
Profit before Tax	**6,897.79**	3,168.64	3,005.74	**13,193.15**	8,992.32	12,649.55
Segment Assets						
- Loans	**3,81,966.61**	3,64,636.60	3,23,084.23	**3,81,966.61**	3,23,084.23	3,40,868.38
- Life Insurance	**1,05,261.79**	1,00,595.11	84,242.90	**1,05,261.79**	84,242.90	93,738.57
- General Insurance	**9,638.71**	8,457.02	8,133.39	**9,638.71**	8,133.39	8,870.31
- Asset Management	**1,105.88**	1,103.77	1,097.48	**1,105.88**	1,097.48	1,027.60
- Others	**512.58**	514.90	530.14	**512.58**	530.14	428.33
Total Segment Assets	**4,98,485.57**	4,75,307.40	4,17,088.14	**4,98,485.57**	4,17,088.14	4,44,933.19
Unallocated						
- Banking	**25,722.16**	24,625.82	22,420.18	**25,722.16**	22,420.18	23,335.92
- Others	**6,216.85**	5,629.48	4,686.33	**6,216.85**	4,686.33	4,888.99
Total Assets	**5,30,424.58**	5,05,562.70	4,44,194.65	**5,30,424.58**	4,44,194.65	4,73,158.10
Segment Liabilities						
- Loans	**3,43,207.16**	3,31,284.31	2,92,918.53	**3,43,207.16**	2,92,918.53	3,09,029.64
- Life Insurance	**1,01,312.74**	96,547.11	81,035.40	**1,01,312.74**	81,035.40	90,210.40
- General Insurance	**7,816.06**	6,739.23	6,400.39	**7,816.06**	6,400.39	6,975.89
- Asset Management	**365.54**	399.42	312.73	**365.54**	312.73	307.24
- Others	**498.26**	521.00	477.45	**498.26**	477.45	485.68
Total Segment Liabilities	**4,53,199.76**	4,35,491.07	3,81,144.50	**4,53,199.76**	3,81,144.50	4,07,008.85
Unallocated						
- Banking	**-**	-	-	**-**	-	-
- Others	**2,660.11**	2,773.05	1,717.18	**2,660.11**	1,717.18	2,617.37
Total Liabilities	**4,55,859.87**	4,38,264.12	3,82,861.68	**4,55,859.87**	3,82,861.68	4,09,626.22
Capital Employed						
- Loans	**38,759.45**	33,352.29	30,165.70	**38,759.45**	30,165.70	31,838.74
- Life Insurance	**3,949.05**	4,048.00	3,207.50	**3,949.05**	3,207.50	3,528.17
- General Insurance	**1,822.65**	1,717.79	1,733.00	**1,822.65**	1,733.00	1,894.42
- Asset Management	**740.34**	704.35	784.75	**740.34**	784.75	720.36
- Others	**14.32**	(6.10)	52.69	**14.32**	52.69	(57.35)
Total Segment Capital Employed	**45,285.81**	39,816.33	35,943.64	**45,285.81**	35,943.64	37,924.34
Unallocated						
- Banking	**25,722.16**	24,625.82	22,420.18	**25,722.16**	22,420.18	23,335.92
- Others	**3,556.74**	2,856.43	2,969.15	**3,556.74**	2,969.15	2,271.62
Total Capital Employed	**74,564.71**	67,298.58	61,332.97	**74,564.71**	61,332.97	63,531.88

a) 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 Credila Financial Services Private Limited.

b) Asset Management segment includes portfolio management, mutual fund and property investment management.

c) Others include project management, investment consultancy and property related services.

d) The Group does not have any material operations outside India and hence disclosure of geographic segments is not given.

2. The key data relating to standalone results of Housing Development Finance Corporation Limited is as under:

₹ in Crore

	PARTICULARS	Quarter ended 31.12.2017	Quarter ended 30.9.2017	Quarter ended 31.12.2016	Nine Months ended 31.12.2017	Nine Months ended 31.12.2016	Year ended 31.3.2017
		Reviewed					Audited
1	**Total Income**	**8,695.09**	8,760.92	8,148.61	**25,597.77**	24,645.09	33,159.60
2	**Profit before exceptional items and tax**	**2,814.90**	2,907.12	2,531.21	**8,080.76**	7,788.44	10,726.64
3	**Exceptional items**	**3,675.31**	-	-	**3,675.31**	-	-
4	**Profit before tax**	**6,490.21**	2,907.12	2,531.21	**11,756.07**	7,788.44	10,726.64
5	**Tax Expense**	**820.00**	806.00	830.00	**2,429.00**	2,390.00	3,284.00
6	**Net Profit After Tax**	**5,670.21**	2,101.12	1,701.21	**9,327.07**	5,398.44	7,442.64
	Earnings per Share (₹)*						
	- Basic	**35.38**	13.19	10.60	**58.36**	33.93	46.08
	- Diluted	**34.94**	13.01	10.50	**57.66**	33.64	45.70
	Equity Share Capital	**319.52**	319.02	317.02	**319.52**	317.02	317.73
	Reserves excluding Revaluation Reserves as at March 31, 2017						39,276.55

* Not annualised for the quarters

3. During the quarter ended December 31, 2017, 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 ₹ 5,250.31 crore (net of estimated expenses, which are yet to be fully crystalised).

   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 (disclosed under exceptional items) has triggered the provision of Minimum Alternate Tax under section 115JB of the Income-tax Act, 1961. The tax expense has been adjusted accordingly.

4. During the quarter ended December 31, 2017, the Corporation approved the sale of 100% of the equity share capital of HDFC Developers Limited and HDFC Realty Limited, its wholly owned subsidiary companies to Quikr India Private Limited (Quikr India). This has been consummated after December 2017 and as such the effect of the transaction has not been recognised in these results.

5. During the quarter ended December 31, 2017, the Corporation has allotted 24,96,750 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors.

6. The standalone financial results are available on the Corporation's website (www.hdfc.com) and on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

7. Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

The above results for the quarter / nine months ended December 31, 2017, which have been subject to a Limited Review by the Auditors of the Corporation, were reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on January 29, 2018, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants

Akeel Master
Partner

Keki M. Mistry
Vice Chairman & CEO

Place: Mumbai
Date: January 29, 2018

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Limited review report

Unaudited Standalone Financial Results of Housing Development Finance Corporation Limited for the quarter and six months ended 30 September 2017 pursuant to the Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Housing Development Finance Corporation Limited

We have reviewed the accompanying statement of unaudited standalone financial results of Housing Development Finance Corporation Limited (the 'Corporation') for the quarter and six months ended 30 September 2017 (the 'Statement'), being submitted by the Corporation pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Corporation's management and has been approved by the Board of Directors in its meeting held on 30 October 2017. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (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 misstatements. A review is limited primarily to inquiries of the Corporation's 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.

Attention is drawn to the fact that the figures for the quarter ended 30 June 2017 and for the quarter and six months ended 30 September 2016 as reported in this Statement were reviewed by another auditor who expressed an unmodified opinion on those Statements dated 26 July 2017 and 26 October 2016 respectively. Figures for the year ended 31 March 2017 as reported in this Statement were audited by another auditor who expressed an unmodified opinion on those Statement dated 4 May 2017.

B S R & Co. LLP
5th Floor,
Lodha Excelus,
Apollo Mills Compound,
N. M. Joshi Marg,
Mahalaxmi,
Mumbai-400011
India
Chartered Accountants

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 *(Continued)*

Housing Development Finance Corporation Limited

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 notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant directions issued by the National Housing Bank in respect of income recognition, asset classification, provisioning and other related matters.

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

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011 India
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
30 October 2017

HDFC
With you, right through

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2017

PART I – STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2017

₹ in Crore

PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Six Months ended	Six Months ended	Year ended
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	31-Mar-17
	Reviewed					Audited
1 Income:						
- Revenue from Operations	8,685.12	8,128.77	8,063.21	16,813.89	15,523.87	32,111.06
- Profit on Sale of Investments	65.44	2.11	28.10	67.55	949.71	1,001.73
- Other Income	10.36	10.88	11.84	21.24	22.90	46.81
Total Income	8,760.92	8,141.76	8,103.15	16,902.68	16,496.48	33,159.60
2 Expenses:						
- Finance Cost	5,534.05	5,444.38	5,245.86	10,978.43	10,372.02	20,896.20
- Employee Benefit Expenses	104.76	115.47	93.26	220.23	199.48	388.80
- Establishment Expenses	21.79	29.42	21.28	51.21	48.01	86.22
- Other Expenses	86.44	97.42	76.24	183.86	156.62	305.78
- Depreciation and Amortisation	11.76	11.33	14.01	23.09	28.12	55.96
- Provisions and Contingencies	95.00	85.00	95.00	180.00	435.00	700.00
Total Expenses	5,853.80	5,783.02	5,545.65	11,636.82	11,239.25	22,432.96
3 Profit Before Tax (1-2)	2,907.12	2,358.74	2,557.50	5,265.86	5,257.23	10,726.64
4 Tax Expense						
- Current Tax	734.00	732.00	665.00	1,466.00	1,516.00	2,789.00
- Deferred Tax	72.00	71.00	66.00	143.00	44.00	495.00
Total Tax Expense	806.00	803.00	731.00	1,609.00	1,560.00	3,284.00
5 Net Profit after Tax (3-4)	2,101.12	1,555.74	1,826.50	3,656.86	3,697.23	7,442.64

Earnings per Share (of ₹ 2 each)*						
- Basic	13.19	9.79	11.54	22.98	23.33	46.08
- Diluted	13.01	9.71	11.42	22.72	23.14	45.70
Paid-up Equity Share Capital (Face value ₹ 2)	319.02	318.58	316.79	319.02	316.79	317.73
Reserves excluding Revaluation Reserves as at March 31, 2017						39,276.55

* Not annualised for the quarters

Notes :

1. Statement of Standalone Assets and Liabilities

₹ in Crore

PARTICULARS		As at	
		30-Sep-17 Reviewed	**31-Mar-17 Audited**
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' Funds**		
	- Share Capital	319.02	317.73
	- Reserves and Surplus	40,395.65	39,276.55
	- Money received against warrants	51.10	51.10
	Sub Total - Shareholders' Funds	**40,765.77**	**39,645.38**
2	**Non-current Liabilities**		
	- Long-Term Borrowings	1,66,615.62	1,50,062.23
	- Deferred Tax Liability (Net)	2,531.58	2,388.58
	- Other Long-Term Liabilities	1,975.44	2,205.26
	- Long-Term Provisions	2,134.83	2,336.17
	Sub Total - Non-Current Liabilities	**1,73,257.47**	**1,56,992.24**
3	**Current Liabilities**		
	- Short Term Borrowings	41,520.53	42,130.33
	- Trade Payables	273.28	147.71
	- Other Current Liabilities :		
	- Borrowings	91,301.75	87,539.59
	- Others	10,949.69	9,726.27
	- Short Term Provisions	219.75	176.37
	Sub Total - Current Liabilities	**1,44,265.00**	**1,39,720.27**
	TOTAL - EQUITY AND LIABILTIES	**3,58,288.24**	**3,36,357.89**
B	**ASSETS**		
1	**Non-Current Assets**		
	- Fixed Assets		
	- Tangible assets	636.99	638.21
	- Intangible assets	4.75	4.13
	- Non-Current Investments	17,942.29	16,829.94
	- Long Term Loans and Advances:		
	- Loans	2,92,835.66	2,63,941.42
	- Others	3,449.23	6,552.85
	- Other Non-Current assets	2,016.90	1,406.34
	Sub Total - Non Current Assets	**3,16,885.82**	**2,89,372.89**
2	**Current Assets**		
	- Current Investments	7,163.07	3,580.16
	- Trade Receivables	129.11	109.48
	- Cash and bank balances	1,161.92	6,318.80
	- Short -Term Loans and Advances :		
	- Loans	30,130.94	31,792.41
	- Others	1,794.68	4,021.32
	- Other Current Assets	1,022.70	1,162.83
	Sub Total - Current Assets	**41,402.42**	**46,985.00**
	TOTAL - ASSETS	**3,58,288.24**	**3,36,357.89**

2 The Corporation is offering 19,12,46,050 equity shares of ₹ 10 each of HDFC Standard Life Insurance Company Limited (HDFC Life), a material non-listed subsidiary representing 9.52% of its issued and paid-up share capital in the initial public offering of HDFC Life at a price band of ₹ 275 to ₹ 290 per equity share.

3 During the quarter ended September 30, 2017, the Corporation has allotted 22,01,165 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors

4 The Classification of Assets and Liabilities into Current and Non-Current is carried out based on their residual maturity profile as of the balance sheet date.

5 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 on 'Segment Reporting' (AS 17), specified under section 133 of the Companies Act, 2013.

6 Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

The above results for the quarter / six months ended September 30, 2017, which have been subject to a Limited Review by the Auditors of the Corporation, were reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on October 30, 2017, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants

Akeel Master
Partner

Keki M. Mistry
Vice Chairman & CEO

Place: Mumbai
Date: October 30, 2017

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
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Limited review report

Unaudited Consolidated Financial Results of Housing Development Finance Corporation Limited for the quarter and six months ended 30 September 2017 pursuant to the 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

We have reviewed the accompanying statement of unaudited consolidated financial results of Housing Development Finance Corporation Limited (the 'Holding Company'), and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and associates for the quarter and six months ended 30 September 2017 (the 'Statement') being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirement) Regulations, 2015. This Statement is the responsibility of the Holding Company's management and has been approved by the Board of Directors in its meeting held on 30 October 2017. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (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 misstatements. A review is limited primarily to inquiries of the Holding Company's 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.

The Statement includes the results of the following entities:

Name of the Company	Relationship
Housing Development Finance Corporation Limited	Holding Company
HDFC Standard Life Insurance Company Limited	Subsidiary
HDFC ERGO General Insurance Company Limited	Subsidiary
GRUH Finance 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

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, India
Chartered Accountants

Limited review report *(Continued)*

Housing Development Finance Corporation Limited

Name of the Company	Relationship
HDFC Realty Limited	Subsidiary
HDFC Sales Private Limited	Subsidiary
HDFC Developers Limited	Subsidiary
HDFC Venture Capital Limited	Subsidiary
HDFC Property Ventures Limited	Subsidiary
HDFC Ventures Trustee Company Limited	Subsidiary
HDFC Pension Management Company Limited	Subsidiary
HDFC Education and Development Services Private Limited	Subsidiary
Griha Investments	Subsidiary
Griha Pte Limited	Subsidiary
Haddock Properties Private Limited	Subsidiary
Pentagram Properties Private Limited	Subsidiary
Winchester Properties Private Limited	Subsidiary
Windermere Properties Private Limited	Subsidiary
Grandeur Properties Private Limited	Subsidiary
HDFC Capital Advisors Limited	Subsidiary
HDFC International Life and Re Company Limited	Subsidiary
HDFC Investment Trust	Subsidiary
HDFC Investment Trust-II	Subsidiary
HDFC Bank Limited	Associate
True North Ventures Pvt. Ltd. (erstwhile known as India Value Fund Advisors Pvt. Ltd.)	Associate

Attention is drawn to the fact that the figures for the quarter ended 30 June 2017 and for the quarter and six months ended 30 September 2016 as reported in this Statement were reviewed by another auditor who expressed an unmodified opinion on those Statements dated 26 July 2017 and 26 October 2016 respectively. Figures for the year ended 31 March 2017 as reported in this Statement were audited by another auditor who expressed an unmodified opinion on those Statement dated 4 May 2017.

We did not review the financial results of 20 subsidiaries included in the Statement which reflects total assets of Rs. 126,159 crores as at 30 September 2017, total revenue of Rs. 7,871 crores and Rs. 13,798 crores for the quarter and six months ended 30 September 2017 respectively. These financial results have been reviewed by other auditors whose reports have been furnished to us by management and our report on the Statement in so far as it relates to the amounts included in respect of these subsidiaries are based solely on the reports of the other auditors.

We did not review the financial results of 2 subsidiaries included in the Statement which reflects total assets of Rs. 115 crores as at 30 September 2017, total revenue of Rs. 3 crores and Rs. 5 crores for the quarter and six months ended 30 September 2017 respectively, whose financial results are unaudited or not reviewed and are based solely on management certified financial results.

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011 India
Chartered Accountants

Limited review report *(Continued)*

Housing Development Finance Corporation Limited

The Statement also include the Group's share of profit after tax of Rs. 935 crores and Rs. 1,777 crores for the quarter and six months ended 30 September 2017 respectively, in respect of two associates and components of an associate (i.e. two subsidiaries and one associate company of one of the associates), based on their financial statements which have not been audited or reviewed by their auditors. These financial results have been furnished to us by management and our report on the Statement in so far as it relates to the amounts included in respect of these associates are based solely on management certified financial results.

The auditors of HDFC Standard Life Insurance Company Limited have reported, 'The actuarial valuation of liabilities for life policies in-force and policies where premium is discontinued is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"), which has been certified by the Appointed Actuary. The Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with the generally accepted actuarial principles and practices, requirements of the Insurance Act, regulations notified by the Insurance Regulatory and Development Authority of India ('IRDAI') and Actuarial Practice Standards issued by the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the Appointed Actuary's certificate for forming our opinion on the financial statements of the Company'.

The auditors of HDFC ERGO General Insurance Company Limited have reported, 'The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at 30 September 2017 has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied on the Appointed Actuary's certificate in this regard'.

Our conclusion on the Statement is not modified in respect of the above matters with regards to our reliance on the work done and the reports of the other auditors and financial results certified by respective management.

Based on our review conducted as above, and based on the consideration of reports of other auditors referred to, and read with other comments stated above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirement) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant directions issued by the National Housing Bank in respect of income recognition, asset classification, provisioning and other related matters.

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

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, India
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
30 October 2017

HDFC

With you, right through

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2017

PART I – STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2017

₹ in Crore

PARTICULARS	Quarter ended 30.9.2017	Quarter ended 30.6.2017	Quarter ended 30.9.2016	Six Months ended 30.9.2017	Six Months ended 30.9.2016	Year ended 31.3.2017
			Reviewed			Audited
1 Income:						
- Revenue from Operations	9,264.92	9,144.57	8,571.89	18,409.49	16,883.13	35,005.26
- Premium from Insurance Business	6,149.75	4,355.24	4,976.96	10,504.99	8,612.68	21,729.13
- Other Operating Income from Insurance Business	1,066.66	922.23	899.77	1,988.89	1,602.28	3,122.70
- Profit on sale of Investments	95.79	35.29	56.10	131.08	923.62	1,177.26
- Other Income	5.98	5.68	21.97	11.66	36.46	53.28
Total Income	16,583.10	14,463.01	14,526.69	31,046.11	28,058.17	61,087.63
2 Expenses:						
- Finance Cost	5,834.02	5,744.92	5,519.02	11,578.94	10,904.37	21,953.15
- Employee benefits Expenses	269.57	262.91	231.95	532.48	459.63	913.02
- Claims paid pertaining to Insurance Business	3,551.50	3,148.43	3,244.33	6,699.93	5,974.26	11,888.33
- Commission and Operating Expenses pertaining to Insurance Business	949.92	708.88	675.31	1,658.80	1,243.87	3,118.88
- Other Expenses pertaining to Insurance Business	2,366.80	1,025.93	1,629.23	3,392.73	2,393.74	8,491.21
- Provisions and Contingencies	120.12	113.77	103.90	233.89	454.26	745.02
- Establishment Expenses	39.48	47.13	36.01	86.61	76.45	142.49
- Other Expenses	260.35	261.97	270.92	522.32	511.22	1,078.00
- Depreciation and Amortisation	22.70	22.35	26.95	45.05	53.79	107.98
Total Expenses	13,414.46	11,336.29	11,737.62	24,750.75	22,071.59	48,438.08
3 Profit Before Tax (1-2)	3,168.64	3,126.72	2,789.07	6,295.36	5,986.58	12,649.55
4 Tax Expense						
- Current Tax	892.58	923.26	832.86	1,815.84	1,799.11	3,504.91
- Deferred tax	72.94	70.97	71.92	143.91	52.01	515.88
Total Tax Expense	965.52	994.23	904.78	1,959.75	1,851.12	4,020.79
5 Net Profit (before profit of Associates and adjustment for minority interest)(3-4)	2,203.12	2,132.49	1,884.29	4,335.61	4,135.46	8,628.76
6 Net share of profit of Associates (Equity Method)	931.32	846.09	772.31	1,777.41	1,494.84	3,219.38
7 Minority Interest	(265.03)	(244.71)	(210.39)	(509.74)	(387.17)	(797.02)
8 Net Profit after taxes, Minority interests and share of profit / (loss) of Associates (5+6+7)	2,869.41	2,733.87	2,446.21	5,603.28	5,243.13	11,051.12
Earnings per Share (of ₹ 2 each)*						
- Basic	18.01	17.20	15.45	35.21	33.10	68.87
- Diluted	17.75	17.06	15.30	34.81	32.84	68.30
Paid-up Equity Share Capital (Face value ₹ 2)	319.02	318.58	316.79	319.02	316.79	317.73
Reserves excluding Revaluation Reserves as at March 31, 2017						59,690.48

* Not annualised for the quarters

Notes :

1. Statement of Consolidated Assets and Liabilities

₹ in Crore

PARTICULARS	As at	
	30-Sep-17 Reviewed	31-Mar-17 Audited
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
- Share Capital	319.02	317.73
- Reserves and Surplus	62,874.56	59,690.48
- Money received against warrants	51.10	51.10
Sub Total - Shareholders' Funds	63,244.68	**60,059.31**
2. Minority Interest	4,053.90	**3,472.57**
3. Non-current Liabilities		
- Policy Liabilities	80,087.38	74,256.39
- Long-Term Borrowings	1,76,435.81	1,61,952.00
- Deferred Tax Liabilities (Net)	2,657.24	2,514.22
- Other Long-Term Liabilities	2,095.09	2,359.26
- Long-Term Provisions	2,820.88	3,025.89
Sub Total - Non-Current Liabilities	2,64,096.40	**2,44,107.76**
4. Current Liabilities		
- Short Term Borrowings	46,222.00	42,447.95
- Trade Payables	5,487.99	5,927.15
- Other Current Liabilities :		
- Policy Liabilities	15,266.03	14,274.24
- Borrowings	92,567.49	89,394.67
- Others	11,606.89	10,622.65
- Short Term Provisions	3,017.32	2,851.80
Sub Total - Current Liabilities	1,74,167.72	**1,65,518.46**
TOTAL - EQUITY AND LIABILTIES	5,05,562.70	**4,73,158.10**
B. ASSETS		
1. Non-Current Assets		
- Fixed Assets:		
- Tangible Assets	1,271.24	1,206.03
- Intangible Assets	86.32	82.66
- Capital work in progress	23.94	40.48
- Intangible assets under development	9.75	13.20
- Goodwill on Consolidation	214.26	620.04
- Non-Current Investments	1,28,781.85	1,19,045.97
- Deferred Tax Assets (Net)	17.36	15.67
- Long Term Loans and Advances:		
- Loans	3,09,629.02	2,79,345.01
- Others	4,057.14	7,074.10
- Other Non-Current assets	2,094.72	1,495.42
Sub Total - Non Current Assets	4,46,185.60	**4,08,938.58**
2. Current Assets		
- Current Investments	18,753.16	13,809.31
- Trade Receivables	1,504.23	1,482.43
- Cash and bank balances	1,816.06	7,496.78
- Short -Term Loans and Advances :		
- Loans	31,181.89	32,783.64
- Others	3,251.74	5,335.93
- Other Current Assets	2,870.02	3,311.43
Sub Total - Current Assets	59,377.10	**64,219.52**
TOTAL - ASSETS	5,05,562.70	**4,73,158.10**

2. The disclosure in terms of Accounting Standard 17 on 'Segment Reporting' as specified under Section 133 of the Companies Act, 2013;

₹ in Crore

PARTICULARS	Quarter ended 30.9.2017	Quarter ended 30.6.2017	Quarter ended 30.9.2016	Six Months ended 30.9.2017	Six Months ended 30.9.2016	Year ended 31.3.2017
			Reviewed			Audited
Segment Revenues						
- Loans	8,853.71	8,653.49	8,191.19	17,507.20	17,020.03	34,665.24
- Life Insurance	6,401.76	4,549.20	5,259.40	10,950.96	9,106.33	22,190.93
- General Insurance	925.26	849.77	723.36	1,775.03	1,282.70	3,041.98
- Asset Management	470.86	425.71	411.83	896.57	780.88	1,682.66
- Others	122.61	110.47	86.72	233.08	169.78	433.44
Total Segment Revenues	16,774.20	14,588.64	14,672.50	31,362.84	28,359.72	62,014.25
Add : Unallocated Revenues	9.22	8.11	10.33	17.33	18.04	100.43
Less: Inter-segment Adjustments	(200.32)	(133.74)	(156.14)	(334.06)	(319.59)	(1,027.05)
Total Revenues	16,583.10	14,463.01	14,526.69	31,046.11	28,058.17	61,087.63
Segment Results						
- Loans	2,622.70	2,506.11	2,302.32	5,128.81	5,115.72	10,894.77
- Life Insurance	248.46	344.78	246.20	593.24	497.30	1,061.21
- General Insurance	138.79	119.90	131.11	258.69	184.12	423.36
- Asset Management	253.57	217.38	197.73	470.95	375.24	805.23
- Others	3.20	(4.34)	(16.54)	(1.14)	(24.05)	33.27
Total Segment Results	3,266.72	3,183.83	2,860.82	6,450.55	6,148.33	13,217.84
Add / (Less) : Unallocated	8.91	8.11	10.28	17.02	17.99	99.98
Less: Inter-segment Adjustments	(106.99)	(65.22)	(82.03)	(172.21)	(179.74)	(668.27)
Profit before Tax	3,168.64	3,126.72	2,789.07	6,295.36	5,986.58	12,649.55
Segment Assets						
- Loans	3,64,636.60	3,49,268.82	3,14,099.58	3,64,636.60	3,14,099.58	3,40,868.38
- Life Insurance	1,00,595.11	96,004.57	84,516.50	1,00,595.11	84,516.50	93,738.57
- General Insurance	8,457.02	9,470.39	7,280.12	8,457.02	7,280.12	8,870.31
- Asset Management	1,103.77	948.90	1,087.77	1,103.77	1,087.77	1,027.60
- Others	514.90	442.26	487.77	514.90	487.77	428.33
Total Segment Assets	4,75,307.40	4,56,134.94	4,07,471.74	4,75,307.40	4,07,471.74	4,44,933.19
Unallocated						
- Banking	24,625.82	24,297.12	21,494.70	24,625.82	21,494.70	23,335.92
- Others	5,629.48	4,959.83	4,278.74	5,629.48	4,278.74	4,888.99
Total Assets	5,05,562.70	4,85,391.89	4,33,245.18	5,05,562.70	4,33,245.18	4,73,158.10
Segment Liabilities						
- Loans	3,31,284.31	3,15,196.03	2,85,413.88	3,31,284.31	2,85,413.88	3,09,029.64
- Life Insurance	96,547.11	92,204.98	81,190.60	96,547.11	81,190.60	90,210.40
- General Insurance	6,739.23	7,472.09	5,503.53	6,739.23	5,503.53	6,975.89
- Asset Management	399.42	268.16	290.88	399.42	290.88	307.24
- Others	521.00	492.50	475.76	521.00	475.76	485.68
Total Segment Liabilities	4,35,491.07	4,15,633.76	3,72,874.65	4,35,491.07	3,72,874.65	4,07,008.85
Unallocated						
- Banking	-	-	-	-	-	-
- Others	2,773.05	2,903.90	1,710.53	2,773.05	1,710.53	2,617.37
Total Liabilities	4,38,264.12	4,18,537.66	3,74,585.18	4,38,264.12	3,74,585.18	4,09,626.22
Capital Employed						
- Loans	33,352.29	34,072.79	28,685.70	33,352.29	28,685.70	31,838.74
- Life Insurance	4,048.00	3,799.59	3,325.90	4,048.00	3,325.90	3,528.17
- General Insurance	1,717.79	1,998.30	1,776.59	1,717.79	1,776.59	1,894.42
- Asset Management	704.35	680.74	796.89	704.35	796.89	720.36
- Others	(6.10)	(50.24)	12.01	(6.10)	12.01	(57.35)
Total Segment Capital Employed	39,816.33	40,501.18	34,597.09	39,816.33	34,597.09	37,924.34
Unallocated						
- Banking	24,625.82	24,297.12	21,494.70	24,625.82	21,494.70	23,335.92
- Others	2,856.43	2,055.93	2,568.21	2,856.43	2,568.21	2,271.62
Total Capital Employed	67,298.58	66,854.23	58,660.00	67,298.58	58,660.00	63,531.88

a) 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 Credila Financial Services Private Limited.

b) Asset Management segment includes portfolio management, mutual fund and property investment management.

c) Others include project management, investment consultancy and property related services.

d) The Group does not have any material operations outside India and hence disclosure of geographic segments is not given.

3. The key data relating to standalone results of Housing Development Finance Corporation Limited is as under:

₹ in Crore

	PARTICULARS	Quarter ended 30.9.2017	Quarter ended 30.6.2017	Quarter ended 30.9.2016	Six Months ended 30.9.2017	Six Months ended 30.9.2016	Year ended 31.3.2017
		Reviewed					Audited
1	**Total Income**	**8,760.92**	8,141.76	8,103.15	**16,902.68**	16,496.48	33,159.60
2	**Profit Before Tax**	**2,907.12**	2,358.74	2,557.50	**5,265.86**	5,257.23	10,726.64
3	**Tax Expense**	**806.00**	803.00	731.00	**1,609.00**	1,560.00	3,284.00
4	**Net Profit After Tax**	**2,101.12**	1,555.74	1,826.50	**3,656.86**	3,697.23	7,442.64
	Earnings per Share (₹)*						
	- Basic	**13.19**	9.79	11.54	**22.98**	23.33	46.08
	- Diluted	**13.01**	9.71	11.42	**22.72**	23.14	45.70
	Equity Share Capital	**319.02**	318.58	316.79	**319.02**	316.79	317.73
	Reserves excluding Revaluation Reserves as at March 31, 2017						39,276.55

* Not annualised for the quarters

4. The Corporation is offering 19,12,46,050 equity shares of ₹ 10 each of HDFC Standard Life Insurance Company Limited (HDFC Life), a material non-listed subsidiary representing 9.52% of its issued and paid-up share capital in the initial public offering of HDFC Life at a price band of ₹ 275 to ₹ 290 per equity share.

5. During the quarter ended September 30, 2017, the Corporation has allotted 22,01,165 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors.

6. During the quarter ended September 30, 2016, 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]). Further, a scheme of arrangement under section 391 and 394 of the Companies Act, 1956 and Section 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) and Insurance Regulatory and Developement Authority of India (IRDAI) during the current quarter. The merger has been accounted under the 'Pooling of Interests' method as prescribed under the Accounting Standard 14 'Accounting for Amalgamations (AS - 14).

   Consequently, in order to give effect of the scheme in these financial statements, Openining Reserves of the Corporation has been reduced by ₹ **173.30** crore in the manner below.

   ₹ in Crore

Particulars	**Amounts**
Reserves as on March 31, 2017	**59,690.48**
Less: Effect of adjustment in reserves for the Year ended March 31, 2017	(179.80)
Adjusted reserves as on March 31, 2017	**59,510.68**
Less: Effect of adjustment in reserves for the three months ended June 30, 2017	6.50
Adjusted reserves as on June 30, 2017	**59,517.18**

7. The Classification of Assets and Liabilities into Current and Non-Current is carried out based on their residual maturity profile.

8. The standalone financial results are available on the Corporation's website (www.hdfc.com) and on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

9. Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

The above results for the quarter / six months ended September 30, 2017, which have been subject to a Limited Review by the Auditors of the Corporation, were reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on October 30, 2017, in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants

Akeel Master
Partner

Keki M. Mistry
Vice Chairman & CEO

Place: Mumbai
Date: October 30, 2017

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, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

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 financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting 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 of the standalone financial statements 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 believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor 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 report of the branch auditor on the financial statements of the branch, 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, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 3.2 to the standalone financial statements, which describes the accounting treatment used by the Corporation in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of Dubai branch included in the standalone financial statements of the Corporation whose financial statements reflect total assets of ₹ 0.27 crore as at March 31, 2017 and total revenues of ₹ 0.50 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act based on our audit and on the consideration of the report of the branch auditor, referred to in the Other Matter 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.

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 and proper returns adequate for the purposes of our audit have been received from Dubai branch not visited by us.

c) The reports on the accounts of Dubai branch of the Corporation audited under Section 143 (8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report.

d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and with the returns received from Dubai branch not visited by us.

e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and its branch refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Corporation's internal financial controls over financial reporting.

h) 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 financial position in its 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.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.

iv. The Corporation has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the Management we report that the disclosures are in accordance with the books of account maintained by the Corporation and as produced to us by the Management.

2. 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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date which includes internal financial controls over financial reporting of the Corporation's branch.

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. 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 respective 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditor, in terms of their report referred to in the Other Matter paragraph below, 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 Corporation'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 Corporation'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 Corporation; (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 Corporation are being made only in accordance with authorisations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Corporation'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 report of the branch auditor on internal financial controls system over financial reporting of the branch referred to in the Other Matter paragraph below, 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 March 31, 2017, 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.

Other Matter

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 insofar as it relates to a branch, is based on the corresponding report of the branch auditor.

Our opinion is not modified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Annexure "B" to the Independent Auditors' Report

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

(i) (a) To the best of our knowledge and according to the information and explanations given to us, the Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, 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:

Particulars of the land and building	₹ crore	Remarks
Freehold land and building of Global Perspectives Limited located at Gurgaon, admeasuring 2.07 acres	72.10	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	42.00	

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 does not have any inventory and hence reporting under Clause 3(ii) of the Order is not applicable.

(iii) To the best of our knowledge and according to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies 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) To the best of our knowledge and according to the information and explanations given to us, the Corporation has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under Clause 3(iv) of the Order is not applicable.

(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 and hence reporting under Clause 3(v) of the Order is not applicable.

(vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Corporation.

(vii) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:

(a) The Corporation has generally been regular in depositing undisputed statutory dues, including Income Tax, Sales Tax, Work Contract Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Customs Duty and Excise Duty.

(b) There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Work Contract Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Wealth tax, Interest on Lease Tax and Employees' State Insurance which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ crore	Amount Unpaid ₹ crore
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-99	0.12	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.02	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant/Deputy Director – ESIC	2010-2011	0.01	0.01

(viii) To the best of our knowledge and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Corporation has not taken loans or borrowings from government.

(ix) To the best of our knowledge and according to the information and explanations given to us, the money raised by way of the public offer of rupee denominated global bonds and term loans have been applied by the Corporation during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation by its officers or employees has been noticed or reported during the year.

(xi) To the best of our knowledge and according to the information and explanations given to us, the Corporation has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Corporation is not a Nidhi Company and hence reporting under Clause 3(xii) of the Order is not applicable.

(xiii) To the best of our knowledge and according to the information and explanations given to us, the Corporation is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) To the best of our knowledge and according to the information and explanations given to us, the Corporation has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause 3(xiv) of the Order is not applicable to the Corporation.

(xv) To the best of our knowledge and according to the information and explanations given to us, during the year the Corporation has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Corporation is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Balance Sheet as at March 31, 2017

	Notes	₹ in Crore	March 31, 2016 ₹ in Crore
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	317.73	315.97
Reserves and surplus	3	39,276.55	33,753.99
Money received against warrants	3.14	51.10	51.10
		39,645.38	34,121.06
NON-CURRENT LIABILITIES			
Long-term borrowings	4	1,50,062.23	1,09,292.25
Deferred tax liability (Net)	14	2,388.58	902.21
Other long-term liabilities	5	2,205.26	1,613.39
Long-term provisions	6	2,336.17	2,127.34
		1,56,992.24	1,13,935.19
CURRENT LIABILITIES			
Short-term borrowings	7	42,130.33	41,502.68
Trade payables	8	147.71	122.92
Other current liabilities	9		
- Borrowings		87,539.59	86,968.01
- Others		9,726.27	9,389.68
Short-term provisions	10	176.37	2,837.08
		1,39,720.27	1,40,820.37
		3,36,357.89	2,88,876.62
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets	11	638.21	660.20
(ii) Intangible assets	12	4.13	4.33
Non-current investments	13	16,829.94	14,837.84
Long-term loans and advances	15		
- Loans		2,63,941.42	2,32,870.54
- Others		6,552.85	2,668.73
Other non-current assets	16	1,406.34	847.53
		2,89,372.89	2,51,889.17
CURRENT ASSETS			
Current investments	17	3,580.16	507.59
Trade receivables	18	109.48	144.66
Cash and bank balances	19	6,318.80	5,320.67
Short-term loans and advances	20		
- Loans		31,792.41	25,787.70
- Others		4,021.32	2,526.04
Other current assets	21	1,162.83	2,700.79
		46,985.00	36,987.45
		3,36,357.89	2,88,876.62

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

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)

S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Statement of Profit and Loss for the year ended March 31, 2017

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	**23**	**32,111.06**	29,257.31
Profit on Sale of Investments	**24**	**1,001.73**	1,647.81
Other Income	**25**	**46.81**	51.45
Total Revenue		**33,159.60**	30,956.57
EXPENSES			
Finance Cost	**26**	**20,896.20**	19,374.51
Employee Benefit Expenses	**27**	**388.80**	349.09
Establishment Expenses	**28**	**86.22**	84.19
Other Expenses	**29**	**305.78**	271.40
Depreciation and Amortisation	**11 & 12**	**55.96**	54.28
Provisions and Contingencies	**39.5.1**	**700.00**	715.00
Total Expenses		**22,432.96**	20,848.47
PROFIT BEFORE TAX		**10,726.64**	10,108.10
Tax Expense			
- Current Tax		**2,789.00**	2,873.00
- Deferred Tax	**14**	**495.00**	142.00
PROFIT FOR THE YEAR		**7,442.64**	7,093.10
EARNINGS PER SHARE (Face Value ₹ 2)	**30**		
- Basic		**46.08**	44.43
- Diluted		**45.70**	44.10

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

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)
S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Cash Flow Statement for the year ended March 31, 2017

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**10,726.64**	10,108.10
	Adjustments for:			
	Depreciation and Amortisation	**11 & 12**	**55.96**	54.28
	Provisions and Contingencies		**700.00**	715.00
	Interest Expense	**26**	**20,716.51**	19,183.49
	Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	**26.2**	**30.59**	52.00
	Net gain on derivative valuation of INR derivatives & underlying hedging instrument	**26.1**	**(20.59)**	-
	Interest Income	**23**	**(30,405.51)**	(27,761.16)
	Utilisation of Shelter Assistance Reserve	**3**	**(146.27)**	(85.31)
	Profit on Sale of Investments		**(1,001.73)**	(1,647.81)
	Dividend Income	**23**	**(909.06)**	(806.88)
	(Profit) / Loss on Sale of Investment in Properties		**2.14**	(1.48)
	Surplus from deployment in Cash Management Schemes of Mutual Funds	**23**	**(444.64)**	(307.87)
	(Profit) / Loss on Sale of Fixed Assets (Net)		**0.08**	(2.35)
	Operating Profit before Working Capital changes		**(695.88)**	(499.99)
	Adjustments for:			
	Current and Non-Current Assets		**1,463.36**	(2,091.85)
	Current and Non-Current Liabilities		**312.80**	(155.11)
	Cash generated from Operations		**1,080.28**	(2,746.95)
	Interest Received		**30,561.21**	27,643.13
	Interest Paid		**(19,183.68)**	(18,755.92)
	Premium Paid on Redemption of Debentures		**(1,714.53)**	(100.86)
	Dividend Received		**909.06**	806.88
	Taxes Paid		**(3,515.91)**	(2,945.50)
	Net cash from Operations		**8,136.43**	3,900.78
	Loans disbursed (net)		**(37,289.81)**	(30,879.71)
	Corporate Deposits (net)		**(4,410.48)**	(425.66)
	Net cash used in operating activities		**(33,563.86)**	(27,404.59)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(27.97)**	(37.38)
	Sale of Fixed Assets		**0.62**	3.16
			(27.35)	(34.22)
	Investments in Subsidiaries		**(416.97)**	(22.04)
	Investment in Cash Management Schemes of Mutual Funds		**(3,86,372.00)**	(3,46,702.00)
	Other Investments		**(3,741.97)**	(1,916.35)
	Sale proceeds of Investments :			
	- in Subsidiary Company		**1,120.50**	1,784.62
	- in Cash Management Schemes of Mutual Funds		**3,83,816.64**	3,47,009.87
	- in other Companies and Properties		**1,675.44**	729.68
	Net cash from investing activities		**(3,945.71)**	849.56
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**2.1**	**1.77**	1.03
	Securities Premium	**3**	**680.62**	345.30
	Money received against share warrants		-	51.10
	Deposits, CPs and other Short Term Borrowings (Net)		**22,879.99**	7,739.86
	Proceeds from long-term borrowings		**82,228.10**	66,009.90
	Repayment of long-term borrowings		**(63,101.94)**	(45,379.01)
	Dividend paid - Equity Shares		**(3,159.71)**	(2,050.29)
	Tax paid on Dividend		**(440.96)**	(416.53)
	Net cash from financing activities		**39,087.86**	26,301.36
	Net (Decrease) / Increase in cash and cash equivalents [A + B + C]		**1,578.29**	(253.66)
	Add : Cash and cash equivalents as at the beginning of the year	**19**	**2,638.10**	2,888.05
	Add : Exchange difference on bank balance		**(7.48)**	3.71
	Cash and cash equivalents as at the end of the year	**19**	**4,208.90**	2,638.10
	Earmarked balances with banks:			
	- Unclaimed Dividend Account		**24.74**	493.44
	- Towards Guarantees Issued by Banks		**0.30**	0.06
	- Other Against Foreign Currency Loans		**24.86**	23.97
	Short-term bank deposits		**2,060.00**	2,165.10
	Cash and Bank balances at the end of the year	**19**	**6,318.80**	5,320.67

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
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J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the standalone financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

These financial statements have been prepared 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.

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.

1.2 SYSTEM OF ACCOUNTING

The Corporation adopts the accrual concept in the preparation of the financial statements.

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.

1.3 INFLATION

Assets and liabilities are recorded at historical cost to the Corporation. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.4 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.

1.5 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.

1.6 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 acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

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.

1.8 **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 either on an annual rest or 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.

1.9 **DIVIDEND**

Dividend income is recognised when the right to receive has been established.

1.10 **FEES AND OTHER REVENUE**

Fees, charges and other revenue 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.

1.11 **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.

1.12 **INCOME FROM INVESTMENTS**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest Income is accounted on accrual 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.

1.13 **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 of certain securities are charged to the securities premium account.

1.14 **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.

1.15 **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., Cash Flow 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.

1.16 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits are amortised over the period of the deposit.

1.17 **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.

1.18 **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 value of such investments. Current investments are carried individually, at the lower of cost and fair value. 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. Investment in 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.

1.19 TANGIBLE FIXED ASSETS

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

1.20 INTANGIBLE ASSETS

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.21 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 technical advice, 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.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

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.

1.22 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.

1.23 PROVISION FOR NON-PERFORMING ASSETS AND CONTINGENCIES

The Corporation's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision and Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB Guidelines.

1.24 **STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)**

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.25 **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

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are 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.

Defined benefit plans

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.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

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.

1.26 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.

1.27 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 tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

1.28 **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

1.29 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation 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.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

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, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
AUTHORISED		
175,00,00,000 Equity Shares of ₹ 2 each	**350.00**	340.00
(Previous Year 170,00,00,000 Equity Shares of ₹ 2 each)		
	350.00	340.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
158,86,72,140 Equity Shares of ₹ 2 each	**317.73**	315.97
(Previous Year 157,98,46,340 Equity Shares of ₹ 2 each)		
	317.73	315.97

2.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2017**		As at March 31, 2016	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**157,98,46,340**	**315.97**	157,46,97,670	314.94
Shares allotted pursuant to exercise of stock options	**88,25,800**	**1.77**	51,48,670	1.03
Equity shares outstanding as at the end of the year	**158,86,72,140**	**317.73**	157,98,46,340	315.97

2.2 Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2017 are given below. There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016.

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, 2017 **12,29,51,224 shares** (Previous Year 8,19,25,500 shares) were reserved for issuance as follows:

a) **8,64,51,224 shares** of ₹ 2 each (Previous Year 4,54,25,500 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 2.4].

b) **3,65,00,000 shares** of ₹ 2 each (Previous Year 3,65,00,000 shares of ₹ 2 each) towards outstanding share warrants [Refer Note 3.12].

2.4 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 **1,57,799 options** (Previous Year 59,58,841 options) were vested. In the current year **22,390 options** (Previous Year 51,427 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, during the year **Nil options** (Previous Year 36,043 options) were vested. In the current year **1,936 options** (Previous Year 2,884 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 **228 options** (Previous Year Nil 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. In the current year **Nil options** (Previous Year 628 options) lapsed. 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 account 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-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**60,71,671**	62,24,019
Granted during the year	**-**	-
Vested during the year	**1,57,799**	59,58,841
Exercised during the year	**6,40,917**	1,00,921
Lapsed during the year	**22,390**	51,427
Outstanding at the end of the year	**54,08,364**	60,71,671
Unvested at the end of the year	**49,902**	2,22,048
Exercisable at the end of the year	**53,58,462**	58,49,623
Weighted average price per option	**₹ 5,073.25**	

Particulars	ESOS-11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**28,13,951**	37,45,586
Granted during the year	**-**	-
Vested during the year	**-**	36,043
Exercised during the year	**11,24,243**	9,28,751
Lapsed during the year	**1,936**	2,884
Outstanding at the end of the year	**16,87,772**	28,13,951
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**16,87,772**	28,13,951
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,102**	5,102
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**-**	-
Lapsed during the year	**228**	-
Outstanding at the end of the year	**4,874**	5,102
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**4,874**	5,102
Weighted average price per option	**₹ 1,350.60**	

Particulars	ESOS-07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,287**	5,977
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**-**	62
Lapsed during the year	**-**	628
Outstanding at the end of the year	**5,287**	5,287
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,287**	5,287
Weighted average price per option	**₹ 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. Accordingly, each options exercised after August 21, 2010 is entitled to 5 equity shares 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-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows :

Particulars	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under 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 under ESOS-14 and ESOS-11 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)	**7,442.64**	7,093.10
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **Nil** (Previous Year ₹ 338.50 crore)] (pro-forma)	-	221.35
Net Profit (pro-forma)	**7,442.64**	6,871.75
Less : Amounts utilised out of Shelter Assistance Reserve	**146.27**	85.31
Net Profit considered for computing EPS (pro-forma)	**7,296.37**	6,786.44

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**46.08**	44.43
Basic earnings per share (pro-forma)	**46.08**	43.03
Diluted earnings per share (as reported)	**45.70**	44.10
Diluted earnings per share (pro-forma)	**45.70**	42.70

2.5 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, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SPECIAL RESERVE No. I	[Refer Notes 3.1 & 3.2]	**51.23**	51.23
SPECIAL RESERVE No. II	[Refer Notes 3.1 & 3.2]		
Opening Balance		**8,564.95**	7,469.95
Add: Transfer from Statement of Profit and Loss	[Refer Note 3.3]	**1,247.00**	1,095.00
		9,811.95	8,564.95
GENERAL RESERVE			
Opening Balance		**11,367.13**	9,541.55
Less: Utilised towards Deferred Tax Liability for Special Reserve	[Refer Note 3.2]	**1,119.08**	559.54
Less: Opening impact of Derivative Transition (net of Deferred Tax of ₹ **127.70 crore**)	[Refer Note 3.5]	**241.31**	-
Add: Transfer from Statement of Profit and Loss		**-**	2,385.12
		10,006.74	11,367.13
STATUTORY RESERVE (As per Section 29C of The National Housing Bank Act, 1987)			
Opening Balance		**3,604.42**	3,279.42
Add : Transfer from Statement of Profit and Loss	[Refer Note 3.3]	**245.00**	325.00
		3,849.42	3,604.42
SECURITIES PREMIUM			
Opening Balance		**10,133.82**	10,256.81
Add : Received during the year		**680.62**	345.30
		10,814.44	10,602.11
Less: Utilised during the year (Net) [Net of tax effect of ₹ **303.76 crore** (Previous Year ₹ 247.84 crore)]	[Refer Note 3.4]	**573.95**	468.29
		10,240.49	10,133.82
SHELTER ASSISTANCE RESERVE			
Opening Balance		**154.47**	89.78
Add: Transfer from Statement of Profit and Loss		**185.00**	150.00
		339.47	239.78
Less: Utilised during the year	[Refer Note 34]	**146.27**	85.31
		193.20	154.47
CAPITAL RESERVE		**0.04**	0.04
FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT (Debit Balance)	[Refer Note 3.6]		
Opening Balance (Debit)		**(122.07)**	(33.75)
Add/(Less): Effect of foreign exchange rate variations during the year		**(269.02)**	(199.39)
Add/(Less): On fair valuation of derivatives as on April 1, 2016		**162.20**	-
Add/(Less): Amortisation for the year	[Refer Note 3.7]	**57.20**	111.07
Closing balance - (Debit)		**(171.69)**	(122.07)
CASH FLOW HEDGE RESERVE		**(0.54)**	-

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:			
Opening Balance		-	-
Profit for the year		**7,442.64**	7,093.10
Amount available for appropriations		**7,442.64**	7,093.10
Appropriations:			
Special Reserve No. II	[Refer Note 3.3]	**1,247.00**	1,095.00
General Reserve		-	2,385.12
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987)	[Refer Note 3.3]	**245.00**	325.00
Shelter Assistance Reserve		**185.00**	150.00
Interim Dividend [Dividend ₹ **3.00** per equity share of ₹ 2 each (Previous Year ₹ 3.00 per equity share of ₹ 2 each)]	[Refer Note 3.9]	**476.14**	473.95
Tax on Interim Dividend		**0.04**	10.48
Proposed Dividend (Previous Year ₹ 14.00 per equity share of ₹ 2 each)	[Refer Note 3.8]	-	2,211.78
Tax on Proposed Dividend		-	450.27
Tax on Dividend credit taken	[Refer Note 3.10]	**(9.98)**	(11.14)
Dividend including tax of ₹ **0.63** crore (Previous Year ₹ 0.45 crore) pertaining to previous year paid during the year	[Refer Note 3.11]	**3.72**	2.64
		5,295.72	-
		39,276.55	33,753.99

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 in earlier years. During the year the Corporation has created balance 50 percent of deferred tax liability of ₹ **1,119.08 crore** (Previous Year ₹ 559.54 crore) by debiting the General Reserve [Refer Note 14].

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 ₹ **1,247 crore** (Previous Year ₹ 1,095 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **245 crore** (Previous Year ₹ 325 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

3.4 During the year, the Corporation utilised ₹ **573.95 crore** (net of tax effect of ₹ **303.76 crore**) [(Previous Year ₹ 468.29 crore (net of tax effect of ₹ 247.84 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 and issue expenses in respect of Rupee Denominated Bonds and Medium Term Note Programme (MTN Programme).

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. As a result of the change, in accordance with the transitional provisions of the Guidance Note, the Corporation has debited an amount of ₹ **241.31 crore** (net of deferred tax of ₹ **127.70 crore**) on account of the cumulative impact of all derivatives contracts outstanding as of April 1, 2016, to the opening reserves. 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.

The figures in Notes 3.6, 3.7 and 26.2 are not comparable with those of the previous year due to revision in the accounting policy during the year upon alignment with the accounting recommended in the said Guidance Note.

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 ₹ **171.69 crore** (without considering future tax benefit of ₹ **59.42 crore**) [(Previous Year ₹ 122.07 crore) (without considering future tax benefits of ₹ 42.25 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2017. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

3.7 During the year, there was a net addition of ₹ **49.62 crore** (Previous Year net addition ₹ 88.32 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	**(351.59)**	(140.32)
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	**82.57**	(59.07)
Net amortisation Debit/(Credit) during the year	**57.20**	111.07
Net reduction/(addition) during the year	**(49.62)**	(88.32)

3.8 The Board of Directors have proposed dividend on equity shares at ₹ **15 per share** at their meeting held on May 4, 2017. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in Annual General Meeting.

3.9 The Board of Directors of the Corporation at its meeting held on March 3, 2017, *inter alia*, has approved the payment of an interim dividend of ₹ 3 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2016-17.

3.10 During the year, the Corporation availed a credit of ₹ **9.98 crore** (for FY 2015-16) [Previous Year ₹ 11.14 crore (for FY 2014-15)], 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.

3.11 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 paid dividend of ₹ **3.09 crore** for the year 2015-16 (₹ 2.19 crore for the year 2014-15) and tax on dividend of ₹ **0.63 crore** (Previous Year ₹ 0.45 crore) as approved by the shareholders at the Annual General Meeting held on July 27, 2016.

3.12 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 Company is eligible to forfeit the amounts received towards the warrants.

4. LONG-TERM BORROWINGS

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Bonds and Debentures [Refer Notes 4.3 & 4.11]	**95,026.36**	63,267.20
Term Loans :		
- Banks [Refer Note 4.11]	**2,432.00**	5,415.69
- External Commercial Borrowing - Low Cost Affordable Housing [Refer Notes 4.5 & 4.11]	**7,619.87**	5,318.40
- Others [Refer Note 4.11]	**4,145.83**	2,104.66
	1,09,224.06	76,105.95
Deposits [Refer Note 4.3]	**40,838.17**	33,186.30
Total	**1,50,062.23**	1,09,292.25

4.1 Long-term borrowings are further sub-classified as follows :

₹ in Crore

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
	Secured : [Refer Note 4.2]		
a)	**Bonds and Debentures**		
	- Bonds	**34.20**	40.50
	- Non Convertible Debentures	**81,192.16**	57,726.70
	Sub-Total	**81,226.36**	57,767.20
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,432.00**	4,731.81
	Sub-Total	**1,432.00**	4,731.81
c)	**Term Loans from other parties**		
	- Asian Development Bank [Refer Note 4.4]	**260.26**	312.91
	- National Housing Bank	**3,885.57**	1,791.75
	Sub-Total	**4,145.83**	2,104.66
	Total Secured	**86,804.19**	64,603.67
	Unsecured :		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures [Refer Note 4.11]	**5,500.00**	5,500.00
	- Synthetic INR Denominated Bonds	**8,300.00**	-
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,000.00**	683.88
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**7,619.87**	5,318.40
d)	**Deposits** [Refer Note 4.9]	**40,838.17**	33,186.30
	Total Unsecured	**63,258.04**	44,688.58
	Total	**1,50,062.23**	1,09,292.25

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 ₹ **665.00 crore** (Previous Year ₹ 676.00 crore) and Deposits includes ₹ **2.95 crore** (Previous Year ₹ 0.01 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 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 an External Commercial Borrowing (ECB) of **USD 300 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has original maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity using principal only swaps.

The Corporation has availed an ECB of **USD 500 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. 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.

During the Financial year, the Corporation has availed an ECB of **USD 375 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. 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 charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

4.6 During the year, the Corporation raised ₹ **5,000 crore** through various issues of Rupee Denominated Bonds to overseas investors under the automatic route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India ("RBI"). The Corporation was the first Indian corporate issuer of such bonds.

The Corporation also established a Medium Term Note Programme (MTN Programme) of up to **USD 750 million** so as to enable the Corporation to issue Rupee Denominated debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Corporation raised ₹ **3,300 crore** through the issuance of Rupee Denominated Bonds to overseas investors through the approval route.

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, 2017, the Corporation has foreign currency borrowings of **USD 2,944.46 million equivalent** (Previous Year USD 1,447.36 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 2,554.92 million equivalent** (Previous Year USD 1,295.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2017, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 70 million equivalent** (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 interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **30,655 crore** (Previous Year ₹ 19,935 crore) as on March 31, 2017 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 49.42 million equivalent** (Previous Year USD 243.11 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 Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **270.58 crore** (Previous Year ₹ 84.98 crore).

4.9 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.

4.10 As at March 31, 2017, the Corporation's outstanding subordinated debt is ₹ **5,500 crore** (Previous Year ₹ 5,975 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, 2017, **83.64%** (Previous Year 85.36%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

4.11 **Terms of redemption of bonds and debentures and for repayment terms of term loans:**

A) **BONDS AND DEBENTURES**

Previous Year figures are in (brackets)

₹ in Crore

Bonds and Debentures - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
7.4% - 8%		**18,866.00** *(500.00)*	**-** -	**3,000.82** -	**21,866.82** *(500.00)*
8.01% - 10%		**29,263.84** *(25,515.70)*	**13,201.53** *(13,536.00)*	**7,390.38** *(8,895.00)*	**49,855.75** *(47,946.70)*
10.01% - 11.95%		**4,215.28** *(5,320.00)*	**-** -	**-** -	**4,215.28** *(5,320.00)*
Zero Coupon		**5,254.31** *(1,960.00)*	**-** *(2,000.00)*	**-** -	**5,254.31** *(3,960.00)*
Variable Rate - Linked to G Sec		**14.10** *(13.15)*	**15.90** *(14.95)*	**4.20** *(12.40)*	**34.20** *(40.50)*
Total Secured	**A** *A*	**57,613.53** *(33,308.85)*	**13,217.43** *(15,550.95)*	**10,395.40** *(8,907.40)*	**81,226.36** *(57,767.20)*
Bonds and Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Non Convertible Subordinated Debentures					
8.65% - 9.6%		**500.00** -	**2,000.00** *(1,500.00)*	**3,000.00** *(4,000.00)*	**5,500.00** *(5,500.00)*
Synthetic INR Denominated Bonds					
6.87% - 7.88%		**5,000.00** -	**3,300.00** -	**-** -	**8,300.00** -
Total Unsecured	**B** *B*	**5,500.00** -	**5,300.00** *(1,500.00)*	**3,000.00** *(4,000.00)*	**13,800.00** *(5,500.00)*
Total (Secured and Unsecured)	**A+B** *A+B*	**63,113.53** *(33,308.85)*	**18,517.43** *(17,050.95)*	**13,395.40** *(12,907.40)*	**95,026.36** *(63,267.20)*

Notes forming part of the standalone financial statements (Continued)

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				
8% - 9%	**132.00** *(32.00)*	**1,000.00** -	**300.00** *(300.00)*	**1,432.00** *(332.00)*
9.01% - 9.5%	- *(2,900.00)*	- *(100.00)*	- *(1,000.00)*	- *(4,000.00)*
Term Loans from Scheduled Banks-Foreign Currency				
USD LIBOR +150 - 200 bps	- *(399.81)*	- -	- -	- *(399.81)*
Total Secured A *A*	**132.00** *(3,331.81)*	**1,000.00** *(100.00)*	**300.00** *(1,300.00)*	**1,432.00** *(4,731.81)*
Term Loans from Banks - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
7.60% - 9.25%	- *(285.00)*	**1,000.00** -	- -	**1,000.00** *(285.00)*
Term Loans from Scheduled Banks - Foreign Currency				
USD LIBOR + 200 - 325 bps	- *(398.88)*	- -	- -	- *(398.88)*
Total Unsecured B *B*	- *(683.88)*	**1,000.00** -	- -	**1,000.00** *(683.88)*
Total (Secured and Unsecured) A+B *A+B*	**132.00** *(4,015.69)*	**2,000.00** *(100.00)*	**300.00** *(1,300.00)*	**2,432.00** *(5,415.69)*

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** *(1,994.40)*	- -	- -	**1,945.50** *(1,994.40)*
USD LIBOR + 120 bps	- -	**3,242.50** *(3,324.00)*	- -	**3,242.50** *(3,324.00)*
USD LIBOR + 126 bps	- -	**2,431.87** -	- -	**2,431.87** -
Total Unsecured	**1,945.50** *(1,994.40)*	**5,674.37** *(3,324.00)*	- -	**7,619.87** *(5,318.40)*

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	**54.55**	**61.68**	**16.65**	**132.88**
	(52.59)	*(59.46)*	*(49.65)*	*(161.70)*
Variable linked to Bank PLR	**28.04**	**31.71**	**8.55**	**68.30**
	(26.37)	*(29.82)*	*(24.89)*	*(81.08)*
Variable linked to G Sec	**24.25**	**27.43**	**7.40**	**59.08**
	(22.81)	*(25.79)*	*(21.53)*	*(70.13)*
National Housing Bank				
6% - 8%	**1,687.72**	**1,260.95**	**250.17**	**3,198.84**
	(180.43)	*(77.73)*	*(108.05)*	*(366.21)*
8.01% - 10%	**663.92**	**22.81**	**-**	**686.73**
	(1,334.32)	*(91.22)*	-	*(1,425.54)*
Total Secured	**2,458.48**	**1,404.58**	**282.77**	**4,145.83**
	(1,616.52)	*(284.02)*	*(204.12)*	*(2,104.66)*

5. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Interest accrued but not due on borrowings	**1,443.52**	974.58
Premium payable on redemption of Debentures	**690.25**	557.38
Security and other deposits received	**6.11**	6.63
Income received in advance	**45.18**	66.47
Others	**20.20**	8.33
Total	**2,205.26**	1,613.39

6. LONG-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Provision for Employee Benefits [Refer Note 27.3]	**60.10**	49.87
Provisions and Contingencies [Refer Notes 6.1 & 6.2]	**2,276.07**	2,077.47
Total	**2,336.17**	2,127.34

6.1 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 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, 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 and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) 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 ₹ **1,604.92 crore** (Previous Year ₹ 1,341.03 crore) towards standard assets.

6.2 Movement in Provisions and Contingencies Account during the year is as under: [Refer Note 31.1]

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**2,077.47**	1,501.44
Additions during the year (Net)	**527.29**	629.58
Utilised during the year – towards Diminution in Value of Investments	**(291.43)**	(17.02)
Utilised during the year - towards loans written off	**(37.26)**	(36.53)
Closing Balance	**2,276.07**	2,077.47

7. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Loans repayable on demand:		
Deposits - Unsecured [Refer Notes 7.2 & 4.9]	**2,687.05**	3,786.19
Other loans and advances:		
Scheduled Banks - Secured [Refer Note 7.1]	**2,000.00**	10,800.00
Scheduled Banks - Unsecured	**-**	1,190.00
Commercial Papers - Unsecured [Refer Note 7.3]	**37,443.28**	25,726.49
	39,443.28	37,716.49
Total	**42,130.33**	41,502.68

7.1 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.

7.2 Deposits includes ₹ **15.40 crore** (Previous Year ₹ 0.50 crore) from related parties [Refer Note 35].

7.3 Commercial papers of the Corporation have a maturity value of ₹ **38,380 crore** (Previous Year ₹ 26,650 crore). Yield on commercial paper varies between **6.50% to 9.20%** (Previous Year 7.38% to 9.50%).

8. TRADE PAYABLES

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Trade Payables	**147.71**	122.92
Total	**147.71**	122.92

8.1 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 Company. 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	**0.18**	0.15
c) Amount 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	-	-
	0.18	0.15

8.2 As required under Section 125 of the Companies Act, 2013, the Corporation has transferred ₹ **2.16 crore** (Previous Year ₹ 2.22 crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2017, no amount was due for transfer to the IEPF.

8.3 Trade Payables includes ₹ **34.98 crore** (Previous Year ₹ 25.19 crore) due to related parties [Refer Note 35].

9. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Current maturities of long-term borrowings	**87,539.59**	86,968.01
Interest accrued but not due on borrowings	**6,359.50**	5,553.58
Premium payable on redemption of Debentures	**380.06**	1,349.77
Interest accrued and due on matured deposits	**107.20**	74.35
Income and other amounts received in advance	**370.96**	339.77
Unclaimed dividend	**24.74**	19.48
Interim Dividend Payable	-	473.95
Unclaimed matured deposits	**801.39**	554.09
Payable against Derivatives	**866.99**	-
Other payables		
- Statutory Remittances	**174.88**	148.59
- Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78
- Amounts payable - Securitised Loans	**574.60**	580.87
- Amounts payable on swaps	-	211.79
- Others	**58.17**	75.66
	9,726.27	9,389.68
Total	**97,265.86**	96,357.69

9.1 Current maturities of Long-term borrowings are further sub-classified as under:

₹ in Crore

Sr. No.	Particulars	March 31, 2017	March 31, 2016
	Secured [Refer Notes 9.2 & 9.3]		
(i)	**Bonds and Debentures**		
	- Bonds	**6.30**	6.00
	- Non Convertible Debentures	**24,213.86**	31,370.00
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**16,586.11**	15,524.59
(iii)	**Term Loans from other parties**		
	- Asian Development Bank	**48.69**	46.38
	- National Housing Bank	**1,201.05**	750.25
	Total Secured	**42,056.01**	47,697.22
	Unsecured		
(i)	**Bonds and Debentures**	**-**	475.00
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**3,235.95**	1,649.13
(iii)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**-**	3.00
(iv)	**Deposits** [Refer Notes 4.9 & 9.3]	**42,247.63**	37,143.66
	Total Unsecured	**45,483.58**	39,270.79
	Total (Secured and Unsecured)	**87,539.59**	86,968.01

9.2 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.

9.3 Current maturities of Non-Convertible Debentures includes ₹ **592.00 crore** (Previous Year ₹ 141.00 crore) and Deposits includes ₹ **0.01 crore** (Previous Year ₹ 2.48 crore) from related parties [Refer Note 35].

10. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Provision for Employee benefits [Refer Note 27.3]	**116.91**	113.09
Provision for Tax (Net of Advance Tax)	**59.46**	61.94
Proposed Dividend	**-**	2,211.78
Additional Tax on Dividend	**-**	450.27
Total	**176.37**	2,837.08

Notes forming part of the standalone financial statements (Continued)

11. TANGIBLE ASSETS

Previous Year figures are in (brackets)

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2016	Additions	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2016	For the Year	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Land :												
Freehold	15.67	-	-	-	**15.67**	-	-	-	-	-	**15.67**	15.67
	(15.70)	-	-	*(0.03)*	*(15.67)*	-	-	-	-	-	*(15.67)*	*(15.70)*
Leasehold	370.25	-	-	-	**370.25**	11.82	**8.88**	-	-	**20.70**	**349.55**	358.43
	(370.25)	-	-	-	*(370.25)*	*(2.94)*	*(8.88)*	-	-	*(11.82)*	*(358.43)*	*(367.31)*
Buildings :												
Own Use	240.10	**0.18**	**-**	**0.29**	**239.99**	43.97	**4.58**	**-**	**0.07**	**48.48**	**191.51**	196.13
	(228.16)	*(9.90)*	*(2.51)*	*(0.47)*	*(240.10)*	*(39.35)*	*(4.34)*	*(0.41)*	*(0.13)*	*(43.97)*	*(196.13)*	*(188.81)*
Leasehold Improvements	60.16	**5.35**	-	**0.21**	**65.30**	40.26	**13.29**	-	**0.21**	**53.34**	**11.96**	19.90
	(55.96)	*(4.62)*	-	*(0.42)*	*(60.16)*	*(27.76)*	*(12.91)*	-	*(0.41)*	*(40.26)*	*(19.90)*	*(28.20)*
Computer Hardware	78.86	**8.20**	**-**	**5.05**	**82.01**	61.18	**8.84**	-	**5.05**	**64.97**	**17.04**	17.68
	(77.89)	*(6.90)*	-	*(5.93)*	*(78.86)*	*(58.63)*	*(8.48)*	-	*(5.93)*	*(61.18)*	*(17.68)*	*(19.26)*
Furniture and Fittings :												
Own Use	63.23	**3.44**	-	**1.71**	**64.96**	40.61	**3.92**	-	**1.61**	**42.92**	**22.04**	22.62
	(59.27)	*(4.63)*	-	*(0.67)*	*(63.23)*	*(37.25)*	*(3.96)*	-	*(0.60)*	*(40.61)*	*(22.62)*	*(22.02)*
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment etc.:												
Own Use	58.95	**5.20**	-	**1.53**	**62.62**	36.42	**4.56**	-	**1.40**	**39.58**	**23.04**	22.53
	(56.68)	*(3.78)*	-	*(1.51)*	*(58.95)*	*(32.81)*	*(4.96)*	-	*(1.35)*	*(36.42)*	*(22.53)*	*(23.87)*
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	14.01	**3.15**	-	**0.78**	**16.38**	6.77	**2.74**	-	**0.53**	**8.98**	**7.40**	7.24
	(13.18)	*(3.37)*	-	*(2.54)*	*(14.01)*	*(6.51)*	*(2.60)*	-	*(2.34)*	*(6.77)*	*(7.24)*	*(6.67)*
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	1,046.78	**25.52**	**-**	**9.57**	**1,062.73**	386.58	**46.81**	**-**	**8.87**	**424.52**	**638.21**	660.20
Previous Year	*(1,022.64)*	*(33.20)*	*(2.51)*	*(11.57)*	*(1,046.78)*	*(350.80)*	*(46.13)*	*(0.41)*	*(10.76)*	*(386.58)*	*(660.20)*	*(671.84)*

*Assets held for disposal

11.1 Depreciation charge for the financial year above, excludes ₹ **6.50 crore** (Previous Year ₹ 5.28 crore) being depreciation charge on investment in Properties.

12. INTANGIBLE ASSETS

Previous Year figures are in (brackets)

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2016	Additions	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2016	For the Year	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Computer Software Licences (Acquired)	17.92	**2.45**	-	-	**20.37**	13.59	**2.65**	-	-	**16.24**	**4.13**	4.33
	(15.84)	*(2.08)*	-	-	*(17.92)*	*(10.72)*	*(2.87)*	-	-	*(13.59)*	*(4.33)*	*(5.12)*
Total	17.92	**2.45**	-	-	**20.37**	13.59	**2.65**	-	-	**16.24**	**4.13**	4.33
Previous Year	*(15.84)*	*(2.08)*	-	-	*(17.92)*	*(10.72)*	*(2.87)*	-	-	*(13.59)*	*(4.33)*	*(5.12)*

13. NON-CURRENT INVESTMENTS (AT COST)

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Trade Investments :		
Equity Shares - Subsidiaries and Associate Companies	**8,223.36**	8,080.01
Preference Shares - Convertible - Subsidiary Company	**67.00**	67.00
Debentures - Convertible - Subsidiary Company	**118.00**	310.18
Venture Funds	**296.24**	121.26
Non Trade Investments :		
Equity Shares	**735.96**	633.12
Preference Shares - Convertible	**-**	0.50
Preference Shares - Cumulative Redeemable	**5.99**	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	**63.33**	63.33
Debentures and Bonds - Convertible - Others*	**0.00**	0.00
Debentures and Bonds - Redeemable - Others	**25.00**	25.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**763.91**	35.51
Security Receipts - Others	**12.34**	11.73
Government Securities	**6,277.02**	5,087.40
Mutual Funds	**20.00**	-
Venture Funds	**236.64**	103.22
Properties [Net of Depreciation of ₹ **25.99 crore** (Previous Year ₹ 19.97 crore)	**357.30**	377.42
	17,202.09	14,921.67
Less : Provision for other than temporary Diminution in Value of Investments	**372.15**	83.83
	16,829.94	14,837.84

*Amount less than ₹ 50,000

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**5,885.70**	**65,836.12**
Previous Year	*5,817.40*	*47,397.58*
Aggregate of Investments listed but not quoted	**6,365.35**	
Previous Year	*5,150.73*	
Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)	**20.00**	**20.05**
Previous Year	-	-
Aggregate of Unquoted Investments (Others)	**4,222.09**	
Previous Year	*3,492.29*	
Properties	**336.80**	
Previous Year	*377.42*	
	16,829.94	
Previous Year	*14,837.84*	

Trade Investments :

	Number of Shares	Face Value per Share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore
Equity Shares - Subsidiaries and Associate Companies (fully paid)						
Subsidiaries						
HDFC Credila Financial Services Private Limited (Erstwhile Credila Financial Services Private Limited)	4,92,72,003	10	**102.97**	4,22,72,003	10	47.97
GRUH Finance Ltd.* (Refer Note 1)	21,30,77,850	2	**60.74**	21,30,77,850	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	**235.88**	1,50,96,600	10	235.89
HDFC Developers Ltd.	59,90,000	10	**5.99**	59,90,000	10	5.99
HDFC Education and Development Services Pvt. Ltd.	3,02,00,000	10	**30.20**	3,02,00,000	10	30.20
HDFC ERGO General Insurance Co. Ltd.	30,50,05,688	10	**733.33**	39,66,08,250	10	644.96
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	66.15
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**	19,97,600	10	2.00
HDFC Realty Ltd.	97,50,070	10	**9.31**	97,50,070	10	9.31
HDFC Sales Pvt. Ltd.	40,10,000	10	**4.02**	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	122,97,60,125	10	**1,316.56**	122,97,60,125	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
			2,671.09			2,527.74
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 (Erstwhile India Value Fund Advisors 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
			8,223.36			8,080.01
* listed shares						
Preference Shares - Convertible - Subsidiary Company (fully paid)						
0.01% HDFC Credila Financial Services Pvt. Ltd. (Erstwhile Credila Financial Services Private Limited) (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

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable (fully paid)						
6.40% Haddock Properties Pvt. Ltd.			-	6,981	1,00,000	56.39
9.00% Pentagram Properties Pvt. Ltd.			-	5,532	1,00,000	54.47
6.50% Winchester Properties Pvt. Ltd.			-	3,912	1,00,000	39.12
7.70% Windermere Properties Pvt. Ltd.			-	11,520	1,00,000	115.20
			-			265.18

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
Debentures - Convertible						
- Subsidiary Companies - Zero Coupon						
HDFC Sales Pvt. Ltd.	1,00,00,000	10	**10.00**	1,00,00,000	10	10.00
HDFC Education and Development Services Pvt. Ltd.	4,50,00,000	10	**63.00**	2,50,00,000	10	25.00
HDFC Developers Ltd.	2,50,00,000	10	**25.00**	1,00,00,000	10	10.00
HDFC Realty Limited	2,00,00,000	10	**20.00**			-
			118.00			45.00
			118.00			310.18
Venture Funds						
HDFC Investment Trust			**141.56**			-
HDFC Investment Trust II			**154.68**			121.26
			296.24			121.26

Non-Trade Investments:

	Number of Shares	Face Value per Share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore
Equity Shares (fully paid)						
Unlisted :						
AEC Cements and Constructions Ltd.	2,80,000	10	**0.28**	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. (Refer Note 1)	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**	-	-	-
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	**0.00**	31,75,750	10	0.00
INCAB Industries Ltd.	76,188	10	**0.23**	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	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
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	-
MIEL e-Security Pvt. Ltd.	1,11,112	10	**4.11**	1,11,112	10	4.11
National Stock Exchange of India Ltd.	-	-	**-**	73,750	10	21.45
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.	150,000	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
Vayana Enterprises Pvt. Ltd.	6,87,614	10	**2.29**	687,614	10	2.29
Ziqitza Healthcare Ltd. (Conversion of Preference Shares Into Equity Shares)	2,350	10	**0.50**	-	-	-
			423.73			305.12

	Number of Shares	Face Value per Share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore
Listed :						
Andhra Cements Ltd.	2,59,57,055	10	**49.82**	2,59,57,055	10	49.82
Bharat Bijlee Ltd.	122,480	10	**2.65**	1,22,480	10	2.65
CL Educate Ltd.* (Refer Note 1)	594,233	10	**35.08**	5,94,233	10	35.08
Coromandel International Limited * (received under Scheme of Arrangement in 2003-04)	269,330	2	-	2,69,330	2	-
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	**105.50**	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
IDFC Limited (Erstwhile Infrastructure Development Finance Company Ltd.)			-	3,72,159	10	0.22
IDFC Bank Ltd.	-	-	-	19,94,319	10	0.79
Kotak Mahindra Bank Ltd.	-	-	-	166,201	5	10.58
RBL Bank Ltd.	88,04,680	10	**58.99**	88,04,680	10	58.99
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
Tata Power Company Ltd.			-	7,00,000	1	4.18
			312.23			328.00
* Amount less than ₹ 50,000			**735.96**			633.12
Preference Shares - Convertible (fully paid)						
0.02% Ziqitza Healthcare Ltd.* (Compulsorily Fully Convertible Preference Shares)			-	2,350	10	0.50
			-			0.50
* Conversion of Preference Shares Into Equity Shares						
Preference Shares - Cumulative Redeemable (fully paid)						
0.001% BPL Ltd.	5,99,014	100	**5.99**	5,99,014	100	5.99
			5.99			5.99

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
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**	1,50,000	10,000	63.33
			63.33			63.33
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
* Amount less than ₹ 50,000			**0.00**			0.00
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

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	**39.23**	15.54
Security Receipts	**724.68**	19.97
	763.91	35.51
- Others		
Security Receipts	**12.34**	11.73
	12.34	11.73
Government Securities		
Government of India Loans	**6,277.02**	5,087.40
	6,277.02	5,087.40
Schemes of Mutual Funds		
HDFC Mutual Fund	**20.00**	-
	20.00	-
Venture Funds		
Faering Capital India Evolving Fund	**39.36**	37.16
HDFC Capital Affordable Real Estate Fund – I	**58.73**	0.59
IDFC Private Equity Fund IV	**7.16**	-
True North Fund (Erstwhile India Value Fund)	**85.45**	48.75
Jhelum Investment Fund	**36.57**	-
Kaizen Domestic Scheme 1	**9.37**	8.92
Tata Capital Growth Fund	**-**	7.80
	236.64	103.22

Notes:

1) Unquoted investments include ₹ **94.09 crore** (Previous Year ₹ 100.17 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ **35.08 crore** (Previous Year ₹ Nil) in respect of equity shares which are subject to a lock-in period and include ₹ **60.74 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.

14. DEFERRED TAX ASSET/LIABILITY

In compliance with the Accounting Standard (AS 22) relating to ‘Accounting for Taxes on Income’, the Corporation has taken debit of ₹ **495.00 crore** (Previous Year ₹ 142.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2017 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **1,119.08 crore** (Previous Year ₹ 559.54 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	-	54.75	-	58.92
b) Special Reserve I & II	-	3,413.45	-	1,862.81
c) Provisions and Contingencies	1,120.39	-	959.04	-
d) Provision for Employee Benefits	53.85	-	47.80	-
e) Others (net)	-	94.62	12.68	-
Total	**1,174.24**	**3,562.82**	1,019.52	1,921.73
Net Deferred Tax Liability	**2,388.58**		902.21	

15. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Loans: [Refer Notes 15.3, 15.4 & 15.5]			
- Individuals		**1,91,833.93**	1,69,017.37
- Corporate Bodies		**69,189.92**	61,071.84
- Others		**3,655.58**	3,347.49
		2,64,679.43	2,33,436.70
Less: Provision for Sub-Standard and Doubtful loans [Refer Note 15.6]		**(738.01)**	(566.16)
	(A)	**2,63,941.42**	2,32,870.54
Others:			
Corporate Deposits		**2,958.88**	5.80
Capital Advances - Unsecured; considered good		**16.39**	9.94
Advance against Investment in Properties		**113.18**	-
Security Deposits - Unsecured; considered good		**24.17**	19.47
Instalments due from borrowers - Secured; Considered doubtful		**130.61**	108.84
Others - Unsecured; Considered doubtful		**49.71**	49.71
Other Long-term Loans and Advances:			
- Staff Loans Others - Secured; considered good [Refer Note 15.1]		**18.47**	18.14
- Prepaid Expenses - Unsecured; considered good		**173.00**	111.97
- Advance Tax (Net of Provision)		**3,121.01**	2,396.57
		6,605.42	2,720.44
Less : Provision for Doubtful Corporate Deposit & Other Receivables [Refer Note 31.1]		**(52.57)**	(51.71)
	(B)	**6,552.85**	2,668.73
Total	(A) + (B)	**2,70,494.27**	2,35,539.27

15.1 Loans include amounts due from the directors ₹ **0.05 crore** (Previous Year ₹ 0.06 crore) [Refer Note 35].

15.2 Investments in Debentures, Pass Through Certificates, Security Receipts and Corporate Deposits amounting to ₹ **3,777.24 crore** (Previous Year ₹ 364.02 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected as a part of Long-Term Investment in Note 13.

15.3 Loans granted by the Corporation aggregating to ₹ **2,63,167.07 crore** (Previous Year ₹ 2,33,106.17 crore) and Corporate Deposits aggregating to ₹ **2,957.08 crore** (Previous Year ₹ 3.80 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's [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

15.4 Loans include ₹ **95.73 crore** (Previous Year ₹ 75.77 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

15.5 Long-term loans and advances includes Sub-Standard and Doubtful Loans of ₹ **2,377.69 crore** (Previous Year ₹ 1,832.75 crore).

15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 31.1]

₹ in Crore

Particulars	**Current Year**	Previous Year
Opening Balance	**566.16**	480.74
Additions/(Reversal) during the year (Net)	**171.85**	85.42
Closing Balance	**738.01**	566.16

16. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Receivables on Securitised Loans	**417.58**	371.18
Forward Receivable	**-**	83.69
Amounts Receivable on swaps and other derivatives	**422.72**	87.22
Receivable against Derivative	**118.78**	-
Interest accrued but not due on Loans	**239.85**	80.34
Interest accrued but not due on Bank Deposits	**1.57**	0.72
Income accrued but not due on Investments	**62.96**	52.54
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	**142.88**	171.84
Total	**1,406.34**	847.53

16.1 Bank deposits, with maturities beyond twelve months from the balance sheet date, includes earmarked balances ₹ **132.88 crore** (Previous Year ₹ 161.70 crore) against foreign currency loans [Refer Note 4.4] and ₹ **Nil** (Previous Year ₹ 0.14 crore) towards letter of credit issued by Bank.

17. CURRENT INVESTMENTS

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Held as current Investments		
(At lower of cost and fair value unless stated otherwise)		
Trade		
Equity Shares - Subsidiary Companies	**108.67**	108.67
Debentures - Convertible - Subsidiary Companies	**265.18**	-
[for Financing Real Estate Projects - Redeemable (Refer Note 20.5)]		
Venture Funds	**-**	176.35
Non Trade		
Equity Shares - Unlisted	**21.44**	-
Current portion of Long-term Investments (at cost)		
Pass Through Certificates & Security Receipts	**3.23**	6.05
Government Securities	**134.46**	172.13
Mutual Funds	**3,000.00**	10.00
Venture Funds & Other Funds	**57.09**	41.19
	3,590.07	514.39
Less : Provision for Diminution in Value of Investments	**9.91**	6.80
	3,580.16	507.59

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**-**	-
Previous Year	*-*	*-*
Aggregate of Investments listed but not quoted	**134.46**	
Previous Year	*172.13*	
Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)	**3,000.00**	3,000.92
Previous Year	*10.00*	*10.35*
Aggregate of Unquoted Investments (Others)	**445.70**	
Previous Year	*325.46*	
	3,580.16	
Previous Year	*507.59*	

	Number of Shares	Face Value per share ₹	As at March 31, 2017 ₹ in Crore	Number of Shares	Face Value per share ₹	As at March 31, 2016 ₹ in Crore
Held as Current Investments						
Trade Investments :						
Equity Shares - Subsidiary Companies (fully paid)* (Refer Note 1)						
Grandeur Properties Pvt. Ltd.	10,000	10	**49.80**	10,000	10	49.80
Windermere Properties Pvt. Ltd.	10,000	10	**56.68**	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	**2.19**	10,000	10	2.19
Pentagram Properties Pvt. Ltd.	10,000	10	-	10,000	10	-
Haddock Properties Pvt. Ltd.	10,000	10	-	10,000	10	-
			108.67			108.67

Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects
- Redeemable (fully paid)*

		Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
6.40%	Haddock Properties Pvt. Ltd.	6,981	1,00,000	**56.39**	-	-	-
9.00%	Pentagram Properties Pvt. Ltd.	5,532	1,00,000	**54.47**	-	-	-
6.50%	Winchester Properties Pvt. Ltd.	3,912	1,00,000	**39.12**	-	-	-
7.70%	Windermere Properties Pvt. Ltd.	11,520	1,00,000	**115.20**	-	-	-
				265.18			-

* received as in-specie distribution

Non-Trade Investments:	Number of Shares	Face Value per share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per share ₹	As at March 31, 2016 ₹ in Crore
Equity Shares - Unlisted						
National Stock Exchange of India Ltd.	8,11,250	1	**21.44**	-	-	-
			21.44			-

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Current portion of Long Term Investments		
Pass Through Certificates & Security Receipts		
Security Receipts	**3.23**	6.05
	3.23	6.05
Government Securities		
Government of India Loans	**134.46**	172.13
	134.46	172.13
Schemes of Mutual Funds		
Liquid funds	**3,000.00**	-
HDFC Mutual Fund	**-**	10.00
	3,000.00	10.00
Venture Funds and Other Funds		
Gaja Capital India Fund - I	**6.05**	7.15
HDFC India Real Estate Fund (HI-REF)	**8.89**	9.24
Tamil Nadu Urban Development Fund	**16.72**	16.72
Tata Capital Growth Fund I	**6.47**	-
India Venture Trust - Fund 1	**4.18**	5.00
True North Fund (Erstwhile India Value Fund)	**14.78**	3.08
	57.09	41.19

Notes:

1 The Board of Directors of the Corporation at its meeting held on July 27, 2016, approved the composite scheme of amalgamation for the merger of 5 wholly owned subsidiaries viz., Grandeur Properties Private Limited; Winchester Properties Private Limited; Windermere Properties Private Limited; Pentagram Properties Private Limited; and Haddock Properties Private Limited with the Corporation. The scheme of arrangement is awaiting approval of the National Company Law Tribunal.

Notes forming part of the standalone financial statements (Continued)

18. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Receivables - Unsecured; Considered Good, less than six months	**109.48**	144.66
Total	**109.48**	144.66

18.1 Trade Receivables includes amounts due from the related parties ₹ **57.73 crore** (Previous Year ₹ 139.20 crore) [Refer Note 35].

19. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Cash and cash equivalents		
(i) Balances with banks:		
In Current Accounts	**108.59**	2,582.98
In Deposit accounts with original maturity of 3 months or less	**4,000.00**	0.00
(ii) Cash on hand	**0.47**	0.39
(iii) Cheques on hand	**99.84**	54.73
	4,208.90	2,638.10
(b) Other Bank balances		
(i) In other Deposit accounts		
- original Maturity more than 3 months	**2,060.00**	2,165.10
(ii) Earmarked balance with banks		
- Unclaimed Dividend Account	**24.74**	493.44
- Towards Guarantees Issued by Banks	**0.30**	0.06
- Other - Against Foreign Currency Loans [Refer Note 4.4]	**24.86**	23.97
	2,109.90	2,682.57
Total	**6,318.80**	5,320.67

20. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Loans: [Refer Note 20.1]		
Current maturities of long-term loans and advances	**28,282.41**	23,577.61
Corporate Bodies	**3,510.00**	2,210.09
	31,792.41	25,787.70
Others:		
Current maturities of Staff Loans - others - Secured; Considered good [Refer Note 20.6]	**5.10**	4.81
Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]	**2,807.80**	1,353.86
Instalments due from borrowers - Secured; Considered good	**1,039.65**	987.55
Other Advances - Unsecured; Considered good [Refer Note 20.4]	**32.86**	31.80
Prepaid Expenses - Unsecured; Considered good	**129.83**	139.55
Security Deposits - Unsecured; Considered good	**6.08**	8.47
Sub-Total	**4,021.32**	2,526.04
Total	**35,813.73**	28,313.74

20.1 Loans granted by the Corporation, aggregating ₹ **29,357.81 crore** (Previous Year ₹ 21,225.01 crore) are secured and considered good [Refer Note 15.3].

20.2 Out of the Corporate Deposits, amounts aggregating to ₹ **2,134.50 crore** (Previous Year ₹ 522.87 crore) are secured and considered good [Refer Note 15.3].

20.3 Corporate Deposits includes amounts due from the related parties ₹ **13.30 crore** (Previous Year ₹ 14.08 crore) [Refer Note 35].

20.4 Other Advances includes amounts due from the related parties ₹ **9.52 crore** (Previous Year ₹ 10.53 crore) [Refer Note 35].

20.5 Investments in Debentures and Corporate Deposits amounting to ₹ **817.68 crore** (Previous Year ₹ 905.59 crore) are towards financing Real Estate Projects. The Debentures are classified as investments in Note 17.

20.6 Current maturities of staff loans includes amounts due from the directors ₹ **0.01 crore** (Previous Year ₹ 0.01 crore) [Refer Note 35].

21. OTHER CURRENT ASSETS

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Interest accrued on interest rate swaps	**556.88**	-
Receivables on Securitised Loans	**91.62**	68.27
Receivables on Sale of Investments	-	1,705.62
Interest accrued but not due on Loans	**309.82**	583.02
Interest accrued and due on Loans	**1.52**	0.01
Income accrued but not due on Investments	**102.97**	137.13
Interest accrued but not due on Corporate Deposits	**100.02**	205.64
Interest accrued and due on Corporate Deposits	-	1.10
Total	**1,162.83**	2,700.79

21.1 Receivables on Sale of Investments in the previous year represents amount receivable on sale of shares of HDFC Standard Life Insurance Company Limited.

22. CONTINGENT LIABILITIES AND COMMITMENTS

The Company is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

22.1 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 ₹ **1,241.88 crore** (Previous Year ₹ 1,290.84 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.

22.2 Contingent liability in respect of guarantees and undertakings comprise of the following;

a) Guarantees ₹ **628.09 crore** (Previous Year ₹ 500.32 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,838.21 crore** (Previous Year ₹ 1,889.83 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 Company's financial condition.

22.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **580.63 crore** (Previous Year ₹ 652.74 crore).

23. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**29,402.04**	26,799.90
- Other Interest [Refer Note 23.1]	**1,003.47**	961.26
- Net Gain on foreign currency transactions and translation	**0.28**	0.86
Income from Leases	**5.33**	6.31
Dividends [Refer Note 23.2]	**909.06**	806.88
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 23.3]	**444.64**	307.87
Fees and Other Charges [Refer Note 23.4]	**346.24**	374.23
Total	**32,111.06**	29,257.31

23.1 a) Other Interest includes interest on investments amounting to ₹ **500.74 crore** (Previous Year ₹ 389.96 crore), including ₹ **31.32 crore** (Previous Year ₹ 21.95 crore) in respect of investments classified as current investments.

b) Other Interest includes interest on income tax refund ₹ **32.59 crore** (Previous Year ₹ Nil).

23.2 Dividend income includes ₹ **524.93 crore** (Previous Year ₹ 477.22 crore) received from subsidiary companies which have been classified as Long-Term Investments [Refer Note 35].

23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **444.64 crore** (Previous Year ₹ 307.87 crore) is in respect of investments held as current investments.

23.4 Fees and Other Charges is net of amounts incurred towards Commission to Direct Selling Agents ₹ **502.38 crore** (Previous Year ₹ 442.16 crore).

23.5 Earnings in foreign currency:

₹ in Crore

Particulars	Current year	Previous Year
Interest on Bank Deposits	**3.53**	2.72
Consultancy and other fees	**2.58**	4.78

23.6 Fees and Other Charges includes brokerage of ₹ **0.07 crore** (Previous Year ₹ 0.05 crore) received in respect of insurance/agency business undertaken by the Corporation.

24. Profit on sale of investments includes profit of ₹ **919.90 crore** on account of sale of equity shares of HDFC ERGO General Insurance Company Ltd. (Subsidiary Company) [Previous Year ₹ 1,513.41 crore on account of sale of equity shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company)].

25. Other Income includes rent of ₹ **26.73 crore** (Previous Year ₹ 26.51 crore).

25.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **7.47 crore** (Previous Year ₹ 4.83 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	**4.06**	4.16
Later than one year but not later than five years	**0.29**	1.15
Later than five years	**-**	-

26. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
Interest		
- Loans	**2,475.09**	2,190.03
- Deposits	**7,285.30**	6,665.38
- Bonds and Debentures [Refer Note 26.1]	**8,701.26**	7,749.72
- Commercial Paper	**2,254.86**	2,578.36
	20,716.51	19,183.49
Net (Gain) / Loss on foreign currency transactions and translation [Refer Note 26.2]	**30.87**	52.86
Other charges [Refer Note 26.3]	**148.82**	138.16
Total	**20,896.20**	19,374.51

26.1 Interest on Bonds and Debenture above includes a net gain of ₹ **20.59 crore** (Previous Year ₹ Nil) being net 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	**0.41**	N.A.
Derivative valuations	**(21.00)**	N.A.
Net (Gain)/Loss recognised in statement of Profit and Loss	**(20.59)**	

26.2 A net loss of ₹ **30.59 crore** (Previous Year loss of ₹ 52.00 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 (Gain)/Loss on Translation		
- Foreign Currency Denominated Assets & Foreign Currency Borrowings	**62.85**	2.81
- Cross Currency Interest Rate Swaps	**-**	108.26
Net Exchange (Gain)/Loss on Translation	**62.85**	111.07
Realised (Gain)/Loss	**36.17**	(58.21)
Derivative accounting impact	**(68.15)**	-
Net (Gain)/Loss on foreign currency transaction and translation recognised in finance cost	**30.87**	52.86
Realised (Gain)/Loss recognised in Revenue from operations	**(0.28)**	(0.86)
Net (Gain)/Loss recognised in statement of Profit and Loss	**30.59**	52.00

26.3 Other Charges includes exchange loss ₹ **0.35 crore** (Previous Year is net of exchange gain of ₹ 0.13 crore).

26.4 Expenditure in foreign currency :

₹ in Crore

Particulars	Current year	Previous Year
Interest and Other Charges on Loans	**426.81**	125.08
Others	**15.55**	20.59

a) The above amounts are net of tax deducted at source.

b) The above expenses include ₹ **15.06 crore** (Previous Year - ₹ Nil) debited to Securities Premium, being expenses incurred in respect of issuance of Synthetic INR Denominated Bonds.

27. EMPLOYEE BENEFIT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus	**315.39**	274.11
Contribution to Provident Fund and Other Funds	**54.93**	58.35
Staff Training and Welfare Expenses	**18.48**	16.63
Total	**388.80**	349.09

27.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long-Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ **4.11 crore** (Previous Year ₹ 4.14 crore).

27.3 **Employee Benefits**

(a) **Defined contribution plans**

The Company makes Provident Fund and Superannuation 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 ₹ **334.12 crore** and ₹ **332.90 crore** respectively (Previous Year ₹ 287.31 crore and ₹ 286.17 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 **7.27%** (Previous Year 7.86%) and an average expected future period of **13.27 years** (Previous Year 13 years).

The Company recognised ₹ **15.90 crore** (Previous Year ₹ 13.73 crore) for provident fund contributions and ₹ **12.88 crore** (Previous Year ₹ 12.16 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.

(b) Defined benefit plans

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:

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**210.66**	180.38
Current Service Cost	**8.73**	6.59
Interest Cost	**16.56**	14.35
Benefits Paid	**(10.85)**	(11.16)
Actuarial loss	**12.02**	20.50
Liability at the end of the year *	**237.12**	210.66
*The Liability at the end of the year ₹ **237.12 crore** (Previous Year ₹ 210.66 crore) includes ₹ **53.07 crore** (Previous Year ₹ 46.90 crore) in respect of an un-funded plan.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**160.31**	130.47
Expected Return on Plan Assets	**12.60**	10.39
Contributions	**8.76**	20.79
Actuarial loss on Plan Assets	**(5.16)**	(1.34)
Fair Value of Plan Assets at the end of the year	**176.51**	160.31
Total Actuarial loss to be recognised	**(17.18)**	(21.84)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**12.60**	10.39
Actuarial loss on Plan Assets	**(5.16)**	(1.34)
Actual Return on Plan Assets	**7.44**	9.05
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**50.35**	49.91
Expense recognised	**29.87**	32.39
Contribution by the Corporation	**(8.76)**	(20.79)
Benefits paid by the Corporation/Insurance Companies	**(10.85)**	(11.16)
Amount recognised in the Balance Sheet under "Long-term Provision for Employee Benefits" ₹ **60.08 crore** (Previous Year ₹ 49.82 crore) and under "Short term Provision for Employee Benefits" ₹ **0.53 crore** (Previous Year ₹ 0.53 crore).	**60.61**	50.35

₹ in Crore

Particulars	Current Year	Previous Year
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**8.73**	6.59
Interest Cost	**16.56**	14.35
Expected Return on Plan Assets	**(12.60)**	(10.39)
Net Actuarial loss to be recognised	**17.18**	21.84
Expense recognised in the Statement of Profit and Loss under "Employee Benefit Expenses"	**29.87**	32.39

₹ in Crore

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**237.12**	210.66	180.38	146.36	128.13
Fair Value of Plan Assets at the end of the year	**176.51**	160.31	130.47	108.14	87.51
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" and "Short term Provision for Employee Benefits"	**60.61**	50.35	49.91	38.22	40.62
Experience Adjustment :					
On Plan Liabilities	**3.51**	5.11	23.67	20.44	17.25
On Plan Assets	**(5.16)**	(1.34)	(0.58)	(3.01)	(6.16)
Estimated Contribution for next year	**13.27**	11.94	10.49	6.19	8.03

Investment Pattern:

% Invested

Particulars	Current Year	Previous Year
Central Government securities	**1.86**	17.99
State Government securities/securities guaranteed by State/Central Government	**24.04**	22.51
Public Sector / Financial Institutional Bonds	**4.65**	10.27
Private Sector Bonds	**16.15**	27.99
Special Deposit Scheme	**1.25**	1.38
Certificate of Deposits	-	1.88
Deposits with Banks and Financial Institutions	-	0.94
Equity Shares	**47.04**	11.94
Repo (Repurchase)	-	0.57
Others (including bank balances)	**5.01**	4.53
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.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	**7.27**	7.86
Return on Plan Assets	**7.27**	7.86
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.

28. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 28.1]	**57.00**	53.18
Rates and Taxes	**2.85**	2.80
Repairs and Maintenance - Buildings	**7.29**	8.39
General Office Expenses	**2.97**	4.04
Electricity Charges	**15.37**	15.07
Insurance Charges	**0.74**	0.71
Total	**86.22**	84.19

28.1 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 ₹ **0.41 crore** (Previous Year ₹ 0.62 crore).

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.31**	0.20
Later than one year but not later than five years	-	-
Later than five years	-	-

29. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**15.76**	18.12
Printing and Stationery	**8.89**	8.72
Postage, Telephone and Fax	**26.85**	25.50
Advertising	**34.75**	33.43
Business Development Expenses	**25.38**	15.22
Loan Processing Expenses	**38.36**	34.64
Manpower Outsourcing	**38.30**	33.37
Repairs and Maintenance - Other than Buildings	**8.43**	8.32
Office Maintenance	**29.13**	24.00
Legal Expenses	**14.68**	12.65
Computer Expenses	**20.05**	17.41
Directors' Fees and Commission	**4.46**	3.87
Miscellaneous Expenses [Refer Note 29.1]	**36.27**	31.19
Auditors' Remuneration [Refer Note 29.2]	**4.47**	4.96
Total	**305.78**	271.40

29.1 Miscellaneous Expenses include Securities Transaction Tax amounting to ₹ **0.04 crore** (Previous Year ₹ 0.14 crore).

29.2 Auditors' Remuneration:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**1.71**	1.71
ICFR Fees	**0.30**	0.30
Limited Reviews	**1.20**	1.20
Tax Matters	**0.99**	1.04
Other Matters and Certification	**0.26**	0.68
Reimbursement of Expenses	**0.01**	0.03
Total	**4.47**	4.96

a) Audit Fees include ₹ **0.04 crore** (Previous Year ₹ 0.04 crore) paid to Branch Auditors.

b) Auditors' Remuneration exclude ₹ **1.55 crore** (Net of tax ₹ 1.01 crore) being certification fee in respect of issue of Rupee Denominated Bonds and for Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account. Previous Year exclude ₹ **0.75 crore** (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.

c) Auditors' Remuneration above is excluding Service Tax, Swachh Bharat Cess and Krishi Kalyan Cess.

30. 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 ₹ **7,439.32 crore** (Previous Year ₹ 7,093.10 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **146.27 crore** (Previous Year ₹ 85.32 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ **7,293.05 crore** (Previous Year ₹ 7,007.79 crore) and the weighted average number of shares during the year of **158.34 crore** (Previous Year 157.72 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	**46.08**	44.43
Effect of outstanding Stock Options	**(0.38)**	(0.33)
Diluted Earnings Per Share	**45.70**	44.10

(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	**158.34**	157.72
Diluted effect of outstanding Stock Options	**1.31**	1.20
Weighted average number of shares for computation of Diluted Earnings Per Share	**159.65**	158.92

31. SUMMARY OF TOTAL BORROWINGS, LOANS AND INVESTMENTS

Borrowings

₹ in Crore

Term-wise Break-up	**Current Year**	Previous Year
Long-term borrowings	**1,50,062.23**	1,09,292.25
Short-term borrowings	**42,130.33**	41,502.68
Current maturities of long-term borrowings	**87,539.59**	86,968.01
Unclaimed matured deposits	**801.39**	554.09
Total Borrowings	**2,80,533.54**	2,38,317.03
Category-wise Break-up		
Bonds and Debentures	**1,19,246.52**	95,118.20
Term Loans :		
- Banks	**24,254.06**	34,579.40
- External Commercial Borrowing	**7,619.88**	5,318.40
- Others	**5,395.57**	2,904.30
Commercial Papers	**37,443.28**	25,726.49
Deposits	**86,574.24**	74,670.24
Total Borrowings	**2,80,533.54**	2,38,317.03

Loans

₹ in Crore

Term-wise Break-up	**Current Year**	Previous Year
Long-term loans	**2,64,679.43**	2,33,436.70
Current maturities of long-term loans	**28,282.41**	23,577.61
Short-term loans	**3,510.00**	2,210.09
	2,96,471.85	2,59,224.40
Less: Provision for Sub-Standard and Doubtful loans	**(738.01)**	(566.16)
Net Loan Book	**2,95,733.84**	2,58,658.24
Category-wise Break-up		
Individual	**2,04,436.19**	1,79,967.49
Corporate Bodies	**87,377.22**	75,228.46
Others	**4,658.44**	4,028.45
	2,96,471.85	2,59,224.40
Less: Provision for Sub-Standard and Doubtful loans	**(738.01)**	(566.16)
Net Loan Book	**2,95,733.84**	2,58,658.24

Investments

₹ in Crore

Particulars	**Current Year**	Previous Year
Non-Current Investments	**16,829.94**	14,837.84
Current Investments	**3,580.16**	507.59
Total Investments	**20,410.10**	15,345.43

31.1 Summary of total Provisions and Contingencies:

₹ in Crore

Particulars	**Current Year**	Previous Year
Provisions and Contingencies Account [Refer Note 6.2]	**2,276.07**	2,077.47
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	**738.01**	566.16
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	**52.57**	51.71
Total	**3,066.65**	2,695.34

32. DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

₹ in Crore

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 08th November, 2016	**0.22**	**0.08**	**0.30**
Add : Permitted Receipts *	-	**2.12**	**2.12**
Less: Permitted Payments	**0.01**	**0.47**	**0.48**
Less: Amount deposited in Banks	**0.21**	**1.54**	**1.75**
Closing balance as at 30th December, 2016	-	**0.19**	**0.19**

* Includes ₹ **0.67 crore** deposited directly by customers into Collection Centre Bank Account.

33. DIVIDEND PAYABLE TO NON-RESIDENT SHAREHOLDERS

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 Institutional Investors) are as under:

Particulars	Current Year		Previous Year	
	Interim	Final	Interim	Final
Year to which the dividend relates	**2016-17**	**2015-16**	2015-16	2014-15
Number of non-resident shareholders	**6,654**	**6,472**	6,374	5,460
Number of shares held by them of Face Value of ₹ 2 each	**122,26,92,759**	**122,44,31,611**	122,84,60,105	124,81,94,486
Gross amount of dividend (in ₹)	**366,80,78,277**	**1714,20,42,554**	368,53,80,315	1622,65,28,318

34. CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by the Corporation during the year was ₹ **161.14 crore.**

b) Amount spent during the year on:

₹ in Crore

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above *	146.55	-	146.55

* The above includes an amount of ₹ **145.80 crore** charged to the Shelter Assistance Reserve.

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 Developers Ltd.
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.
Windermere Properties Pvt. Ltd.
Winchester Properties Pvt. Ltd.
HDFC Investments Ltd.
HDFC Asset Management Company Ltd.
HDFC Capital Advisors Ltd.
HDFC Realty Ltd.
HDFC ERGO General Insurance Company Ltd.
HDFC General Insurance Ltd. (with effect from 9th September, 2016)
(subsidiary of HDFC ERGO General Insurance Company Ltd.)
HDFC Sales Pvt. Ltd.
HDFC Property Ventures Ltd.
HDFC Credila Financial Services Private Ltd.
(formerly known as "Credila Financial Services Pvt. 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.)
Grandeur Properties Pvt. Ltd.
Pentagram Properties Pvt. Ltd.
Haddock Properties Pvt. Ltd.

B) Associate Companies

HDFC Bank Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.
True North Ventures Private Limited
(formerly known as "India Value Fund Advisors Pvt. Ltd.")

C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II)

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. 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 Co. Ltd.	**138.89**	120.77	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Standard Life Insurance Co. Ltd.	**135.27**	126.84	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Investments Ltd.	**160.02**	110.68	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Bank Ltd.	**-**	-	**373.55**	314.57	**-**	-	**-**	-	**-**	-
- Others	**90.75**	118.93	**0.01**	0.40	**-**	0.05	**-**	-	**-**	-
Interest Income										
- HDFC Property Ventures Pvt. Ltd.	**11.91**	14.26	**-**	-	**-**	-	**-**	-	**-**	-
- Windermere Properties Pvt Ltd.	**9.24**	9.23	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Investment Trust	**-**	-	**-**	-	**33.02**	-				
- HDFC Investment Trust - II (HIT- II)	**-**	-	**-**	-	**6.69**	8.66	**-**	-	**-**	-
- HDFC Bank Ltd.	**-**	-	**5.57**	7.25	**-**	-	**-**	-	**-**	-
- Others	**20.40**	26.50	**-**	0.04	**-**	-	**-**	-	**0.04**	-
Consultancy, Fees & Other Income										
- HDFC Asset Management Co. Ltd.	**2.03**	113.00	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC ERGO General Insurance Co. Ltd.	**23.75**	0.01								
- HDFC Standard Life Insurance Co. Ltd.	**58.50**	49.02	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**0.10**	0.10	**-**	-	**-**	-	**-**	-	**-**	-
Rent Income										
- HDFC Asset Management Co. Ltd.	**11.75**	11.72	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC ERGO General Insurance Co. Ltd.	**6.34**	6.39	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**7.03**	6.95	**2.15**	1.99	**-**	-	**-**	-	**-**	-
Support Cost Recovered										
- HDFC Asset Management Co. Ltd.	**1.52**	1.63	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Sales Pvt. Ltd.	**2.46**	2.32	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC ERGO General Insurance Co. Ltd.	**0.79**	0.85	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Realty Ltd.	**0.93**	1.05	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**1.33**	1.45	**0.49**	0.26	**-**	-	**-**	-	**-**	-
Other Income										
- HDFC Bank Ltd.	**-**	-	**276.54**	204.37	**-**	-	**-**	-	**-**	-
- HDFC Investment Trust	**-**	-	**-**	-	**47.68**	-	**-**	-	**-**	-
- Others	**3.81**	4.36	**-**	-	**-**	-	**-**	-	**-**	-
Interest Expense										
- HDFC ERGO General Insurance Co. Ltd.	**17.48**	9.71	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Standard Life Insurance Co. Ltd.	**88.85**	56.46	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**1.48**	0.65	**(0.34)**	0.66	**-**	-	**0.25**	0.27	**0.01**	0.02
Bank & Other Charges										
- HDFC Bank Ltd.	**-**	-	**0.41**	0.39	**-**	-	**-**	-	**-**	-
Remuneration										
- Mr. Keki M. Mistry	**-**	-	**-**	-	**-**	-	**10.26**	9.28	**-**	-
- Ms. Renu S. Karnad	**-**	-	**-**	-	**-**	-	**9.51**	8.49	**-**	-
- Mr. V. S. Rangan	**-**	-	**-**	-	**-**	-	**6.30**	5.60	**-**	-
Other Expenses/Payments										
- HDFC Sales Pvt. Ltd.	**241.30**	198.37	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Bank Ltd.	**-**	-	**193.37**	177.81	**-**	-	**-**	-	**-**	-
- Others	**12.25**	10.26	**-**	0.06	**-**	-	**-**	-	**0.10**	0.10

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
Investments made										
- HDFC Investment Trust - II (HIT- II)	-	-	-	-	41.42	70.12	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	38.00	40.10	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	288.97	-	-	-	-	-	-	-	-	-
- HDFC Credila Financial Services Private Ltd.	55.00	-	-	-	-	-	-	-	-	-
- Others	35.00	26.94	-	-	4.11	4.00	-	-	-	-
Investments sold / redeemed										
- HDFC ERGO General Insurance Co. Ltd.	200.60	-	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	-	192.21	-	-	-	-	-	-	-	-
- HDFC Credila Financial Services Private Ltd.	-	79.00	-	-	-	-	-	-	-	-
- HDFC Investment Trust	-	-	-	-	38.90	-	-	-	-	-
- Others	-	-	-	-	8.00	-	-	-	-	-
Investments										
- HDFC Standard Life Insurance Co. Ltd.	1,316.56	1,316.56	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	5,549.74	5,549.74	-	-	-	-	-	-
- Others	1,913.39	1,697.02	2.53	2.53	296.24	297.61	-	-	-	-
Loans given										
- HDFC Property Ventures Pvt. Ltd.	95.00	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	51.00	30.00	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	1.50	7.85	-	-	-	-	-	-	-	-
- Others	9.75	11.38	-	-	-	-	-	-	-	-
Loans repaid										
- HDFC Property Ventures Pvt. Ltd.	95.00	18.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	56.00	26.85	-	-	-	-	-	-	-	-
- Others	37.18	3.14	-	-	-	-	0.01	0.05	0.02	-
Loans sold										
- HDFC Bank Ltd.	-	-	13,845.65	12,773.37	-	-	-	-	-	-
Loans										
- HDFC Property Ventures Pvt. Ltd.	95.00	95.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	15.00	20.00	-	-	-	-	-	-	-	-
- Others	31.09	57.02	-	-	-	-	0.06	0.07	0.40	-
Bank Deposits placed										
- HDFC Bank Ltd.	-	-	60.02	70.01	-	-	-	-	-	-
Bank Deposits repaid / matured										
- HDFC Bank Ltd.	-	-	60.00	1,070.00	-	-	-	-	-	-
Bank balance and Deposits										
- HDFC Bank Ltd.	-	-	193.06	3,081.54	-	-	-	-	-	-
Corporate Deposits placed										
- HDFC Venture Capital Ltd.	13.30	12.58	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	1.50	23.40	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	0.50	4.00	-	-	-	-	-	-	-	-
Corporate Deposits repaid / matured										
- HDFC Education and Development Services Pvt. Ltd.	1.50	23.40	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	12.58	22.58	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	2.00	3.50	-	-	-	-	-	-	-	-

₹ 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
Corporate Deposits										
- HDFC Venture Capital Ltd.	**13.30**	12.58	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	-	1.50	-	-	-	-	-	-	-	-
Trade Receivable										
- HDFC ERGO General Insurance Co. Ltd.	**27.64**	0.56	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**24.94**	10.24	-	-	-	-	-	-	-	-
- HDFC Asset Management Co. Ltd.	**0.32**	123.98	-	-	-	-	-	-	-	-
- Others	**0.72**	0.26	**4.10**	4.16	-	-	-	-	-	-
Other Advances / Receivables										
- HDFC ERGO General Insurance Co. Ltd.	**1.76**	1.76	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**7.60**	7.60	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	**2.93**	-	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**4.19**	3.60	-	-	-	-	-	-
- Others	**0.09**	1.06	-	-	-	-	-	-	**0.06**	0.06
Deposits placed										
- HDFC Realty Ltd.	**10.01**	-	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	**9.25**	9.25	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**35.40**	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	**2.84**	0.03	**0.11**	0.09
Deposits repaid / matured										
- HDFC Realty Ltd.	**10.01**	-	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**20.00**	-								
- HDFC Developers Ltd.	**9.75**	8.75	-	-	-	-	-	-	-	-
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	**2.39**	0.90	**0.09**	0.09
Deposits										
- HDFC Education and Development Services Pvt. Ltd.	**15.40**	-	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	-	0.50	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**2.85**	2.40	-	-
- Others	-	-	-	-	-	-	-	-	**0.11**	0.09
Non-Convertible Debentures (Allotments under Primary Market)										
- HDFC Bank Ltd.	-	-	**2,320.00**	-	-	-	-	-	-	-
Non-Convertible Debentures										
- HDFC ERGO General Insurance Co. Ltd.	**235.00**	120.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**998.00**	697.00	-	-	-	-	-	-	-	-
- HDFC General Insurance Ltd.	**24.00**	-	-	-	-	-	-	-	-	-
Other Liabilities / Payables										
- HDFC Sales Pvt. Ltd.	**9.44**	7.97	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**49.42**	29.57	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**25.36**	17.20	-	-	-	-	-	-
- Others	**9.41**	4.59	-	-	-	-	**0.11**	0.34	**0.01**	0.02

36. EXPOSURES IN FOREIGN CURRENCY

Disclosure as per Guidance Note on Accounting for Derivative Contracts issued by The Institute of Chartered Accountants of India.

I. Assets	Foreign Currency	Current Year		
		Exchange Rate	Amount in Foreign currency (USD mn)	Amount in INR (₹ in Crore)
Receivables (trade & other)				
Other Monetary assets (e.g. ICDs/Loans given in FC)	USD	64.85	401.66	2,605.00
Total Receivables (A)		**64.85**	**401.66**	**2,605.00**
Hedges by derivative contracts (B)			-	-
Unhedged receivables (C = A - B)			**401.66**	**2,605.00**

II. Liabilities	Foreign Currency	Current Year		
		Exchange Rate	Amount in Foreign currency (USD mn)	Amount in INR (₹ in Crore)
Payables (trade & other)				
Borrowings (ECB and Others)	USD	64.85	2,944.46	19,095.00
Total Payables (D)		**64.85**	**2,944.46**	**19,095.00**
Hedges by derivative contracts (E)			2,554.92	16,569.00
Unhedged Payables (F = D - E)			**389.54**	**2,526.00**

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'.

38. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

39. DISCLOSURES REQUIRED BY THE NATIONAL HOUSING BANK

39.1 Minimum Disclosures

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/ MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.

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 (%)	**15.79**	16.55
(ii) CRAR – Tier I Capital (%)	**13.08**	13.11
(iii) CRAR – Tier II Capital (%)	**2.71**	3.44
(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	**3,604.42**	3,279.42
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961, taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**8,262.95**	7,167.95
	11,867.37	10,447.37
Addition/Appropriation/Withdrawal during the year		
Add :		
a) Amount transferred under Section 29C of the NHB Act	**245.00**	325.00
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961, taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act	**1,247.00**	1,095.00
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, 1961 which has been taken into account for the purpose of provision under Section 29C of the NHB Act	-	-
	13,359.37	11,867.37
Balance at the end 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, 1961, 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

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	**20,792.16**	15,436.07
(b) Outside India	**-**	-
(ii) Provisions for Depreciation		
(a) In India	**382.06**	90.63
(b) Outside India	**-**	-
(iii) Net value of Investments		
(a) In India	**20,410.10**	15,345.44
(b) Outside India	**-**	-
2. Movement of provisions held towards depreciation on investments		
(i) Opening balance	**90.63**	78.44
(ii) Add: Provisions made	**291.43**	17.02
(iii) Less: Write-off / Written-back of excess provisions during the year	**-**	4.83
(iv) Closing balance	**382.06**	90.63

39.3.4 **Derivatives**

39.3.4.1 **Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)**

₹ in Crore

Particulars	Current Year
(i) The notional principal of swap agreements	**30,809.00**
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	**1,180.00**
(iii) Collateral required by the HFC upon entering into swaps	**-**
(iv) Concentration of credit risk arising from the swaps	**N.A.**
(v) The fair value of the swap book	**1,059.00**

39.3.4.2 **Exchange Traded Interest Rate (IR) Derivative**

The Corporation has not entered into any exchange traded derivative.

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 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.

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. 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.

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 (front office), mid office, back office and internal auditors.

The Treasury front-office enters into derivative transactions with various counterparties. The Corporation has an independent back-office and mid-office. The Corporation periodically monitors various counterparty risk and market risk limits, within the risk architecture and processes of the Corporation.

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 ₹ 1,059 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.

Valuation of derivatives is based on inputs sourced from quoted market data and application of appropriate mathematical and statistical models to determine fair value.

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 cash flow hedges to hedge the floating rate benchmark on foreign currency loans. Under the cash flow 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 cash flow hedges is USD 70 mn.

Movements in the Cash flow hedge reserve are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	-	-
Credit / Debit in the Cash flow reserve	(5.33)	-
Amount transferred to Statement of Profit and Loss	4.79	-
Closing Balance	(0.54)	-

B. Quantitative Disclosure

₹ in Crore

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	17,069	30,809
(ii) Marked to Market Positions		
(a) Assets (+)	-	1,059
(b) Liability (-)	(502)	-
(iii) Credit Exposure	1,019	1,416
(iv) Unhedged Exposures	-	-

39.3.5 **Securitisation**

39.3.5.1

₹ in Crore

Particulars	No. /Amount
1. No. of SPVs sponsored by the HFC for securitisation transactions*	2
2. Total amount of securitised assets as per books of the SPVs sponsored	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
(II) On-balance sheet exposures towards Credit Concentration	
a) Investment in PTC	39.23
4. Amount of exposures to securitisation transactions other than MRR	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	2	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	649.87	-
(iii) Aggregate consideration	863.89	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	53.77	-

39.3.5.3 **Details of Assignment transactions undertaken by HFCs**

₹ in Crore

Particulars	Current Year	Previous Year
(i) No. of accounts	**84,965**	65,137
(ii) Aggregate value (net of provisions) of accounts assigned	**15,082.32**	12,773.37
(iii) Aggregate consideration	**15,082.32**	12,773.37
(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	**2**	-
2. Aggregate outstanding	**917.66**	-
3. Aggregate consideration received	**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)	**1,047.85**	**-**	**699.46**	**102.14**
Over one month to 2 months	**3,066.54**	**900.00**	**590.62**	**-**
Over 2 to 3 months	**2,434.57**	**584.54**	**1,569.77**	**474.68**
Over 3 to 6 months	**6,328.88**	**400.39**	**3,384.68**	**660.67**
Over 6 months to 1 year	**9,783.88**	**4,103.39**	**13,373.25**	**3,843.86**
Over 1 to 3 years	**30,152.61**	**6,517.26**	**65,172.98**	**6,325.53**
Over 3 to 5 years	**23,089.83**	**3,792.48**	**33,241.27**	**7,167.20**
Over 5 to 7 years	**9,868.68**	**1,501.23**	**20,427.76**	**485.73**
Over 7 to 10 years	**-**	**110.40**	**18,230.00**	**-**
Over 10 years	**-**	**300.00**	**-**	**-**
Total	**85,772.84**	**18,209.70**	**1,56,689.80**	**19,059.81**

₹ in Crore

Maturity Buckets	Assets		
	Advances	Investments	Foreign Currency Assets
Up to 30/31 days (one month)	**4,480.67**	**0.63**	**3.10**
Over one month to 2 months	**5,140.76**	**-**	**6.65**
Over 2 to 3 months	**5,039.18**	**1,275.22**	**50.97**
Over 3 to 6 months	**12,106.90**	**1,269.90**	**141.98**
Over 6 months to 1 year	**25,358.06**	**2,051.89**	**229.02**
Over 1 to 3 years	**84,400.33**	**5,525.77**	**1,467.88**
Over 3 to 5 years	**58,240.40**	**770.20**	**460.73**
Over 5 to 7 years	**36,758.98**	**9,148.27**	**34.00**
Over 7 to 10 years	**33,502.31**	**121.19**	**-**
Over 10 years	**28,311.93**	**247.03**	**-**
Total	**2,93,339.51**	**20,410.10**	**2,394.32**

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: ₹ **24,788.46 crore** (Previous Year ₹ 24,414.89 crore)	**1,95,270.94**	1,73,353.55
	(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;	**80,087.66**	61,385.62
	(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
		a) Residential	**39.23**	15.54
		b) Commercial Real Estate	**-**	-
b)	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		**183.76**	174.96

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

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;	**528.30**	534.07
(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;	**155.30**	173.92
(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 stockbrokers and market makers;	**55.24**	46.75
(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;	**8,896.94**	8,607.98
(vii)	bridge loans to companies against expected equity flows / issues;	**-**	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**1,100.23**	1,064.16
	Total Exposure to Capital Market	**10,736.01**	10,426.88

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	**2,850.93**	**1,889.60**
(ii) Project Loans	**3,287.38**	**7,255.84**
(iii) Deposits	**2,664.08**	**1,099.70**
Total	**8,802.39**	**10,245.14**

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 2016-17, 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.

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	**47.57**	17.02
2.	Provision towards NPA	**172.71**	85.42
3.	Provision for Standard Assets * (with details like teaser loan, CRE, CRE-RH etc.)	**263.89**	170.11
4.	Other Provision and Contingencies	**1.01**	2.36
5.	Other Provision and Contingencies - Accelerated provisioning **	**239.28**	440.09
6.	Less: Utilised from accelerated provisioning from previous year	**(24.46)**	-
7.	Total Debit to Statement of Profit and Loss	**700.00**	715.00
8.	Provision made towards Income tax	**3,284.00**	3,015.00

* Provision for Standard Assets include CRE - RH of ₹ **9.96 crore** (Previous Year ₹ 34.06 crore), CRE - Non-RH of ₹ **160.04 crore** (Previous Year ₹ 48.86 crore) and Non CRE of ₹ **91.96 crore** (Previous Year ₹ 87.19 crore).

** During the year ₹ **29.07 crore** (Previous Year ₹ 9.91 crore) was utilised towards provision for diminution in value of Investments and Properties and ₹ **6.65 crore** (Previous Year ₹ NIL) was utilised towards NPA provisioning from the accelerated provision of ₹ **275 crore** (Previous Year ₹ 450 crore).

₹ in Crore

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	**2,05,313.13**	1,86,989.24	**97,484.76**	73,960.12
b) Provisions made	**949.26**	869.50	**655.66**	471.53
Sub-Standard Assets				
a) Total Outstanding Amount	**606.14**	540.38	**538.37**	576.01
b) Provisions made	**95.23**	82.04	**80.76**	86.40
Doubtful Assets – Category-I				
a) Total Outstanding Amount	**265.75**	173.87	**391.17**	104.01
b) Provisions made	**80.27**	48.18	**106.60**	40.55
Doubtful Assets – Category-II				
a) Total Outstanding Amount	**161.77**	94.50	**259.00**	197.66
b) Provisions made	**70.78**	44.93	**142.86**	117.73
Doubtful Assets – Category-III				
a) Total Outstanding Amount	**159.20**	159.90	**54.87**	38.13
b) Provisions made	**159.20**	159.90	**54.87**	38.13
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	**2,06,505.99**	1,87,957.89	**98,728.17**	74,875.93
b) Provisions made	**1,354.74**	1,204.55	**1,040.75**	754.34

39.5.2 **Draw Down from Reserves**

During FY 2016-17, 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	**5,615.23**	2,780.76
Percentage of Deposits of twenty largest depositors to Total Deposits of the Corporation	**9.32%**	5.56%

39.5.3.2 **Concentration of Loans & Advances**

₹ in Crore

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	**32,180.00**	23,998.00
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Corporation	**11%**	9%

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	**32,200.00**	23,998.00
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	**11%**	9%

39.5.3.4 **Concentration of NPAs**

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	**1,077.30**	880.41

39.5.3.5 **Sector-wise NPAs**

Sector	Percentage of NPA to Total Advances in that Sector
A. Housing Loans:	
1. Individual	0.51%
2. Builder/Project Loans	0.82%
3. Corporates	2.46%
B. Non-Housing Loans:	
1. Individual	1.17%
2. Builder/Project Loans	0.93%
3. Corporates	1.60%

Notes forming part of the standalone financial statements (Continued)

39.5.4 Movement of NPAs

₹ in Crore

Particulars	Current Year	Previous Year
i. Net NPAs to Net Advances (%)	**0.54%**	0.48%
ii. Movement of NPAs (Gross)		
a) Opening balance	**1,884.46**	1,594.07
b) Additions during the year	**1,196.12**	1,081.54
c) Reductions during the year	**644.30**	791.15
d) Closing balance	**2,436.27**	1,884.46
iii. Movement of Net NPAs		
a) Opening balance	**1,266.59**	1,061.61
b) Additions during the year	**993.45**	913.07
c) Reductions during the year	**614.35**	708.09
d) Closing balance	**1,645.69**	1,266.59
iv. Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	**617.87**	532.46
b) Additions during the year	**202.66**	168.47
c) Reductions during the year	**29.95**	83.06
d) Closing balance	**790.58**	617.87

39.5.5 Overseas Assets

₹ in Crore

Particulars	Current Year	Previous Year
Bank Balances	**1.23**	1.08
Fixed assets	**0.12**	0.18
Advances and Prepaid expenses	**1.20**	1.16

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	**205**	121
b) No. of complaints received during the year	**14,812**	11,646
c) No. of complaints redressed during the year	**13,731**	11,562
d) No. of complaints pending at the end of the year	**1,286**	205

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(As on/for the period/year ended March 31, 2017)

₹ in Crore

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments included in Total Assets	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Share-holding
1	HDFC Standard Life Insurance Co. Ltd.	INR	-	1,998.48	1,840.20	*95,106.12	91,267.44	*91,737.60	#30,781.28	914.14	22.01	892.13	-	61.53
2	HDFC Asset Management Co. Ltd.	INR	-	25.17	1,397.77	1,599.58	176.66	1,236.66	1,587.91	799.80	249.56	550.25	-	59.99
3	HDFC Trustee Co. Ltd.	INR	-	0.10	0.55	2.51	1.86	-	2.18	0.58	0.14	0.44	-	100.00
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	600.47	1,261.92	8,622.45	6,760.06	6,825.05	2,829.64	398.88	121.71	277.17	-	50.80
5	GRUH Finance Ltd.	INR	-	72.91	1,040.30	13,585.94	12,472.73	158.09	1,487.39	442.00	145.35	296.65	-	58.45
6	HDFC Developers Ltd.	INR	-	5.99	(31.65)	4.07	29.73	-	6.23	(16.73)	(0.00)	(16.72)	-	100.00
7	HDFC Venture Capital Ltd.	INR	-	0.50	5.47	22.11	16.13	0.01	0.02	(1.81)	-	(1.81)	-	80.50
8	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	1.01	1.08	0.02	0.03	0.15	0.09	0.01	0.08	-	100.00
9	HDFC Property Venture Ltd.	INR	-	1.00	7.25	116.26	108.01	21.81	39.36	4.41	3.02	1.39	-	100.00
10	HDFC Realty Ltd.	INR	-	9.75	(13.68)	20.39	24.32	-	35.25	(11.68)	-	(11.68)	-	100.00
11	HDFC Investments Ltd.	INR	-	26.67	135.74	167.00	4.58	141.00	219.50	217.30	2.41	214.89	-	100.00
12	HDFC Holdings Ltd.	INR	-	1.80	170.30	173.05	0.94	167.58	21.78	20.40	1.69	18.71	-	100.00
13	HDFC Sales Pvt. Ltd.	INR	-	4.01	(8.50)	60.51	65.00	-	264.31	(0.66)	0.11	(0.76)	-	100.00
14	HDFC Credila Financial Services Pvt. Ltd.	INR	-	127.74	191.52	3,344.85	3,025.59	-	391.81	99.69	34.22	65.47	-	81.12
15	HDFC Pension Management Co. Ltd.	INR	-	28.00	(0.84)	27.81	0.65	26.57	2.44	(0.31)	-	(0.31)	-	61.53
16	HDFC Education and Development Services Pvt. Ltd.	INR	-	30.20	(12.82)	85.09	67.71	-	0.69	(1.80)	0.02	(1.81)	-	100.00
17	Griha Investments	USD	64.84	0.20	126.81	127.47	0.46	-	21.90	(1.24)	0.01	(1.25)	-	100.00
18	Griha Pte. Ltd.	SGD	46.38	5.21	17.08	24.86	2.57	-	19.66	13.88	1.95	11.94	-	100.00
19	HDFC Capital Advisors Ltd.	INR		2.00	6.66	13.73	5.06	11.52	19.78	8.16	2.61	5.55	-	100.00
20	Grandeur Properties Private Limited	INR	-	0.01	6.32	17.77	11.44	-	1.62	(4.14)	-	(4.14)	-	100.00
21	Haddock Properties Private Limited	INR	-	0.01	(58.80)	13.39	72.18	-	9.23	(1.37)	0.01	(1.38)	-	100.00
22	Pentagram Properties Private Limited	INR	-	0.01	(55.55)	19.45	74.99	-	6.30	(6.02)	-	(6.02)	-	100.00
23	Winchester Properties Private Limited	INR	-	0.01	(40.40)	11.50	51.90	-	1.65	(7.24)	-	(7.24)	-	100.00
24	Windermere Properties Private Limited	INR	-	0.01	(84.48)	41.49	125.97	-	9.89	(13.47)	0.02	(13.48)	-	100.00
25	HDFC Life International and Re Company Ltd.	USD	64.84	93.40	(11.53)	84.14	2.27	23.47	1.89	(4.91)	-	(4.91)	-	61.53
26	HDFC General Insurance Limited	INR	-	767.00	(601.81)	714.08	548.89	652.89	414.00	(39.67)	-	(39.67)	-	50.80

NOTE:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability.

Includes Net Premium Income, Investment Income and other Income.

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(As on / for the period / year ended March 31, 2017)

Name of Associates/Joint Ventures	HDFC Bank Limited	True North Ventures Pvt. Ltd. (Erstwhile India Value Fund Advisors Pvt. Ltd.)	Rural Shore Business Services Pvt. Ltd.	Magnum Foundations Pvt. Ltd.
Latest audited Balance Sheet Date	31st March, 2017	31st March, 2016	31st March, 2016	31st March, 2016
Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end				
Number	54,32,16,100	9,75,002	4,76,351	5,00,000
Amount of investment in Associates/Joint Venture (₹ in Crore)	5,623.09	0.03	2.50	23.25
Extend of Holding %	21.20	21.51	27.08	50.00
Description of how there is significant influence	%age holding more than 20% and representation on the board.	%age holding more than 20%	%age holding more than 20%	%age holding more than 20%
Reason why associate/Joint venture is not consolidated	NA	NA	Share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.	Exclusively held with a view to their subsequent disposal in the near future.
Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crore)	23,335.92	1.49	-	-
Consolidate Profit/Loss for the year (₹ in Crore)	15,253.03	(0.42)	(11.26)	-
Considered in Consolidation (₹ in Crore)	3,219.47	(0.09)	-	-
Not Considered in Consolidation (₹ in Crore)	12,033.56	(0.33)	(11.26)	-

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** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates, comprising of the Consolidated Balance Sheet as at March 31, 2017, 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") in which are incorporated the Returns for the year ended on that date audited by the branch auditors of a branch of the Group located at Dubai.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 the Group and its associates 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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 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 believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) 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 reports of the branch auditors and other auditors on separate financial statements/financial information of the branches, subsidiaries and associates 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, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 5.2 to the consolidated financial statements, which 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 April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements a branch included in the standalone financial statements of the Holding Company included in the Group whose financial statements reflect total assets of ₹ 0.27 crore as at March 31, 2017 and total revenues of ₹ 0.50 crore for the year ended on that date, as considered in the standalone financial statements of the Holding Company included in the Group. The financial statements of the branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch is based solely on the report of such branch auditor.

(b) We did not audit the financial statements of thirteen subsidiaries, whose financial statements reflect total assets of ₹ 119,823.69 crore as at March 31, 2017, total revenues of ₹ 25,868.30 crore and net cash flows amounting to ₹ 854.61 crore 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 and associates is based solely on the reports of the other auditors.

(c) The consolidated financial statements includes the Group's share of net profit after tax of ₹ 2.34 crore for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of component of an associate (i.e. one associate company of an associate), whose financial statements has not been audited by us. This financial statements is unaudited and has 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 the associate, is based solely on such unaudited financial statements. In our opinion and according to this information and explanations given to us by the Management, these financial statements are not material to the Group.

(d) Claims paid pertaining to Insurance Business includes charge for actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, 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 and its 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.

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, the financial statements certified by the Management and the actuarial valuation for the life insurance policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of the estimate of claims IBNR and claims IBNER.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditors and 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The reports on the accounts of the branch offices of the Companies included in the Group audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) 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 and with the returns received by us from the branches not visited by us.

(e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(f) On the basis of the written representations received from the directors of the Holding Company 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 is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Holding company, a branch, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company’s/ subsidiary company’s / associate company’s incorporated in India internal financial controls over financial reporting.

(h) 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:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at the year-end.

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.

iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the branch auditor/ other auditors by the Management of the respective Group entities.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of 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, 2017, we have audited the internal financial controls over financial reporting of the Holding Company and the branches of the Holding Company, its subsidiary companies (the Holding Company and its subsidiaries together referred to as the "Group") and its associate companies which are companies incorporated in India, as of that date.

The estimate of claims Incurred But Not Reported ("IBNR") and claims Incurred But Not Enough Reported ("IBNER"), included under Short Term Provisions and the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date included under Policy Liabilities (current and non-current) as at March 31, 2017 has been duly certified by the subsidiaries' appointed actuaries as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulations"), and has been relied upon by subsidiaries' auditors, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements as at and for the year ended March 31, 2017. In view of this, the subsidiaries' auditors did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER as well as the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, 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 respective companies 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. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group and its associate companies which are companies incorporated in India, 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. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by branch auditor, 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 branch auditor and 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, 2017, 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.

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 a branch, thirteen subsidiaries and two associate companies, which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies incorporated in India.

The financial statements and internal financial controls over financial reporting in relation to one associate company, which is 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. In our opinion and according to the information and explanations given to us by the Holding Company's management, the financial statements of this associate, and the related internal financial controls over financial reporting are not material to the consolidated financial statements, and the related internal financial controls over financial reporting of the aforesaid entities.

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.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Housing Development Finance Corporation Limited

Consolidated Balance Sheet as at March 31, 2017

	Notes	₹ in Crore	₹ in Crore	March 31, 2016 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	317.73		315.97
Reserves and Surplus	5	59,690.48		50,533.61
Money received against warrants	5.13	51.10		51.10
			60,059.31	50,900.68
MINORITY INTEREST			3,472.57	2,325.97
NON-CURRENT LIABILITIES				
Policy Liabilities (Policyholder's Fund)		74,256.39		61,215.25
Long-term borrowings	7	1,61,952.00		1,18,890.19
Deferred tax liabilities (net)	17	2,514.22		970.41
Other Long-term liabilities	8	2,359.26		1,777.85
Long-term provisions	9	3,025.89		2,630.02
			2,44,107.76	1,85,483.72
CURRENT LIABILITIES				
Short-term borrowings	10	42,447.95		41,948.83
Trade Payables	11	5,927.15		3,303.66
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		14,274.24		10,931.51
- Borrowings		89,394.67		88,578.63
- Others		10,622.65		9,737.93
Short-term provisions	13	2,851.80		4,593.36
			1,65,518.46	1,59,093.92
			4,73,158.10	3,97,804.29
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	14	1,206.03		1,312.56
(ii) Intangible assets	15	82.66		67.88
(iii) Capital work in Progress		40.48		6.58
(iv) Intangible assets under Development		13.20		12.13
GOODWILL ON CONSOLIDATION		620.04		187.81
Non-current investments	16	1,19,045.97		95,464.42
Deferred tax asset (net)	17	15.67		18.18
Long-term loans and advances	18			
- Loans		2,79,345.01		2,45,527.80
- Others		7,074.10		3,234.79
Other non-current assets	19	1,495.42		897.08
			4,08,938.58	3,46,729.23
CURRENT ASSETS				
Current investments	20	13,809.31		9,256.32
Trade receivables	21	1,482.43		466.80
Cash and bank balances	22	7,496.78		6,397.03
Short-term loans and advances	23			
- Loans		32,783.64		26,557.81
- Others		5,335.93		3,501.70
Other current assets	24	3,311.43		4,895.40
			64,219.52	51,075.06
			4,73,158.10	3,97,804.29

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

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)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2017

	Notes		Previous Year
INCOME		**₹ in Crore**	₹ in Crore
Revenue from Operations	**26**	**35,005.26**	31,873.34
Profit on sale of Investments	**27**	**1,177.26**	1,616.53
Other Income		**53.28**	34.18
Premium from Insurance Business		**21,729.13**	17,876.25
Other Operating Income from Insurance Business		**3,122.70**	1,856.81
Total Revenue		**61,087.63**	53,257.11
EXPENSES			
Finance Cost	**28**	**21,953.15**	20,295.60
Employee Benefits Expenses	**29**	**913.02**	788.14
Establishment Expenses	**30**	**142.49**	134.88
Other Expenses	**31**	**1,078.00**	878.79
Claims paid pertaining to Insurance Business		**11,888.33**	9,486.04
Commission and operating expenses pertaining to Insurance Business		**3,118.88**	2,524.69
Other expenses pertaining to Insurance Business		**8,491.21**	6,682.58
Depreciation and Amortisation	**14 & 15**	**107.98**	120.52
Provisions and Contingencies		**745.02**	732.90
Total Expenses		**48,438.08**	41,644.14
PROFIT BEFORE TAX		**12,649.55**	11,612.97
Tax Expense			
Current Tax		**3,504.91**	3,479.32
Deferred Tax	**17**	**515.88**	160.02
PROFIT FOR THE YEAR		**8,628.76**	7,973.63
Share of profit of Minority Interest		**(797.02)**	(527.99)
Net share of Profit from Associates		**3,219.38**	2,744.62
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	**5.1**	**11,051.12**	10,190.26
EARNINGS PER SHARE (Face Value ₹ 2)	**34**		
Basic (₹)		**68.87**	64.07
Diluted (₹)		**68.30**	63.59

See accompanying notes forming part of the financial statements

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
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, 2017

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit After tax Attributable to the Group		**11,051.12**	10,190.26
	Add: Provision for Taxation		**4,020.79**	3,639.34
	Profit Before Tax		**15,071.91**	13,829.60
	Adjustments for:			
	Depreciation and Amortisation *	**14 & 15**	**179.45**	196.87
	Provision and Contingencies		**745.02**	732.90
	Interest Expense	**28**	**21,761.08**	20,091.60
	Net (Gain) / Loss on translation of foreign currency monetary assets and liabilities		**34.75**	55.03
	Net gain on derivative valuation of INR derivatives & underlying hedging instrument		**(20.59)**	-
	Interest Income	**26**	**(32,360.40)**	(29,460.14)
	Shelter Assistance Reserve - utilisation	**5.7**	**(146.26)**	(85.31)
	Reserve for Unexpired Risk		**407.04**	189.28
	Policy Liabilities (net)		**16,383.87**	6,690.80
	Surplus from Deployment in Cash Management Schemes of Mutual Funds	**26**	**(453.75)**	(311.67)
	Profit on Sale of Investments		**(1,177.26)**	(1,616.53)
	Dividend Income	**26**	**(42.23)**	(49.85)
	Provision for Diminution in Value of Investments		**15.00**	10.17
	Bad debts written off		**1.30**	5.80
	(Profit) / Loss on Sale of Fixed Assets (net)		**(7.95)**	(7.45)
	Operating Profit before Working Capital changes		**20,390.98**	10,271.10
	Adjustments for:			
	Current and Non-Current Assets		**564.35**	(2,121.94)
	Current and Non-Current Liabilities		**3,581.62**	584.96
	Cash generated from operations		**24,536.95**	8,734.12
	Interest Received		**32,242.88**	29,129.49
	Interest Paid		**(20,418.79)**	(19,687.41)
	Premium paid on redemption of Debentures		**(1,714.54)**	(100.86)
	Dividend Received		**42.23**	49.85
	Taxes Paid		**(4,225.40)**	(3,653.25)
	Net cash from operation		**30,463.33**	14,471.94
	Loans Disbursed (net)		**(40,224.99)**	(33,753.21)
	Corporate Deposits (net)		**(4,411.43)**	(429.14)
	Net cash used in operating activities [A]		**(14,173.09)**	(19,710.41)
	* Includes depreciation included under Other expenses pertaining to Insurance Business			
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(281.48)**	(147.88)
	Sale of Fixed Assets		**63.34**	11.07
	Goodwill (net)		**(432.23)**	-
	Investments (net)		**(26,577.92)**	(9,175.48)
	Net cash used in investing activities [B]		**(27,228.29)**	(9,312.29)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**4.1**	**1.76**	1.03
	Utilisation of Reserves for Buyback of Equity Shares by one of the Subsidiary Company		**-**	(99.90)
	QIP Warrants Issue	**5.13**	**-**	51.10
	Securities Premium	**5**	**730.67**	433.33
	Deposits, CPs and other Short Term Borrowings (Net)		**22,573.23**	7,495.60
	Proceeds from long-term borrowings		**87,029.76**	70,432.31
	Repayment of long-term borrowings		**(64,943.57)**	(46,363.56)
	Dividend paid		**(2,685.52)**	(2,520.44)
	Tax paid on Dividend		**(597.77)**	(602.39)
	Bonus and Securities Issue Expenses		**(1.73)**	(85.56)
	Increase in Minority Interest		**1,020.49**	369.07
	Net cash from financing activities [C]		**43,127.32**	29,110.59
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		**1,725.94**	87.89
	Add: Cash and cash equivalents as at the beginning of the year	**22**	**3,639.32**	3,547.72
	Add: Exchange difference on bank balance		**(7.48)**	3.71
	Cash and cash equivalents as at the end of the year	**22**	**5,357.78**	3,639.32
	Earmarked balances with banks:			
	- Unclaimed dividend account		**26.29**	494.77
	- Other against Foreign Currency Loans		**24.97**	24.08
	- Guarantees issued by banks		**0.30**	0.06
	- Others		**-**	0.69
	Short-term bank deposits		**2,087.44**	2,238.11
	Cash and Bank balances at the end of the year	**22**	**7,496.78**	6,397.03
	See accompanying notes forming part of the financial statements			

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

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Vice Chairman & Chief Executive Officer
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Managing Director
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Executive Director
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Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

OTHER THAN INSURANCE COMPANIES

These financial statements have been prepared 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 and Reserve Bank of India to the extent applicable.

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 IRDAI 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.

1.2 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.

1.3 SYSTEM OF ACCOUNTING

The Group adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

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 acquisition), 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 unearned income. Loans are carried net of the allowances for credit losses.

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.

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 computed either on an annual rest or 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.

1.12 **FEES AND OTHER REVENUE**

Fees, charges and other revenue 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) 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 cancellations 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 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.

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

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest income on investments is accounted for on accrual 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.

1.17 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 of certain securities are charged to the securities premium.

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 i.e., 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 on 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., Cash Flow 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 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.

1.20 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

1.21 **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.

1.22 **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 value of such investments. Current investments are carried individually, at the lower of cost and fair value. 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. 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.

1.23 **TANGIBLE FIXED ASSETS**

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

1.24 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, 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.

1.25 **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.

1.26 **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.

1.27 **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 technical advice, 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.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

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.

1.28 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.

1.29 PROVISION FOR NON-PERFORMING ASSETS AND OTHER CONTINGENCIES

The Group's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision and Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the interest and/or instalments are overdue for specified number of days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank, the Reserve Bank of India and the IRDA Regulations. The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Group covers the minimum provisioning required as per the NHB, the Reserve Bank of India and the IRDA Regulations.

1.30 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.31 **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

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are 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 Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

Defined benefit plans

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.

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

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.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

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.

1.32 **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.

1.33 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.

1.34 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.

1.35 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.

1.36 SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.37 SECURITISED LOANS AND SECURITISATION LIABILITIES

The Corporation 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.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

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.

1.38 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 IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

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.

1.39 **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, 2017 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, 2017.

(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.

Notes forming part of the consolidated financial statements (Continued)

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.	**100.00**	100.00
HDFC Investments Ltd.	**100.00**	100.00
HDFC Holdings Ltd.	**100.00**	100.00
HDFC Asset Management Co. Ltd.	**59.99**	59.99
HDFC Trustee Co. Ltd.	**100.00**	100.00
HDFC Realty Ltd.	**100.00**	100.00
GRUH Finance Ltd.	**58.45**	58.59
HDFC Venture Capital Ltd.	**80.50**	80.50
HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00
HDFC Standard Life Insurance Co. Ltd.	**61.53**	61.63
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**61.53**	61.63
HDFC International Life and Re Company Limited (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**61.53**	61.63
HDFC ERGO General Insurance Co. Ltd.	**50.80**	73.63
HDFC General Insurance Ltd. (Subsidiary of HDFC ERGO General Insurance Co. Ltd., erstwhile known as L&T General Insurance Company Limited)	**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. (erstwhile known as Credila Financial Services Pvt. Ltd.)	**81.12**	78.66
HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00
HDFC Capital Advisors Ltd.	**100.00**	100.00
Grandeur Properties Pvt. Ltd.	**100.00**	100.00
Haddock Properties Pvt. Ltd.	**100.00**	100.00
Pentagram Properties Pvt. Ltd.	**100.00**	100.00
Windermere Properties Pvt. Ltd.	**100.00**	100.00
Winchester Properties Pvt. 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'.

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 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	**21.20**	21.49
True North Ventures Pvt. Ltd. (erstwhile known as India Value Fund Advisors 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 (AS 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, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
AUTHORISED		
175,00,00,000 Equity Shares of ₹ 2 each	**350.00**	340.00
(Previous Year 170,00,00,000 Equity Shares of ₹ 2 each)		
	350.00	340.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
158,86,72,140 Equity Shares of ₹ 2 each	**317.73**	315.97
(Previous Year 157,98,46,340 Equity Shares of ₹ 2 each)		
	317.73	315.97

4.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**157,98,46,340**	**315.97**	157,46,97,670	314.94
Shares allotted pursuant to exercise of stock options	**88,25,800**	**1.77**	51,48,670	1.03
Equity shares outstanding as at the end of the year	**158,86,72,140**	**317.73**	157,98,46,340	315.97

4.2 Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2017 are given below. There were no shareholders holding more than 5 percent shares in the Corporation as at March 31, 2016.

Particulars	Outstanding 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 shares 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, 2017, **12,29,51,224 shares** (Previous Year 8,19,25,500 shares) were reserved for issuance as follows:

a) **8,64,51,224 shares** of ₹ 2 each (Previous Year 4,54,25,500 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 4.4].

b) **3,65,00,000 shares** of ₹ 2 each (Previous Year 3,65,00,000) towards outstanding share warrants [Refer Note 5.13].

4.4 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 **1,57,799 options** (Previous Year 59,58,841 options) were vested. In the current year **22,390 options** (Previous Year 51,427 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, during the year **Nil options** (Previous Year 36,043 options) were vested. In the current year **1,936 options** (Previous Year 2,884 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 **228 options** (Previous Year Nil 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. In the current year **Nil options** (Previous Year 628 options) lapsed. 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 account 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-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	**ESOS – 14**	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**60,71,671**	62,24,019
Granted during the year	**-**	-
Vested during the year	**1,57,799**	59,58,841
Exercised during the year	**6,40,917**	1,00,921
Lapsed during the year	**22,390**	51,427
Outstanding at the end of the year	**54,08,364**	60,71,671
Unvested at the end of the year	**49,902**	2,22,048
Exercisable at the end of the year	**53,58,462**	58,49,623
Weighted average price per option	**₹ 5,073.25**	

Particulars	ESOS – 11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**28,13,951**	37,45,586
Granted during the year	**-**	-
Vested during the year	**-**	36,043
Exercised during the year	**11,24,243**	9,28,751
Lapsed during the year	**1,936**	2,884
Outstanding at the end of the year	**16,87,772**	28,13,951
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**16,87,772**	28,13,951
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS – 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,102**	5,102
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**-**	-
Lapsed during the year	**228**	-
Outstanding at the end of the year	**4,874**	5,102
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**4,874**	5,102
Weighted average price per option	**₹ 1,350.60**	

Particulars	ESOS – 07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,287**	5,977
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**-**	62
Lapsed during the year	**-**	628
Outstanding at the end of the year	**5,287**	5,287
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,287**	5,287
Weighted average price per option	**₹ 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. Accordingly, each option exercised after August 21, 2010 is entitled to 5 equity shares 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-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows :

Particulars	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under 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 under ESOS-14 and ESOS-11 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)	**11,051.12**	10,190.26
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **Nil** (Previous Year ₹ 338.50 crore)] (pro-forma)	-	221.35
Net Profit (pro-forma)	**11,051.12**	9,968.91
Less : Amounts utilised out of Shelter Assistance Reserve	**146.27**	85.31
Net Profit considered for computing EPS (pro-forma)	**10,904.85**	9,883.60

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**68.87**	64.07
Basic earnings per share (pro-forma)	**68.87**	62.66
Diluted earnings per share (as reported)	**68.30**	63.59
Diluted earnings per share (pro-forma)	**68.30**	62.19

4.5 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, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Special Reserve No. I	[Refer Note 5.2]	**51.23**	51.23
Special Reserve No. II	[Refer Note 5.2]	**10,069.08**	8,773.49
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934		**67.04**	52.19
General Reserve		**13,937.12**	15,217.06
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		**3,865.63**	3,620.67
Revaluation Reserve		**-**	30.85
Securities Premium	[Refer Note 5.3]	**10,307.22**	10,130.56
Capital Redemption Reserve	[Refer Note 5.4]	**27.67**	27.67
Debenture Redemption Reserve		**9.72**	-
Shelter Assistance Reserve	[Refer Note 31.1]	**193.21**	154.47
Corporate Social Responsibility Account		**1.55**	1.55
Foreign Currency Translation Reserve		**6.38**	10.65
Foreign Currency Monetory Item Translation Difference Account (Debit Balance)	[Refer Notes 5.9 and 5.10]	**(171.69)**	(122.07)
Cashflow Hedge Reserve		**(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]	**21,278.52**	12,536.95
		59,690.48	50,533.61

5.1 SURPLUS IN THE STATEMENT OF PROFIT AND LOSS

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Opening Balance		**12,536.95**	9,686.99
Add: Opening Adjustment	[Refer Note 2.2]	**121.31**	72.50
		12,658.26	9,759.49
Add: Profit after Tax for the year attributable to the Corporation		**11,051.12**	10,190.26
		23,709.38	19,949.75
APPROPRIATIONS:			
Special Reserve No. II	[Refer Note 5.2]	**1,296.10**	1,135.93
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)		**14.36**	11.36
General Reserve		**70.99**	2,443.08
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		**245.00**	325.00

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Shelter Assistance Reserve		**185.00**	150.00
Capital Redemption Reserve	[Refer Note 5.4]	-	0.47
Debenture Redemption Reserve		**9.72**	-
Buyback of equity shares by a subsidiary company	[Refer Note 5.3]	-	37.92
Proposed Dividend	[Refer Note 5.11]		
(Previous Year @ ₹ 14 per equity share of ₹ 2 each)		-	2,211.78
Tax on Dividend		**139.82**	631.81
Tax on Dividend credit taken	[Refer Note 5.5]	**(9.98)**	(11.14)
Interim Dividend Paid	[Refer Note 5.12]	**476.13**	473.94
Dividend [including tax of ₹ **0.63 crore** (Previous Year ₹ 0.45 crore)] pertaining to previous year paid during the year	[Refer Note 5.6]	**3.72**	2.65
		21,278.52	12,536.95

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** (Previous Year ₹ 579.43 crore) on balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve.

5.3 During the year, ₹ **575.08 crore** (Previous Year ₹ 553.86 crore) has been utilised out of the Securities Premium in accordance with Section 52 of the Companies Act, 2013. Out of the above, ₹ **1.13 crore** (Previous Year ₹ 0.11 crore) has been utilised by the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses, ₹ **Nil** (Previous Year ₹ 85.46 crore) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ **573.95 crore (net of tax ₹ 303.76 crore)** [(Previous Year ₹ 468.29 crore) (net of tax ₹ 247.84 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 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extraordinary General Meeting and in accordance with the provisions of the Companies Act, 2013 (Act), has bought back **Nil** equity shares during the year (Previous Year 7,85,400 equity shares) at an aggregate value of ₹ **Nil** (Previous Year ₹ 309.76 crore). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ **Nil** (Previous Year ₹ 0.47 crore) has been transferred to Capital Redemption Reserve in terms of Section 69(1) of the Act.

5.5 During the year, the Corporation availed a credit of ₹ **9.98 crore (for FY 2015-16)** [Previous Year ₹ 11.14 crore (for FY 2014-15)], 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.

5.6 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ **3.09 crore** for the FY 2015-16 (₹ 2.19 crore for the FY 2014-15) and tax on dividend of ₹ **0.63 crore** (Previous Year ₹ 0.45 crore) as approved by the shareholders at the Annual General Meeting held on July 27, 2016 and GRUH Finance Ltd. paid dividend of ₹ **33,718** for the FY 2015-16 (₹ 0.02 crore for the FY 2014-15) and tax on dividend of ₹ **6,865** (Previous Year ₹ 42,179) as approved by the shareholders at the Annual General Meeting held on June 22, 2016.

5.7 Miscellaneous Expenses under Note 31 exclude ₹ **146.27 crore** (Previous Year ₹ 85.31 crore) in respect of amounts utilised out of Shelter Assistance Reserve.

5.8 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. As a result of the change, in accordance with the transitional provisions of the Guidance Note, the Corporation has debited an amount of ₹ **241.31 crore (net of deferred tax of ₹ 127.70 crore)** on account of the cumulative impact of all derivatives contracts outstanding as of April 1, 2016, to the opening reserves. 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.

The figures in Notes 5.9, 5.10 and 28.2 are not comparable with those of the previous year due to revision in the accounting policy during the year upon alignment with the accounting recommended in the said Guidance Note.

5.9 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. Consequently, an amount of ₹ **171.69 crore** (without considering future tax benefit of ₹ **59.42 crore**) [(Previous Year ₹ 122.07 crore) (without considering future tax benefits of ₹ 42.25 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2017. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

5.10 During the year, there was a net addition of ₹ **49.62 crore** (Previous Year net addition ₹ 88.32 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

₹ in Crore

Particulars	**Current Year**	Previous Year
Adjusted against General Reserves on fair valuation of derivatives as on April 1, 2016	**162.20**	-
Net Revaluation of monetary assets & liabilities	**(351.59)**	(140.32)
Net debit/(credit) to the Statement of Profit & Loss on account of repayments during the year	**82.57**	(59.07)
Net amortisation debit/(credit) during the year	**57.20**	111.07
Net reduction/(addition) during the year	**(49.62)**	(88.32)

5.11 The Board of Directors have proposed dividend on equity shares at ₹ **15** per share at their meeting held on May 4, 2017. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in Annual General Meeting.

5.12 The Board of Directors of the Company at its meeting held on March 3, 2017, *inter alia*, has approved the payment of an interim dividend of ₹ **3** per equity share (Previous Year ₹ 3 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2016-17.

5.13 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 Company is eligible to forfeit the amounts received towards the warrants.

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, 2017**	As at March 31, 2016
Bonds and Debentures [Refer Note 7.9]		**97,456.36**	63,711.20
Term Loans : [Refer Notes 7.6, 7.7 and 7.9]			
- Banks	**7,712.02**		10,315.91
- External Commercial Borrowing - Low Cost Affordable Housing	**7,619.88**		5,318.40
- Others	**7,325.79**	**22,657.69**	5,380.49
Deposits [Refer Note 7.8]		**41,837.95**	34,164.19
		1,61,952.00	1,18,890.19

7.1 Long-Term Borrowings are further sub-classified as follows:

₹ in Crore

Sr. No.	Particulars		As at March 31, 2017	As at March 31, 2016
	Secured : [Refer Note 7.2]			
a)	**Bonds and Debentures**			
	- Bonds	**34.20**		40.50
	- Non-Convertible Debentures	**83,349.16**		57,897.70
b)	**Term Loans from Banks**			
	- Scheduled Banks	**6,712.02**		9,632.03
c)	**Term Loans from other parties**			
	- Asian Development Bank [Refer Note 7.3]	**260.26**		312.92
	- National Housing Bank	**7,065.53**		5,067.57
	Total Secured		**97,421.17**	72,950.72
	Unsecured :			
a)	**Bonds and Debentures**			
	- Non-Convertible Subordinated Debentures	**5,623.00**		5,623.00
	- Perpetual Debt Instrument	**150.00**		150.00
	- Synthetic INR Denominated Bonds [Refer Note 7.5]	**8,300.00**		-
b)	**Term Loans from Banks**			
	- Scheduled Banks	**1,000.00**		683.88
c)	**External Commercial Borrowing - Low Cost Affordable Housing** [Refer Note 7.4]	**7,619.88**		5,318.40
d)	**Deposits** [Refer Note 7.8]	**41,837.95**		34,164.19
	Total Unsecured		**64,530.83**	45,939.47
			1,61,952.00	1,18,890.19

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 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 an External Commercial Borrowing of USD 300 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has an original 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 Corporation has availed an External Commercial Borrowing of USD 500 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. 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.

During the Financial year, the Corporation has availed an External Commercial Borrowing of USD 375 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. 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 Charges of raising aforesaid ECB has been amortised over the tenure of ECB.

7.5 During the year, the Corporation raised ₹ 5,000 crore through various issues of Rupee Denominated Bonds to overseas investors under the automatic route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India ("RBI"). The Corporation was the first Indian corporate issuer of such bonds.

The Corporation also established a Medium Term Note Programme (MTN Programme) of up to USD 750 million so as to enable the Corporation to issue Rupee Denominated debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Corporation raised ₹ 3,300 crore through the issuance of Rupee Denominated Bonds to overseas investors through the approval route.

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, 2017, the Corporation has foreign currency borrowings of **USD 2,944.46 million equivalent** (Previous Year USD 1,447.36 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 2,554.92 million equivalent** (Previous Year USD 1,295.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2017, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 70 million equivalent** (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 interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **30,655 crore** (Previous Year ₹ 19,935 crore) as on March 31, 2017 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 49.42 million equivalent** (Previous Year USD 243.11 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 Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **270.58 crore** (Previous Year ₹ 84.98 crore).

7.8 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.

7.9 **Terms of redemption of bonds and debentures and for repayment terms of term loans:**

A) **BONDS AND DEBENTURES**

Previous Year figures are in (brackets)
₹ in Crore

Bonds and Debentures - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
6.03% - 8%		**18,821.00** *(500.00)*	**-** -	**3,350.82** -	**22,171.82** *(500.00)*
8.01% - 10%		**31,474.84** *(26,107.70)*	**13,227.53** *(13,430.00)*	**7,020.38** *(8,605.00)*	**51,722.75** *(48,142.70)*
10.01% - 11.95%		**4,200.28** *(5,295.00)*	**-** -	**-** -	**4,200.28** *(5,295.00)*
Zero Coupon		**5,254.31** *(1,960.00)*	**-** *(2,000.00)*	**-** -	**5,254.31** *(3,960.00)*
Variable Rate - Linked to G Sec		**14.10** *(13.15)*	**15.90** *(14.95)*	**4.20** *(12.40)*	**34.20** *(40.50)*
Total Secured	**A** *A*	**59,764.53** *(33,875.85)*	**13,243.43** *(15,444.95)*	**10,375.40** *(8,617.40)*	**83,383.36** *(57,938.20)*
Bonds and Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Non-Convertible Subordinated Debentures					
8.65% - 12.00%		**500.00** -	**2,000.00** *(1,500.00)*	**3,273.00** *(4,273.00)*	**5,773.00** *(5,773.00)*
Synthetic INR Denominated Bonds					
6.87% - 7.88%		**5,000.00** -	**3,300.00** -	**-** -	**8,300.00** -
Total Unsecured	**B** *B*	**5,500.00** -	**5,300.00** *(1,500.00)*	**3,273.00** *(4,273.00)*	**14,073.00** *(5,773.00)*
Total (Secured and Unsecured)	**A+B** *A+B*	**65,264.53** *(33,875.85)*	**18,543.43** *(16,944.95)*	**13,648.40** *(12,890.40)*	**97,456.36** *(63,711.20)*

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%	**701.07** *(32.00)*	**1,399.90** -	**4,463.21** *(300.00)*	**6,564.18** *(332.00)*
9.01% - 12.00%	**93.94** *(3,807.39)*	**53.90** *(852.03)*	**-** *(4,240.80)*	**147.84** *(8,900.22)*
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR + 150 - 200 bps	**-** *(399.81)*	**-** -	**-** -	**-** *(399.81)*
Total Secured **A** *A*	**795.01** *(4,239.20)*	**1,453.80** *(852.03)*	**4,463.21** *(4,540.80)*	**6,712.02** *(9,632.03)*
Term Loans from Banks - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
7.60% - 9.25%	**-** *(285.00)*	**1,000.00** -	**-** -	**1,000.00** *(285.00)*
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR + 200 - 325 bps	**-** *(398.88)*	**-** -	**-** -	**-** *(398.88)*
Total Unsecured **B** *B*	**-** *(683.88)*	**1,000.00** -	**-** -	**1,000.00** *(683.88)*
Total (Secured and Unsecured) **A+B** *A+B*	**795.01** *(4,923.08)*	**2,453.80** *(852.03)*	**4,463.21** *(4,540.80)*	**7,712.02** *(10,315.91)*

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** *(1,994.40)*	**-** -	**-** -	**1,945.50** *(1,994.40)*
USD LIBOR + 120 bps	**-** -	**3,242.50** *(3,324.00)*	**-** -	**3,242.50** *(3,324.00)*
USD LIBOR + 126 bps	**-** -	**2,431.88** -	**-** -	**2,431.88** -
Total Unsecured	**1,945.50** *(1,994.40)*	**5,674.38** *(3,324.00)*	**-** -	**7,619.88** *(5,318.40)*

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Other parties - Secured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Asian Development Bank				
USD LIBOR + 40 bps	**54.55**	**61.68**	**16.65**	**132.88**
	(52.59)	*(59.46)*	*(49.65)*	*(161.70)*
Variable linked to Bank PLR	**28.04**	**31.71**	**8.55**	**68.30**
	(26.37)	*(29.82)*	*(24.89)*	*(81.08)*
Variable linked to G Sec	**24.25**	**27.43**	**7.40**	**59.08**
	(22.81)	*(25.79)*	*(21.54)*	*(70.14)*
National Housing Bank				
5.50% - 8%	**1,982.54**	**1,497.70**	**716.76**	**4,197.00**
	(384.02)	*(198.30)*	*(324.87)*	*(907.19)*
8.01% - 10%	**1,179.12**	**507.32**	**1,182.09**	**2,868.53**
	(2,043.87)	*(617.39)*	*(1,499.12)*	*(4,160.38)*
Total Secured	**3,268.50**	**2,125.84**	**1,931.45**	**7,325.79**
	(2,529.66)	*(930.76)*	*(1,920.07)*	*(5,380.49)*

8. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Interest Accrued but not due on Borrowings	**1,508.90**	1,043.81
Premium payable on redemption of Debentures	**690.25**	557.38
Security and Other Deposits Received	**6.95**	7.83
Income Received in Advance	**45.52**	66.64
Trade Payables	**87.44**	93.86
Others	**20.20**	8.33
Total	**2,359.26**	1,777.85

9. LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits [Refer Note 29.2]	**99.90**	77.25
Provision and Contingencies [Refer Notes 9.1 and 9.2]	**2,367.43**	2,167.93
Reserve for Unexpired Risk (Includes Insurance Reserve)	**558.56**	384.84
Total	**3,025.89**	2,630.02

9.1 Provisions 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 ₹ **1,668.04 crore** (Previous Year ₹ 1,392.47 crore) and ₹ **11.60 crore** (Previous Year ₹ 7.39 crore) respectively.

9.2 **Movement in Provision and Contingencies Account during the year is as under:**

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**2,167.93**	1,576.47
Additions during the year (Net)	**543.19**	639.19
Utilised during the year towards diminution in value of Investments	**(306.43)**	(11.20)
Utilised during the year towards loans and others written off	**(37.26)**	(36.53)
Closing Balance	**2,367.43**	2,167.93

10. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Deposits - Unsecured [Refer Note 7.8]	**2,694.64**	3,809.58
Other loans and advances		
- Scheduled Banks - Secured [Refer Note 10.1]	**2,038.02**	10,805.18
- Scheduled Banks - Unsecured	**-**	1,190.00
- Commercial Papers - Unsecured [Refer Note 10.2]	**37,715.29**	26,144.07
Total	**42,447.95**	41,948.83

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 ₹ **38,655 crore** (Previous Year ₹ 27,075 crore). Yield on Commercial paper varies between **6.50% to 9.20%** (Previous Year 7.38% to 9.50%).

11. TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables	**5,927.15**	3,303.66
Total	**5,927.15**	3,303.66

12. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Policy Liabilities (Policyholder's Fund)		**14,274.24**	10,931.51
Current maturities of long-term borrowings		**89,394.67**	88,578.63
Interest accrued but not due on borrowings	**6,415.68**		5,567.21
Premium payable on redemption of Debentures	**380.06**		1,349.77
Interest accrued and due on matured deposits	**104.27**		75.54
Income and other amounts received in advance	**409.11**		377.10
Interim Dividend Payable	**-**		473.95
Unclaimed dividend	**26.29**		20.81
Unclaimed matured deposits	**827.78**		560.05
Payable against Derivatives	**866.99**		-
Other payables			
- Statutory Remittances	**234.19**		203.76
- Financial Assistance from Kreditanstalt für Wiederaufbau	**7.78**		7.78
- Amounts payable - Securitised Loans	**574.60**		580.87
- Amounts payable to Gratuity Fund	**0.42**		-
- Amounts payable on swaps	**-**		211.79
- Others	**775.48**		309.30
Sub Total		**10,622.65**	9,737.93
Total		**1,14,291.56**	1,09,248.07

12.1 Current maturities of Long-Term Borrowings are further sub classified as follows:

₹ in Crore

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
	Secured [Refer Note 12.2]		
a)	**Bonds and Debentures**		
	- Bonds	**6.30**	6.00
	- Non-Convertible Debentures	**24,286.86**	31,229.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**16,953.87**	15,727.34
c)	**Term Loans from other parties**		
	- Asian Development Bank	**48.69**	46.38
	- National Housing Bank	**1,792.33**	1,433.37

₹ in Crore

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
	Unsecured		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures	**350.00**	875.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**3,235.95**	1,649.13
c)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**-**	3.00
d)	**Deposits** [Refer Note 7.8]	**42,720.66**	37,609.41
Total		**89,394.66**	88,578.63

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, 2017	As at March 31, 2016
Provision for Employee benefits [Refer Note 29.2]	**208.10**	199.12
Provision for Tax (Net of Advance Tax)	**130.26**	80.07
Proposed Dividend	**-**	2,211.78
Additional Tax on Proposed Dividend	**-**	467.30
Claims Incurred but not reported (IBNR) & Incurred but not enough reported (IBNER)	**1,255.63**	610.60
Reserve for Unexpired Risk (Includes Insurance Reserve)	**1,257.81**	1,024.49
Total	**2,851.80**	4,593.36

Notes forming part of the consolidated financial statements (Continued)

14. TANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2016	Additions	Adjustments	Deductions	As at March 31, 2017	As at March 31, 2016	For the Year	Adjustments	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Land :												
Freehold	56.80	-	-	-	56.80	-	-	-	-	-	56.80	56.80
	(16.67)	(40.12)	(0.04)	(0.03)	(56.80)	-	-	-	-	-	(56.80)	(16.67)
Leasehold	370.24	-	-	-	370.24	11.80	8.88	-	-	20.68	349.56	358.44
	(370.24)	-	-	-	(370.24)	(2.95)	(8.85)	-	-	(11.80)	(358.44)	(367.29)
Buildings :												
Own Use	709.46	0.18	-	55.98	653.66	114.66	8.63	-	1.66	121.63	532.03	594.80
	(656.51)	(9.89)	(43.52)	(0.46)	(709.46)	(74.31)	(10.20)	(23.48)	6.67	(114.66)	(594.80)	(582.20)
Under Operating Lease	287.85	-	-	11.51	276.34	204.75	25.58	-	8.29	222.04	54.30	83.10
	-	-	(293.60)	(5.75)	(287.85)	-	(40.01)	(168.86)	(4.12)	(204.75)	(83.10)	-
Leasehold Improvements	127.26	14.56	-	1.73	140.09	89.02	20.49	-	(1.26)	110.77	29.32	38.24
	(119.60)	(10.87)	(0.05)	(3.26)	(127.26)	(68.65)	(19.27)	-	1.10	(89.02)	(38.24)	(50.95)
Computer Hardware	258.76	31.13	3.74	13.09	280.54	199.42	14.31	2.45	(4.47)	220.65	59.89	59.34
	(247.04)	(23.66)	-	(11.94)	(258.76)	(174.73)	(13.52)	-	11.17	(199.42)	(59.34)	(72.31)
Furniture & Fittings:												
Own Use	164.19	10.49	5.08	3.84	175.92	116.68	5.63	3.83	(0.52)	126.66	49.26	47.51
	(156.85)	(13.13)	-	(5.79)	(164.19)	(112.30)	(5.32)	-	(0.94)	(116.68)	(47.51)	(44.55)
Under Operating Lease	0.13	-	-	-	0.13	0.12	0.01	-	-	0.13	-	0.01
	-	-	(0.13)	-	(0.13)	-	(0.07)	(0.05)	-	(0.12)	(0.01)	-
Office Equipment, etc.												
Own Use	167.23	13.95	0.88	5.35	176.71	116.43	7.81	0.61	(1.91)	126.76	49.95	50.80
	(161.45)	(15.66)	0.05	(9.83)	(167.23)	(110.92)	(8.24)	0.04	(2.69)	(116.43)	(50.80)	(50.53)
Under Operating Lease	1.24	-	-	-	1.24	1.14	0.06	-	-	1.20	0.04	0.10
	-	-	(1.24)	-	(1.24)	-	(0.36)	(0.78)	-	(1.14)	(0.10)	-
Vehicles :												
Owned	41.37	12.19	-	4.08	49.48	17.96	4.00	-	(2.65)	24.61	24.87	23.41
	(33.07)	(13.30)	-	(5.00)	(41.37)	(14.48)	(3.48)	-	-	(17.96)	(23.41)	(18.59)
Under Finance Lease	0.01	-	-	-	0.01	-	-	-	-	-	0.01	0 .01
	(0.12)	-	-	(0.11)	(0.01)	(0.10)	-	-	(0.10)	-	(0.01)	(0.02)
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	2,330.09	82.50	(3) 9.70	95.58	2,326.71	1,017.53	(1)(2) 95.40	(3) 6.89	(0.86)	1,120.68	1,206.03	1,312.56
Previous Year	(1,907.10)	(126.63)	(338.53)	(42.17)	(2,330.09)	(703.99)	(109.32)	(193.13)	11.09	(1,017.53)	(1,312.56)	(1,203.11)

(*) Assets held for disposal

Notes:

(1) Net of depreciation for the year amounting to ₹ **41.05 crore** (Previous Year ₹ 49.53 crore) included in Other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **6.50 crore** (Previous Year ₹ 5.28 crore) being depreciation charge on Investment in Properties.

(3) Represents acquisition of subsidiary.

15. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2016	Additions	Adjustments	Deductions	**As at March 31, 2017**	As at March 31, 2016	For the Year	Adjustments	Deductions	**As at March 31, 2017**	**As at March 31, 2017**	As at March 31, 2016
Computer Software Owned	242.41	**49.21**	**105.86**	**0.35**	**397.13**	181.63	**4.93**	**104.09**	**(30.07)**	**320.72**	**76.41**	60.78
	(221.19)	*(21.18)*	*(0.07)*	*(0.03)*	*(242.41)*	*(149.81)*	*(4.99)*	*(0.15)*	*26.68*	*(181.63)*	*(60.78)*	*(71.38)*
Goodwill	157.74	**-**	**-**	**-**	**157.74**	150.87	**0.83**	**-**	**-**	**151.70**	**6.04**	6.87
	(157.74)	-	-	-	*(157.74)*	*(149.99)*	*(0.88)*	-	-	*(150.87)*	*(6.87)*	*(7.75)*
Website Development	2.81	**0.31**	**-**	**-**	**3.12**	2.58	**0.33**	**-**	**-**	**2.91**	**0.21**	0.23
	(2.74)	*(0.07)*	-	-	*(2.81)*	*(2.53)*	*(0.05)*	-	-	*(2.58)*	*(0.23)*	*(0.21)*
Total	402.96	**49.52**	(2) **105.86**	**0.35**	**557.99**	335.08	(1) **6.09**	(2) **104.09**	**(30.07)**	**475.33**	**82.66**	67.88
Previous Year	*(381.67)*	*(21.25)*	*(0.07)*	*(0.03)*	*(402.96)*	*(302.33)*	*(5.92)*	*(0.15)*	*26.68*	*(335.08)*	*(67.88)*	*(79.34)*

Notes:

(1) Net of depreciation for the year amounting to ₹ **30.42 crore** (Previous Year ₹ 26.82 crore) included in Other expenses pertaining to Insurance Business.

(2) Represents acquisition of a subsidiary.

16. NON-CURRENT INVESTMENTS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
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
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	**17,906.49**	14,936.37
	23,339.90	20,369.78
Less: Provision for Diminution in Value of Investments	**(2.50)**	(2.50)
(A)	**23,337.40**	20,367.28
Other Investments		
Insurance Companies		
Equity Shares - Other Companies	**37,806.44**	28,773.43
Preference Shares	**235.26**	234.90
Non-Convertible Debentures and Bonds	**21,747.10**	15,551.17
Pass Through Certificates & Security Receipts	**4.22**	6.36
Government Securities	**27,466.09**	23,595.00
Mutual Funds and Other Funds	**82.81**	10.11
Fixed Deposits	**46.08**	53.39
	87,388.00	68,224.36
Add: Fair Value Adjustment	**(494.94)**	37.79
(B)	**86,893.06**	68,262.15

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Investments related to Policy Holders	**35,016.96**	22,518.85
Investments to cover linked liabilities	**4,126.98**	5,347.52
Investments related to Shareholders	**47,749.12**	40,395.78
Total	**86,893.06**	68,262.15

16.1 **Encumbrances**

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2017, 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, 2017	As at March 31, 2016
(i) issued in India	**104.64**	96.73
(ii) issued outside India	**0.09**	0.09
Total	**104.73**	96.82

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Other Investments		
Other than Insurance Companies		
Equity Shares - Other Companies	**843.70**	737.97
Preference Shares	**91.17**	91.67
Debentures and Bonds	**394.06**	403.75
Pass Through Securities & Security Receipts	**776.25**	47.24
Government Securities	**6,437.71**	5,121.36
Mutual Funds and Other Funds	**297.65**	135.50
Properties (Net of Depreciation)	**357.30**	377.42
	9,197.84	6,914.91
Less: Provision for Diminution in Value of Investments	**(382.33)**	(79.92)
(C)	**8,815.51**	6,834.99
Total **(A) + (B) + (C)**	**1,19,045.97**	95,464.42

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**518.72**	**981.14**
Previous Year	*318.89*	*409.99*
Aggregate book value of Investments listed but not quoted	**6,508.06**	
Previous Year	*5,264.23*	
Aggregate book value of Investments in Unquoted Mutual Funds	**22.00**	***20.05**
Previous Year	-	-
Aggregate book value of Unquoted Investments (Others)	**1,429.93**	
Previous Year	*874.45*	
Properties	**336.80**	
Previous Year	*377.42*	
	8,815.51	
	6,834.99	

*Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

Note:

Quoted investments include ₹ **35.08 crore** (Previous Year ₹ Nil) in respect of equity shares, which are subject to a lock-in period and unquoted investments include ₹ **94.09 crore** (Previous Year ₹ 100.17 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, debit has been taken for ₹ **515.88 crore** (Previous Year debit had been taken for ₹ 160.02 crore) in the Statement of Profit and Loss for the year ended March 31, 2017 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **1,158.17 crore** (Previous Year ₹ 579.43 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	**(66.39)**	(71.29)	**8.95**	8.54
(b) Preliminary Expenses	**-**	-	**0.01**	0.02
(c) Special Reserve II	**(3,564.56)**	(1,945.76)	**-**	-
(d) Provision and Contingencies	**1,150.95**	985.56	**4.23**	8.01
(e) Provision for Employee Benefits	**57.28**	50.77	**2.38**	1.44
(f) Others (net)	**(91.50)**	10.31	**0.10**	0.17
Total	**(2,514.22)**	(970.41)	**15.67**	18.18

17.1 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ **173.99 crore** (Previous Year ₹ 191.14 crore), ₹ **151.98 crore** charged to the Revenue Account (Previous Year ₹ 174.55 crore) and ₹ **22.01 crore** charged to the Profit and Loss Account (Previous Year ₹ 16.59 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, 2017	As at March 31, 2016
Loans: [Refer Notes 18.1, 18.2 & 18.4]			
- Individuals		**2,07,043.61**	1,81,548.79
- Corporate Bodies		**69,053.21**	60,930.09
- Others		**4,010.99**	3,624.23
		2,80,107.81	2,46,103.11
Less: Provision for Sub-Standard and Doubtful Loans [Refer Note 18.3] (Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.)		**762.80**	575.31
		2,79,345.01	2,45,527.80
Others:			
Corporate Deposits	**2,958.88**		5.80
Capital Advances - Unsecured; Considered good	**20.86**		12.79
Advance against Investment in Properties	**113.18**		-
Security Deposits - Unsecured; Considered good	**82.20**		69.97
Instalment due from Borrowers - Secured; Considered doubtful	**130.61**		108.84
Other Long Term Loans and Advances			
- Staff Loan others - Secured, Considered good	**18.47**		18.14
- Prepaid Expenses - Unsecured, Considered good	**198.57**		194.53
- Advance Tax (Net of Provision for tax)	**3,524.83**		2,754.15
- Others - Unsecured, Considered good	**35.66**		72.57
- Others - Unsecured, Considered doubtful	**49.71**		49.71
	7,132.97		3,286.50
Less : Provision for Doubtful Receivables	**58.87**		51.71
		7,074.10	3,234.79
Total		**2,86,419.11**	2,48,762.59

18.1 Out of Loans, amounts aggregating to ₹ **2,77,216.57 crore** (Previous Year ₹ 2,44,857.78 crore) and Corporate Deposits aggregating to ₹ **2,957.08 crore** (Previous Year ₹ 3.80 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's [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

18.2 Long-Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ **2,419.79 crore** (Previous Year ₹ 1,869.63 crore).

18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Opening Balance	**575.31**	489.45
Additions during the year	**196.03**	85.86
Utilised during year - towards Loans written off	**(8.54)**	-
Closing Balance	**762.80**	575.31

18.4 Loans include ₹ **124.29 crore** (Previous Year ₹ 89.32 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

19. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Receivable on Securitised Loans	**417.59**	371.18
Forward Receivables	**-**	83.69
Amounts receivable on Swaps and other derivatives	**422.72**	87.22
Receivable against derivatives	**118.78**	-
Interest accrued but not due on Loans	**239.85**	80.34
Interest accrued but not due on Bank Deposits	**4.93**	8.85
Income accrued but not due on Investments	**62.97**	64.43
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	**228.58**	201.37
Total	**1,495.42**	897.08

19.1 Bank deposits with maturities beyond twelve months includes earmarked balances ₹ **132.88 crore** (Previous Year ₹ 161.70 crore) against foreign currency loans, ₹ **0.10 crore** (Previous Year ₹ 0.14 crore) towards letter of credit issued by bank.

20. CURRENT INVESTMENTS

Insurance Companies [Refer Note 16.1]

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Non-Convertible Debentures and Bonds	**844.90**	608.89
Government Securities	**2,075.36**	1,565.54
Investment: Insurance Co-Securities Receipts	**1.78**	-
Mutual Funds and Other Funds	**201.16**	670.65
Fixed Deposits	**135.84**	538.00
Commercial Papers	**120.56**	118.34
Certificate of Deposits	**165.42**	989.65
Treasury Bills	**1,951.62**	1,019.12
Repo Investments	**3,882.82**	2,523.69
Less: Fair Value Change	**(4.30)**	(1.51)
Total **(A)**	**9,375.16**	8,032.37

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Investments related to Policy Holders	**3,904.72**	3,050.11
Investments to cover linked liabilities	**525.32**	1,240.90
Investments related to Shareholders	**4,527.50**	3,741.36
Investments towards Unclaimed fund	**417.62**	-
Total	**9,375.16**	8,032.37

Other than Insurance Companies

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Held as Current Investments (At cost or market value whichever is lower unless stated otherwise)		
Equity Shares - Associate Companies	**21.75**	23.25
Equity Shares - Unlisted Company	**21.44**	-
Mutual Funds	**4,196.18**	878.25
Current Maturities of Long Term Investments (At cost)		
Security Receipts	**3.23**	6.05
Government Securities	**134.46**	287.78
Venture Funds and Other Funds	**57.09**	41.19
	4,434.15	1,236.52
Less: Provision for Diminution in Value of Investments	**-**	(12.57)
(B)	**4,434.15**	1,223.95
Total **(A) + (B)**	**13,809.31**	9,256.32

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**362.74**	**362.74**
Previous Year	*437.84*	*437.84*
Aggregate book value of Investments listed but not quoted	**134.45**	
Previous Year	*172.13*	
Aggregate book value of Investments in Unquoted Mutual Funds	**3,833.45**	***3,864.10**
Previous Year	*550.29*	*878.59*
Aggregate book value of Unquoted Investments (Others)	**103.51**	
Previous Year	*63.69*	
Total	**4,434.15**	
Previous Year	*1,223.95*	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

21. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Receivables – Unsecured; Considered good, less than six months	**1,451.33**	444.70
Trade Receivables – Unsecured; Considered good, more than six months	**31.10**	27.89
	1,482.43	472.59
Less : Provision for Doubtful Receivables	**-**	5.79
Total	**1,482.43**	466.80

22. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Cash and cash equivalents		
(i) Balances with banks:		
- In Current Accounts	**969.25**	3,306.26
- In Deposit Accounts with original maturity less than 3 months	**4,046.73**	1.97
(ii) Balances with Reserve Bank of India	**-**	-
(iii) Cash on Hand	**0.53**	0.61
(iv) Cheques on Hand	**341.27**	330.48
	5,357.78	3,639.32
(b) Other Bank balances:		
(i) Earmarked balances with banks		
- Unclaimed Dividend Account	**26.29**	494.77
- Against Foreign Currency Loans [Refer Note 7.3]	**24.97**	24.08
- Towards Guarantees Issued by Banks	**0.30**	0.06
- Others [Refer Note 22.1]	**-**	0.69
(ii) Short-term bank deposits with original maturity more than 3 months [Refer Note 22.2]	**2,087.44**	2,238.11
Total	**7,496.78**	6,397.03

22.1 Pursuant to the Securities Exchange Board of India's (SEBI) communication dated January 18, 2016, HDFC Trustee Company Ltd. had payable of ₹ 0.69 crore as on March 31, 2016. The entire amount was paid in April 2016. However, based on revalidation/reissue of cheques/demand drafts ₹ 12,319 is outstanding as on March 31, 2017.

22.2 Bank Deposits of the subsidiary companies of ₹ **1.25 crore** (Previous Year ₹ 1.30 crore) are marked as lien for overdraft facility.

23. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Loans: [Refer Note 23.1]			
Current maturities of long-term loans and advances	**29,273.64**		24,347.72
Corporate Bodies	**3,510.00**		2,210.09
Sub Total		**32,783.64**	26,557.81
Others:			
Current maturities of Staff Loans - Others - Secured; Considered good	**5.25**		4.94
Corporate Deposits [Refer Note 23.2]	**2,838.30**		1,383.41
Instalments due from borrowers - Secured; Considered good	**1,543.92**		1,363.15
Prepaid Expenses - Unsecured; Considered good	**131.04**		139.88
Sundry Deposits - Unsecured; Considered good	**12.37**		17.88
Other Advances - Unsecured; Considered good	**778.47**		565.69
Loans and Advances to Related parties	**26.58**		26.75
Sub Total		**5,335.93**	3,501.70
Total		**38,119.57**	30,059.51

23.1 Out of Loans, amounts aggregating to ₹ **30,266.28 crore** (Previous Year ₹ 21,929.59 crore) are secured and considered good [Refer Note 18.1].

23.2 Out of Corporate deposits, amounts aggregating to ₹ **2,180.40 crore** (Previous Year ₹ 568.77 crore) are secured and considered good [Refer Note 18.1].

24. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Receivables on Securitised Loans	**91.63**	68.27
Receivables on sale of Investments	**457.91**	2,526.63
Interest accrued on interest rate swaps	**556.88**	-
Interest accrued but not due on Loans	**322.68**	592.38
Interest accrued and due on Loans	**1.69**	0.23
Income accrued but not due on Investments	**1,754.63**	1,478.12
Interest accrued but not due on Corporate Deposits	**126.01**	228.67
Interest accrued and due on Corporate Deposits	**-**	1.10
Total	**3,311.43**	4,895.40

25. CONTINGENT LIABILITIES AND COMMITMENTS

The Group is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

25.1 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 ₹ **1,260.72 crore** (Previous Year ₹ 1,321.47 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ **1,250.12 crore** (Previous Year ₹ 1,290.84 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 ₹ **93.12 crore** (Previous Year ₹ 92.28 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 had 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.

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.

25.2 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **628.38 crore** (Previous Year ₹ 502.51 crore).

b) Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ **1,838.21 crore** (Previous Year ₹ 1,889.83 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.

25.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ **714.05 crore** (Previous Year ₹ 518.82 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **0.78 crore** (Previous Year ₹ 0.77 crore).

25.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **1,254.52 crore** (Previous Year ₹ 798.95 crore).

26. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**31,174.28**	28,291.58
- Other Interest [Refer Note 26.1]	**1,186.12**	1,168.56
Net Gain on foreign currency transactions and translation [Refer Note 28.2]	**0.28**	0.86
Dividends [Refer Note 26.2]	**42.23**	49.85
Management & Trusteeship Fees	**1,541.71**	1,531.49
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 26.3]	**453.75**	311.67
Income from Leases [Refer Note 26.4]	**27.17**	29.46
Fees and Other Charges [Refer Note 26.5]	**579.72**	489.87
Total	**35,005.26**	31,873.34

26.1 a) Other Interest includes interest on investments amounting to ₹ **537.67 crore** (Previous Year ₹ 442.01 crore).

b) Other Interest includes interest on investments amounting to ₹ **3.50 crore** (Previous Year ₹ 3.51 crore) in respect of current investments.

c) Other Interest includes Interest on Income Tax Refund ₹ **32.59 crore** (Previous Year ₹ Nil).

26.2 Dividend income includes ₹ **17.89 crore** (Previous Year ₹ 14.38 crore) in respect of current investments.

26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **453.75 crore** (Previous Year ₹ 311.67 crore) is in respect of investments held as current investments.

26.4 In accordance with the Accounting Standard on 'Leases' (AS) 19, the following disclosures are made in respect of Operating Leases :

Income from Leases includes ₹ **7.47 crore** (Previous Year ₹ 4.83 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	**4.06**	4.16
Later than one year but not later than five years	**0.29**	1.15

26.5 Fees and other charges is net off the amounts paid to Direct Selling Agents ₹ **520.79 crore** (Previous Year ₹ 457.74 crore).

27. Profit on sale of investments includes ₹ **114.06 crore** (Previous Year ₹ 25.02 crore) in respect of current investments.

28. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
Interest		
- Loans	**3,005.23**	2,662.72
- Deposits	**7,421.83**	6,797.22
- Bonds and Debentures [Refer Note 28.1]	**8,777.89**	7,784.65
- Commercial Paper	**2,556.13**	2,847.01
	21,761.08	20,091.60
Net Loss on foreign currency transactions and translation [Refer Note 28.2]	**30.76**	52.70
OTHER CHARGES [Refer Note 28.3]	**161.31**	151.30
Total	**21,953.15**	20,295.60

28.1 Interest on Bonds and Debentures above includes a net gain of ₹ **20.59 crore** (Previous Year ₹ Nil) being net 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	**0.41**	N.A.
Derivative valuations	**(21.00)**	N.A.
Net (Gain)/Loss recognised in statement of Profit and Loss	**(20.59)**	

28.2 ₹ **30.48 crore** (Previous Year Loss of ₹ 51.84 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 (Gain) / Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings	**62.62**	3.01
- Cross Currency Interest Rate Swaps	**-**	108.26
Net Exchange (Gain) / Loss on Translation	**62.62**	111.27
Realised (Gain) / Loss	**36.29**	(58.57)
Derivative accounting impact	**(68.15)**	-
Net (Gain) / Loss on translation and transactions recognised in Finance cost	**30.76**	52.70
Realised (Gain) / Loss recognised in Revenue from Operations [Refer Note 26]	**(0.28)**	(0.86)
Net (Gain) / Loss recognised in Statement of Profit and Loss	**30.48**	51.84

28.3 Other Charges is net of Exchange gain ₹ **0.35 crore** (Previous Year includes exchange loss of ₹ 0.13 crore).

29. EMPLOYEE BENEFITS EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 29.1 & 29.2]	**808.64**	688.76
Contribution to Provident Fund and Other Funds [Refer Note 29.3]	**77.98**	77.64
Gratuity Expenses	**4.49**	3.26
Staff Training and Welfare Expenses	**21.91**	18.48
Total	**913.02**	788.14

29.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

29.2 **Employee Benefits**

In accordance with the Accounting Standard 15 on Employee Benefits (AS) 15, the following disclosures have been made:

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 [Refer Note 29.3]	**32.09**	26.25	**31.14**	27.80
Superannuation Fund [Refer Note 29.3]	**13.69**	12.94	**0.54**	0.48
Employees' Pension Scheme-1995	**3.49**	3.70	**-**	-
Employees' State Insurance Corporation	**2.73**	2.27	**-**	-
Labour Welfare Fund	**0.02**	0.02	**-**	0.01
National Pension Scheme	**-**	-	**18.41**	1.61

29.3 The Corporation makes Provident Fund and 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 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 ₹ **334.12 crore** and ₹ **332.90 crore** respectively (Previous Year ₹ 287.31 crore and ₹ 286.17 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 **7.27%** (Previous Year 7.86%) and an average expected future period of **13.27 years** (Previous Year 13 years).

The Corporation recognised ₹ **15.90 crore** (Previous Year ₹ 13.73 crore) for provident fund contributions and ₹ **12.88 crore** (Previous Year ₹ 12.16 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.

29.4 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	**290.21**	244.42
Acquisition during the year	**2.27**	-
Current Service Cost	**21.11**	17.70
Interest Cost	**22.87**	19.41
Benefits Paid	**(16.16)**	(16.36)
Actuarial loss	**20.10**	25.04
Liability at the end of the year *	**340.40**	290.21
* The Liability at the end of the year ₹ **340.40 crore** (Previous Year ₹ 290.21 crore) includes ₹ **64.30 crore** (Previous Year ₹ 54.79 crore) in respect of un-funded plans.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**220.08**	175.70
Expected Return on Plan Assets	**17.36**	14.04
Contributions	**23.62**	36.44
Benefits Paid	**(4.48)**	(4.67)
Actuarial loss on Plan Assets	**(2.61)**	(1.43)
Fair Value of Plan Assets at the end of the year	**253.97**	220.08
Total Actuarial loss to be recognised	**(22.71)**	(26.47)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**17.36**	14.04
Actuarial loss on Plan Assets	**(2.61)**	(1.43)
Actual Return on Plan Assets	**14.75**	12.61
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**21.11**	17.70
Interest Cost	**22.87**	19.41
Expected Return on Plan Assets	**(17.36)**	(14.04)
Net Actuarial loss to be recognised	**22.71**	26.47
Expense recognised in the Statement of Profit and Loss	**49.33**	49.54
included under Contribution to Provident Fund and Other Funds	**40.23**	40.49
included under Other expenses pertaining to Insurance Business	**9.10**	9.05
	49.33	49.54
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**70.13**	68.72
Acquisition during the year	**2.27**	-
Expense recognised	**49.33**	49.54
Contribution by the Corporation	**(23.62)**	(36.44)
Benefits paid in respect of unfunded plans	**(11.68)**	(11.69)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**86.43**	70.13

₹ in Crore

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**340.40**	290.21	244.42	190.67	165.02
Fair Value of Plan Assets at the end of the year	**253.97**	220.08	175.70	141.56	110.02
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**86.43**	70.13	68.72	49.11	55.00
Experience Adjustment :					
On Plan Liabilities	**3.20**	6.99	26.81	22.14	21.16
On Plan Assets	**0.02**	0.87	1.59	(3.09)	(5.74)
Estimated Contribution for next year	**26.14**	23.60	28.18	19.54	22.55

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	**22.92**	19.76
State Government securities/securities guaranteed by State/Central Government	**3.27**	16.79
Public Sector/Financial Institutional Bonds	**30.04**	12.46
Private Sector Bonds	**2.35**	20.68
Special Deposit Scheme	**0.02**	1.01
Certificate of Deposits	-	1.37
Deposits with Banks and Financial Institutions	-	0.69
Investment in Insurance Companies*	**29.75**	12.50
Investment in Equity Shares	**9.26**	10.22
Others (including bank balances)	**2.39**	4.52
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 7.90**	7.38 to 8.10
Return on Plan Assets	**7.26 to 7.52**	7.8 to 8.10
Salary Escalation	**3 to 10**	3 to 10

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

30. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 30.1]	**96.36**	84.89
Rates and Taxes	**6.02**	6.64
Repairs and Maintenance - Buildings	**10.45**	13.61
General Office Expenses	**3.42**	4.41
Electricity Charges	**25.10**	23.76
Insurance Charges	**1.14**	1.57
Total	**142.49**	134.88

30.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', 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 ₹ **94.39 crore** (Previous Year ₹ 97.10 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	**24.78**	39.03
Later than one year but not later than five years	**25.98**	26.78
Later than five years	-	0.06

(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 ₹ **0.49 crore** (Previous Year ₹ 0.66 crore) included under Other expenses pertaining to Insurance business.

31. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**32.46**	31.74
Printing and Stationery	**34.42**	35.79
Postage, Telephone and Fax	**40.31**	37.64
Advertising	**141.73**	133.47
Business Development Expenses	**25.61**	15.31
Loan Processing Expenses	**38.36**	34.64
Manpower Outsourcing	**67.55**	56.48
Repairs and Maintenance - Other than Buildings	**21.99**	19.89
Office Maintenance	**38.75**	32.26
Legal Expenses	**51.34**	22.16

₹ in Crore

Particulars	Current Year	Previous Year
Computer Expenses	**22.16**	18.81
Directors' Fees and Commission	**10.33**	8.66
Miscellaneous Expenses [Refer Note 31.1]	**545.45**	423.37
Auditors' Remuneration [Refer Note 32]	**7.54**	8.36
Preliminary Expenses written-off	-	0.21
Total	**1,078.00**	878.79

31.1 **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 *	**174.21**	-	**174.21**

* The above consists of an amount of ₹ **145.80 crore** charged to the Shelter Assistance Reserve.

32. AUDITORS' REMUNERATION:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**5.15**	4.88
Fees for Internal Control over Financial Reporting	**0.39**	0.48
Limited Reviews	**1.48**	1.71
Tax Matters	**1.40**	1.50
Other Matters and Certification	**1.57**	1.72
Reimbursement of Expenses	**0.12**	0.10
	10.11	10.39
Less: Included under commission & operating expenses pertaining to Insurance Business	**2.57**	2.03
Total	**7.54**	8.36

a) Auditors' Remuneration exclude ₹ **1.55 crore** (Net of tax ₹ **1.01 crore**) being certification fee in respect of issue of Rupee Denominated Bonds and for Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account. Previous Year exclude ₹ 0.75 crore (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.

b) Auditors' remuneration above is excluding Service tax, Swachh Bharat Cess and Krishi Kalyan Cess.

33. DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 8th November, 2016	**0.27**	**0.12**	**0.39**
Add : Permitted Receipts #	-	**2.67**	**2.67**
Less: Permitted Payments	**0.01**	**0.74**	**0.75**
Less: Amount deposited in Banks *	**0.26**	**1.76**	**2.02**
Closing balance as at 30th December, 2016	-	**0.29**	**0.29**

* Returned ₹ 10,000 by an employee of one of the subsidiary company against settlement of advance given for routine business activities.

Includes ₹ 0.67 crore deposited directly by customers of the Corporation into Collection Centre Bank Account.

The disclosure requirement as mentioned in Notification G.S.R 308(E) dated 30th March, 2017 is not applicable to the insurance Companies, since Schedule III (i.e. General Instruction for Preparation of Balance Sheet & Statement of P&L of a Company) of Companies Act, 2013 is not applicable to the Insurance companies.

34. In accordance with the Accounting Standard (AS) 20 on "Earning per Share", the following disclosures have been made:

(i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ **11,051.12 crore** (Previous Year ₹ 10,190.26 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **146.27 crore** (Previous Year ₹ 85.31 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ **10,904.85 crore** (Previous Year ₹ 10,104.95 crore) and the weighted average number of shares during the year of **158.34 crore** (Previous Year 157.72 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	**68.87**	64.07
Effect of Outstanding Stock Options	**(0.57)**	(0.48)
Diluted Earnings Per Share	**68.30**	63.59

(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	**158.34**	157.72
Diluted effect of outstanding Stock Options	**1.31**	1.20
Weighted average number of shares for computation of Diluted Earnings Per Share	**159.65**	158.92

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', 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 (formerly known as "India Value Fund Advisors Pvt. Ltd.")

B) **Investing Party and its Group Companies**

Standard Life Investments Ltd.

Standard Life (Mauritius Holdings) 2006 Ltd.

ERGO International AG

Munich Re

C) **Key Management Personnel**

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. V. Srinivasa Rangan

D) **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		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Dividend Income								
- HDFC Bank Ltd.	**537.07**	450.99	-	-	-	-	-	-
- Others	**0.01**	0.40	-	-	-	-	-	-
Interest Income								
- HDFC Bank Ltd.	**19.23**	27.09	-	-	-	-	-	-
- Magnum Foundations Pvt Ltd	**2.24**	2.48	-	-	-	-	-	-
- Others	-	0.04	-	-	-	-	**0.04**	0.03
Consultancy, Fees & Other Income								
- Standard Life Investments Ltd	-	-	**0.87**	0.56	-	-	-	-
- HDFC Bank Ltd.	-	0.01	-	-	-	-	-	-
Rent Income								
- HDFC Bank Ltd.	**2.15**	1.99	-	-	-	-	-	-
Reinsurance Income								
- Munich Re	-	-	**49.64**	1.50	-	-	-	-
Support Cost Recovered								
- HDFC Bank Ltd.	**0.49**	0.26	-	-	-	-	-	-
Miscellaneous Services rendered								
- HDFC Bank Ltd.	**331.83**	258.89	-	-	-	-	-	-
- Others	-	0.02	-	-	**0.01**	0.01	-	-
Interest Expense								
- HDFC Bank Ltd.	**17.71**	2.38	-	-	-	-	-	-
- ERGO International AG	-	-	**5.06**	-	-	-	-	-
- Others	-	-	-	-	**0.25**	0.27	**0.01**	0.02

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Bank and Other Charges/ Payments								
- HDFC Bank Ltd.	**99.75**	66.89	**-**	-	**-**	-	**-**	-
Reinsurance Expense								
- Munich Re	**-**	-	**96.41**	11.12	**-**	-	**-**	-
Remuneration								
- Mr. Keki M. Mistry	**-**	-	**-**	-	**10.71**	9.71	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**9.84**	8.81	**-**	-
- Mr. V. Srinivasa Rangan	**-**	-	**-**	-	**6.50**	5.81	**-**	-
Dividend Payments								
- Standard Life (Mauritius Holdings) 2006 Ltd.	**-**	-	**76.80**	46.68	**-**	-	**-**	-
- Standard Life Investments Ltd.	**-**	-	**92.59**	80.52	**-**	-	**-**	-
- ERGO International AG	**-**	-	**36.53**	17.40	**-**	-	**-**	-
Other Expenses								
- HDFC Bank Ltd.	**1,234.06**	1,060.04	**-**	-	**-**	-	**-**	-
- Others	**-**	0.12	**-**	-	**-**	-	**0.10**	0.10
Investments made								
- HDFC Bank Ltd.	**354.10**	531.31	**-**	-	**-**	-	**-**	-
Investments sold								
- Magnum Foundations Pvt Ltd	**1.50**	9.25	**-**	-	**-**	-	**-**	-
Securities purchased								
- HDFC Bank Ltd.	**260.57**	291.62	**-**	-	**-**	-	**-**	-
Investments								
- HDFC Bank Ltd.	**8,462.00**	8,076.30	**-**	-	**-**	-	**-**	-
- Others	**24.28**	25.78	**-**	-	**-**	-	**-**	-
Bank Deposits placed								
- HDFC Bank Ltd.	**415.59**	614.77	**-**	-	**-**	-	**-**	-
Bank Deposits repaid / withdrawn								
- HDFC Bank Ltd.	**475.12**	1,653.78	**-**	-	**-**	-	**-**	-
Bank Balance and Deposits								
- HDFC Bank Ltd.	**1,003.81**	4,000.13	**-**	-	**-**	-	**-**	-
Loans repaid								
- Magnum Foundations Pvt. Ltd.	**1.10**	3.82	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**0.01**	0.05	**0.02**	-
Loans sold								
- HDFC Bank Ltd.	**13,845.65**	12,773.37	**-**	-	**-**	-	**-**	-
Loans								
- Magnum Foundations Pvt. Ltd.	**26.58**	27.68	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**0.06**	0.07	**0.40**	-
Trade Receivable								
- HDFC Bank Ltd.	**4.11**	4.17	**-**	-	**-**	-	**-**	-

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Other Advances / Receivables								
- HDFC Bank Ltd.	**8.48**	8.34	**-**	-	**-**	-	**-**	-
- Magnum Foundations Pvt. Ltd.	**2.02**	0.01	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**0.28**	0.11	**-**	-	**0.06**	0.06
Deposits placed								
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.84**	0.03	**-**	-
- Ms. Swarn Sud	**-**	-	**-**	-	**-**	-	**0.11**	0.09
Deposits repaid / matured								
- Mr. Keki M. Mistry	**-**	-	**-**	-	**-**	0.87	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.39**	0.02	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.09**	0.09
Deposits								
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.85**	2.40	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.11**	0.09
Debentures								
- ERGO International AG	**-**	-	**170.00**	-	**-**	-	**-**	-
Non-Convertible Debentures (Allotments under Primary Market)								
- HDFC Bank Ltd.	**2,320.00**	-	**-**	-	**-**	-	**-**	-
Other Liabilities / Payables								
- HDFC Bank Ltd.	**840.32**	418.59	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**27.48**	4.09	**0.11**	0.34	**0.01**	0.02

36. As per the Accounting Standard (AS) 17 on 'Segment Reporting', 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	**34,665.24**	32,217.55	**22,190.93**	17,953.52	**3,041.98**	2,069.46	**1,682.66**	1,602.56	**433.44**	327.57	**(1,027.05)**	(971.42)	**100.43**	57.87	**61,087.63**	53,257.11
Segment Result	**10,894.77**	10,223.70	**1,061.21**	1,007.92	**423.36**	202.81	**805.23**	735.75	**33.27**	(33.82)	**(668.27)**	(581.24)	**99.98**	57.85	**12,649.55**	11,612.97
Income-tax (Current)													**3,504.91**	3,479.32	**3,504.91**	3,479.32
Deferred tax													**515.88**	160.02	**515.88**	160.02
Total Result	**10,894.77**	10,223.70	**1,061.21**	1,007.92	**423.36**	202.81	**805.23**	735.75	**33.27**	(33.82)	**(668.27)**	(581.24)	**(3,920.81)**	(3,581.49)	**8,628.76**	7,973.63
Segment Assets	**3,40,868.38**	2,91,196.54	**93,738.57**	76,080.32	**8,870.31**	4,775.55	**1,027.60**	1,101.37	**428.33**	415.13	-	-	**28,224.91**	24,235.38	**4,73,158.10**	3,97,804.29
Segment Liabilities	**3,09,029.64**	2,65,993.51	**90,210.40**	73,114.24	**6,975.89**	3,693.01	**307.24**	391.12	**485.68**	443.11	-	-	**2,617.37**	942.65	**4,09,626.22**	3,44,577.64
Net Assets	**31,838.74**	25,203.03	**3,528.17**	2,966.08	**1,894.42**	1,082.54	**720.36**	710.25	**(57.35)**	(27.98)	-	-	**25,607.54**	23,292.73	**63,531.88**	53,226.65
Other Information																
Capital Expenditure	**31.31**	39.88	**46.88**	33.86	**156.70**	15.61	**12.42**	9.99	**34.17**	48.54	-	-	-	-	**281.48**	147.88
Depreciation	**59.27**	57.68	***40.96**	*44.94	***30.71**	*31.44	**12.71**	11.59	**35.80**	51.22	-	-	-	-	**179.45**	196.87
Non-cash expenses other than Depreciation	**873.51**	925.73	**2.92**	6.02	**19.17**	6.38	**5.16**	4.81	**13.18**	5.24	-	-	-	-	**913.94**	948.18

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

37. 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, 2017)

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		39,645.38		7,442.64
	Less: Inter Company eliminations		(11,269.80)		(856.90)
	Net of eliminations	**44.68%**	**28,375.58**	**59.60%**	**6,585.74**
Subsidiaries					
Indian					
1	GRUH Finance Ltd.	1.77%	1,125.18	2.70%	298.75
2	HDFC Standard Life Insurance Co. Ltd.	4.19%	2,664.99	7.99%	882.46
3	HDFC ERGO General Insurance Co. Ltd.	2.50%	1,590.27	2.97%	328.45
4	HDFC Asset Management Co. Ltd.	2.24%	1,421.13	5.12%	566.13
5	HDFC Trustee Co. Ltd.	0.00%	2.23	0.00%	0.44
6	HDFC Investment Trust	0.24%	154.80	0.54%	59.47
7	HDFC Investment Trust - II	0.29%	182.26	0.27%	29.41
8	HDFC Venture Capital Ltd.	0.03%	22.07	0.00%	(0.16)
9	HDFC Ventures Trustee Co. Ltd.	0.00%	1.06	0.00%	(0.02)
10	HDFC Property Venture Ltd.	0.16%	103.42	-0.12%	(13.16)
11	HDFC Pension Management Co. Ltd.	0.04%	27.16	0.00%	(0.31)
12	HDFC Capital Advisors Ltd.	0.01%	8.67	0.05%	5.57
13	HDFC Investments Ltd.	0.25%	157.20	0.62%	69.06
14	HDFC Holdings Ltd.	0.27%	171.90	0.15%	16.35
15	HDFC Developers Ltd.	0.00%	(0.02)	-0.17%	(18.28)
16	HDFC Sales Pvt. Ltd.	0.01%	4.93	-2.33%	(257.73)
17	HDFC Realty Ltd.	0.03%	16.08	-0.08%	(8.85)
18	HDFC Credila Financial Services Pvt. Ltd.	0.50%	319.20	0.59%	65.19
19	Grandeur Properties Pvt. Ltd.	0.02%	14.35	-0.03%	(2.81)
20	Haddock Properties Pvt. Ltd.	0.02%	11.80	0.03%	3.22
21	Pentagram Properties Pvt. Ltd.	0.02%	14.16	0.00%	(0.04)
22	Windermere Properties Pvt. Ltd.	0.04%	26.90	-0.03%	(3.04)
23	Winchester Properties Pvt. Ltd.	0.02%	10.44	-0.03%	(3.43)
24	HDFC Education and Development Services Pvt. Ltd.	0.10%	64.97	-0.02%	(1.81)
Foreign					
1	Griha Investments	0.20%	127.01	0.17%	18.89
2	Griha Pte. Ltd.	0.04%	22.29	0.13%	14.18
3	HDFC Life International and Re Company Ltd.	0.13%	81.87	-0.04%	(4.91)
	Share of Minorities	5.47%	3,472.57	-7.21%	(797.02)
Associates (Investment as per the equity method)					
Indian					
1	HDFC Bank Limited	36.73%	23,335.92	29.13%	3,219.47
2	True North Ventures Pvt. Ltd.	0.00%	1.49	0.00%	(0.09)
Total		**100.00%**	**63,531.88**	**100.00%**	**11,051.12**

38. Pursuant to a share purchase agreement ("SPA") between HDFC ERGO General Insurance Company Limited and Larsen & Toubro Limited, IRDAI approval and Competition Commission of India (CCI) approval thereof, the Company has acquired 100% of the Share Capital of HDFC General Insurance Limited (formerly known as L & T General Insurance Company Ltd.) for a consideration of ₹ 530.61 crore on September 9, 2016. On the date of acquisition the net assets of HDFC General Insurance Limited were ₹ 124.84 crore and accordingly a resultant goodwill on acquisition of ₹ 405.77 crore has been recoginised. The Profit Before Tax of the HDFC General Insurance Limited for the period September 9, 2016 to March 31, 2017 is ₹ 24.48 crore.

The Board of Directors of respective Companies at their meeting held on September 16, 2016, approved the Scheme of Arrangement to be made between the Company and HDFC General Insurance Limited with the Appointed Date of January 1, 2017.

Both the Companies have filed the Company Summons for Directions with the High Court of Judicature at Bombay on October 5, 2016. Pursuant to notification issued by Ministry of Corporate affairs, National Company Law Tribunal (NCLT) is constituted and sections dealing with amalgamation have been enacted from December 15, 2016. The said matter has been transferred from the High Court of Judicature at Bombay to NCLT.

Pursuant to the NCLT hearing held on January 20, 2017 and as directed, both the Companies have convened meeting of Shareholders on March 29, 2017. In the said meeting, the Scheme of Arrangement has been approved by the shareholders.

Pending the approval of NCLT, no effect of the proposed merger has been recognized in the financial statements for the year ended March 31, 2017.

39. On August 8, 2016, the Board of Directors of HDFC Standard Life Insurance Company Limited ("HDFC Life"), Max Life Insurance Company Limited ("Max Life"), Max Financial Services Limited ("Max Financial") and Max India Limited ("Max India") at their respective board meetings, approved entering into definitive agreements for the amalgamation of the businesses between the above entities through a composite Scheme of Arrangement ("Scheme"). As part of the Scheme, Max Life would be merged with Max Financial, and subsequently the life insurance business of Max Financial will be demerged and amalgamated with HDFC Life and the residual Max Financial will be merged into Max India Limited. The shares of HDFC Life are proposed to be listed on Stock Exchange(s) in India, as a consequence of the Scheme. HDFC Ltd. and Standard Life will continue to be the promoters of the merged entity.

HDFC Life and Max Life have filed an application seeking in-principle approval of the Insurance Regulatory and Development Authority of India ("IRDAI") for the Scheme on September 21, 2016 and have also filed requisite applications with Competition Commission of India (CCI). Max Financial and Max India have made filings with the relevant stock exchanges / Securities and Exchange Board of India (SEBI).

The IRDAI, vide its letter dated November 11, 2016 had expressed certain reservations on the proposed Scheme. The Company believes that the Scheme is in compliance with all the applicable laws and has accordingly furnished necessary representations to the IRDAI clarifying on the matter. The Company is currently awaiting further directions/approval from the IRDAI.

The closing of the proposed transaction will be subject to aforesaid approval of the IRDAI, as well as other applicable approvals including the CCI, the SEBI, relevant stock exchanges and the National Company Law Tribunal (NCLT), pending which the effects of the above Scheme are not required to be considered in these financial statements.

40. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Independent Auditor's 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, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

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 financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 and the Order under Section 143 (11) of the Act.

We conducted our audit of the standalone financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 3.2 to the financial statements, which describes the accounting treatment used by the Corporation 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 August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of a branch included in the standalone financial statements of the Corporation whose financial statements reflect total assets of ₹ 0.60 crore as at March 31, 2016 (Previous Year ₹ 0.90 crore) and total revenues of ₹ 2.07 crore for the year ended on that date (Previous Year ₹ 2.09 crore), as considered in the standalone financial statements. The financial statements of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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 and proper returns adequate for the purposes of our audit have been received from Dubai branch not visited by us.

(c) The reports on the accounts of Dubai branch of the Corporation audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) 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 and with the returns received from Dubai branch not visited by us.

(e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(f) On the basis of the written representations received from the directors which were taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Corporation's internal financial controls over financial reporting.

(h) 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 on its financial position in its 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;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.

2. 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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
2nd May, 2016

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** ("the Corporation") as of March 31, 2016 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 ("Guidance Note") issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

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 prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls system over financial reporting.

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 Corporation; (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 Corporation are being made only in accordance with authorisations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Corporation'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 March 31, 2016, 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.

Other Matter

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 insofar as it relates to a branch, is based on the corresponding report of the auditor of the branch.

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 the report of the other auditor.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
May 2, 2016

Annexure "B" to the Independent Auditor's Report

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

(i) (a) According to the information and explanations given to us, the Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds/transfer deeds/conveyance deeds provided to us, we report that, 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. 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) According to the information and explanations given to us, the Corporation does not have any inventory and hence reporting under Clause 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and 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) The Corporation has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under Clause 3(iv) of the Order is not applicable.

(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 and hence reporting under Clause 3(v) of the Order is not applicable.

(vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, in respect of the services rendered by the Corporation.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Corporation has generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Work Contract Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Customs Duty and Excise Duty.

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Wealth Tax, Interest on Lease Tax and Employees' State Insurance which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in crore	Amount Unpaid ₹ in crore
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-1999	0.12	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.02	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant/ Deputy Director - ESIC	2010-2011	0.01	0.01

(viii) In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Corporation has not taken loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Corporation during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised moneys by way of initial public offer/further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Corporation has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Corporation is not a Nidhi Company and hence reporting under Clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Corporation is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made private placement of debentures which were issued with convertible warrants during the year under review. In respect of the above issue, we further report that :

a) the requirement of Section 42 of the Act, as applicable, have been complied with; and

b) the amounts raised have been applied by the Corporation during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year the Corporation has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Corporation is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
May 2, 2016

Balance Sheet as at March 31, 2016

	Notes	₹ in Crore	₹ in Crore	March 31, 2015 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share capital	2	315.97		314.94
Reserves and surplus	3	33,753.99		30,655.03
Money received against warrants	3.10	51.10		-
			34,121.06	30,969.97
NON-CURRENT LIABILITIES				
Long-term borrowings	4	1,09,184.45		97,602.34
Deferred tax liability (Net)	14	902.21		200.67
Other long-term liabilities	5	1,613.39		2,436.81
Long-term provisions	6	2,127.34		1,550.88
			1,13,827.39	1,01,790.70
CURRENT LIABILITIES				
Short-term borrowings	7	41,502.68		33,257.71
Trade payables	8	122.92		87.80
Other current liabilities	9			
- Borrowings		86,952.03		77,738.98
- Others		9,389.68		7,467.60
Short-term provisions	10	2,837.08		2,638.90
			1,40,804.39	1,21,190.99
			2,88,752.84	2,53,951.66
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	11	660.20		671.84
(ii) Intangible assets	12	4.33		5.12
Non-current investments	13	14,837.84		13,691.70
Long-term loans and advances	15			
- Loans		2,32,870.54		2,01,680.43
- Others		2,668.73		2,564.72
Other non-current assets	16	739.73		2,763.11
			2,51,781.37	2,21,376.92
CURRENT ASSETS				
Current investments	17	507.59		602.64
Trade receivables	18	144.66		46.18
Cash and bank balances	19	5,304.69		3,364.65
Short-term loans and advances	20			
- Loans		25,787.70		26,019.69
- Others		2,526.04		1,966.28
Other current assets	21	2,700.79		575.30
			36,971.47	32,574.74
			2,88,752.84	2,53,951.66

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, May 2, 2016

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)

Bimal Jalan
(DIN: 00449491)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Statement of Profit and Loss for the year ended March 31, 2016

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	**23**	**29,257.31**	26,959.88
Profit on Sale of Investments	**24**	**1,647.81**	441.28
Other Income	**25**	**51.45**	69.70
Total Revenue		**30,956.57**	27,470.86
EXPENSES			
Finance Cost	**26**	**19,374.51**	17,975.09
Staff Expenses	**27**	**349.09**	328.46
Establishment Expenses	**28**	**84.19**	85.76
Other Expenses	**29**	**271.40**	262.63
Depreciation and Amortisation	**11 & 12**	**54.28**	29.78
Provision for Contingencies	**30**	**715.00**	165.00
Total Expenses		**20,848.47**	18,846.72
PROFIT BEFORE TAX		**10,108.10**	8,624.14
Tax Expense			
- Current Tax		**2,873.00**	2,363.00
- Deferred Tax	**14**	**142.00**	271.00
PROFIT FOR THE YEAR		**7,093.10**	5,990.14
EARNINGS PER SHARE (Face Value ₹ 2)	**31**		
- Basic		**44.43**	38.13
- Diluted		**44.10**	37.78

See accompanying notes forming part of the financial statement

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, May 2, 2016

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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Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Cash Flow Statement for the year ended March 31, 2016

		Notes	₹ in Crore	Previous Year ₹ in Crore
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**10,108.10**	8,624.14
	Adjustments for:			
	Depreciation and Amortisation	**11 & 12**	**54.28**	29.78
	Provision for Contingencies	**30.2**	**715.00**	165.00
	Interest Expense	**26**	**19,183.49**	17,864.71
	Net Loss/(Gain) on translation of foreign currency monetary assets and liabilities	**26.2**	**52.00**	(19.95)
	Interest Income	**23**	**(27,761.16)**	(25,605.58)
	Utilisation of Shelter Assistance Reserve	**3**	**(85.31)**	(0.79)
	Profit on Sale of Investments		**(1,647.81)**	(441.28)
	Dividend Income	**23**	**(806.88)**	(688.28)
	Profit on Sale of Investment in Properties		**(1.48)**	(6.37)
	Surplus from deployment in Cash Management Schemes of Mutual Funds	**23**	**(307.87)**	(364.55)
	Profit on Sale of Fixed Assets (Net)		**(2.35)**	(27.34)
	Operating Profit before Working Capital changes		**(499.99)**	(470.51)
	Adjustments for:			
	Current and Non-Current Assets		**(1,968.08)**	21.38
	Current and Non-Current Liabilities		**(155.11)**	(48.74)
	Cash generated from Operations		**(2,623.18)**	(497.87)
	Interest Received		**27,643.13**	25,499.64
	Interest Paid		**(18,755.92)**	(17,787.00)
	Premium Paid on Redemption of Debentures		**(100.86)**	(192.80)
	Dividend Received		**806.88**	688.28
	Taxes Paid		**(2,945.50)**	(2,707.81)
	Net cash from Operations		**4,024.55**	5,002.44
	Loans disbursed (net)		**(30,879.71)**	(30,964.16)
	Corporate Deposits (net)		**(425.65)**	492.49
	Net cash used in operating activities		**(27,280.81)**	(25,469.23)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(37.38)**	(451.77)
	Sale of Fixed Assets		**3.16**	56.83
			(34.22)	(394.94)
	Investments in Subsidiaries		**(22.04)**	(60.01)
	Investment in Cash Management Schemes of Mutual Funds		**(3,46,702.00)**	(3,08,896.00)
	Other Investments		**(1,916.35)**	(1,743.60)
	Proceeds on Sale of Investments:			
	- in a Subsidiary Company		**1,784.62**	297.31
	- in Cash Management Schemes of Mutual Funds		**3,47,009.87**	3,09,260.55
	- in other Companies and Properties		**729.68**	1,733.33
	Net cash from investing activities		**849.56**	196.64
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**2.1**	**1.03**	2.84
	Securities Premium	**3**	**345.30**	681.45
	Money received against warrants		**51.10**	-
	Deposits, Commercial Papers and other Short Term Borrowings (Net)		**7,747.21**	26,887.75
	Proceeds from other borrowings		**66,009.90**	48,555.01
	Repayment of other borrowings		**(45,379.01)**	(50,866.15)
	Dividend paid - Equity Shares		**(2,050.29)**	(2,502.57)
	Tax paid on Dividend		**(416.53)**	(366.33)
	Net cash from financing activities		**26,308.71**	22,392.00
	Net (Decrease)/Increase in cash and cash equivalents [A + B + C]		**(122.54)**	(2,880.59)
	Add: Cash and cash equivalents as at the beginning of the year	**19**	**2,756.93**	5,634.72
	Add: Exchange difference on bank balance		**3.71**	2.80
	Cash and cash equivalents as at the end of the year	**19**	**2,638.10**	2,756.93
	Earmarked balances with banks:			
	- Unclaimed Dividend Account		**493.44**	20.47
	- Towards Guarantees Issued by Banks		**0.06**	0.13
	- Other Against Foreign Currency Loans		**7.99**	7.10
	Short-term bank deposits		**2,165.10**	580.02
	Cash and Bank balances at the end of the year	**19**	**5,304.69**	3,364.65

See accompanying notes forming part of the financial statement

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, May 2, 2016

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
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V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Notes forming part of the standalone financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

These financial statements have been prepared 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.

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.

1.2 SYSTEM OF ACCOUNTING

The Corporation adopts the accrual concept in the preparation of the financial statements.

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.

1.3 INFLATION

Assets and liabilities are recorded at historical cost to the Corporation. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.4 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.

1.5 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.

1.6 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 acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

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.

1.8 **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 either on an annual rest or 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.

1.9 **DIVIDEND**

Dividend income is recognised when the right to receive has been established.

1.10 **FEES AND OTHER REVENUE**

Fees, charges and other revenue 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.

1.11 **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.

1.12 **INCOME FROM INVESTMENTS**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest income is accounted on accrual basis.

The gain/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on Sale of investment is determined after consideration of cost on a weighted average basis.

1.13 **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 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 holds these instruments till maturity. At each reporting date these liabilities are restated at the closing rate.

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 of certain securities are charged to the securities premium account.

1.14 **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, where not covered by forward contracts. 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. Monetary items represented by currency swap contracts are recorded at closing rate.

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.

1.15 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

1.16 **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.

1.17 **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 value of such investments. Current investments are carried individually, at the lower of cost and fair value. 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 (AS) 13 on ‘Accounting for Investments’, and is recognised through the Provision for Contingencies Account. Investment in 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.

1.18 **TANGIBLE FIXED ASSETS**

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

1.19 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.20 **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 technical advice, 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.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

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

Investment In Properties

Depreciation on Investment in Properties is provided on a pro-rata basis from the date of acquisition.

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.

1.21 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.

1.22 PROVISION FOR CONTINGENCIES AND NON-PERFORMING ASSETS

The Corporation's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB Guidelines.

1.23 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.24 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

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are 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.

Defined benefit plans

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.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

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.

1.25 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.

1.26 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 tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

1.27 **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.28 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation 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.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

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, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
AUTHORISED		
170,00,00,000 Equity Shares of ₹ 2 each	**340.00**	325.00
(Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)		
	340.00	325.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
157,98,46,340 Equity Shares of ₹ 2 each	**315.97**	314.94
(Previous Year 157,46,97,670 Equity Shares of ₹ 2 each)		
	315.97	314.94

2.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2016**		As at March 31, 2015	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**157,46,97,670**	**314.94**	156,05,32,605	312.10
Shares allotted pursuant to exercise of stock options	**51,48,670**	**1.03**	1,41,65,065	2.84
Equity shares outstanding as at the end of the year	**157,98,46,340**	**315.97**	157,46,97,670	314.94

2.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016. Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2015 are given below:

Particulars	As on March 31, 2015	
	Number	Percentage of shares held to total Shares
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08%

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, 2016 - **8,19,25,500 shares** (Previous Year 5,05,74,170 shares) were reserved for issuance as follows:

a) **4,54,25,500 shares** of ₹ 2 each (Previous Year 5,05,74,170 shares of ₹ 2 each) towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 2.4].

b) **3,65,00,000 shares** of ₹ 2 each (Previous Year Nil) towards outstanding warrants [Refer Note 3.10].

2.4 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 **59,58,841 options** (Previous Year NIL options) were vested. In the current year **51,427 options** (Previous Year 49,045 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, during the year **36,043 options** (Previous Year 1,80,438 options) were vested. In the current year **2,884 options** (Previous Year 13,263 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 97 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. In the current year **628 options** (Previous Year 882 options) lapsed. 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 account 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-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**62,24,019**	-
Granted during the year	**-**	62,73,064
Vested during the year	**59,58,841**	-
Exercised during the year	**1,00,921**	-
Lapsed during the year	**51,427**	49,045
Outstanding at the end of the year	**60,71,671**	62,24,019
Unvested at the end of the year	**2,22,048**	62,24,019
Exercisable at the end of the year	**58,49,623**	-
Weighted average price per option	**₹ 5,073.25**	

Particulars	ESOS-11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**37,45,586**	54,06,415
Granted during the year	**-**	-
Vested during the year	**36,043**	1,80,438
Exercised during the year	**9,28,751**	16,47,566
Lapsed during the year	**2,884**	13,263
Outstanding at the end of the year	**28,13,951**	37,45,586
Unvested at the end of the year	**-**	36,043
Exercisable at the end of the year	**28,13,951**	37,09,543
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,102**	11,82,357
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**-**	11,77,158
Lapsed during the year	**-**	97
Outstanding at the end of the year	**5,102**	5,102
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,102**	5,102
Weighted average price per option	**₹ 1,350.60**	

Particulars	ESOS-07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,977**	15,148
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**62**	8,289
Lapsed during the year	**628**	882
Outstanding at the end of the year	**5,287**	5,977
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,287**	5,977
Weighted average price per option	**₹ 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. Accordingly, each option exercised after August 21, 2010 is entitled to 5 equity shares 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-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows:

Particulars	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under 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 under ESOS-14 and ESOS-11 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)	**7,093.10**	5,990.14
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **338.50 crore** (Previous Year ₹ 300.92)] (pro-forma)	**221.35**	198.64
Net Profit (pro-forma)	**6,871.75**	5,791.50
Less: Amounts utilised out of Shelter Assistance Reserve	**85.31**	10.83
Net Profit considered for computing EPS (pro-forma)	**6,786.44**	5,780.67

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**44.43**	38.13
Basic earnings per share (pro-forma)	**43.03**	36.86
Diluted earnings per share (as reported)	**44.10**	37.78
Diluted earnings per share (pro-forma)	**42.70**	36.52

2.5 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

	₹ in Crore	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SPECIAL RESERVE No. I [Refer Notes 3.1 & 3.2]		**51.23**	51.23
SPECIAL RESERVE No. II [Refer Notes 3.1 & 3.2]			
Opening Balance	**7,469.95**		6,415.95
Add: Transfer from Statement of Profit and Loss [Refer Note 3.3]	**1,095.00**		1,054.00
		8,564.95	7,469.95
GENERAL RESERVE			
Opening Balance	**9,541.55**		8,097.76
Less: Utilised towards Deferred Tax Liability for Special Reserve [Refer Note 3.2]	**(559.54)**		(559.54)
Add: Transfer from Statement of Profit and Loss	**2,385.12**		2,003.33
		11,367.13	9,541.55
STATUTORY RESERVE (As per Section 29C of The National Housing Bank Act, 1987)			
Opening Balance	**3,279.42**		3,129.42
Add: Transfer from Statement of Profit and Loss [Refer Note 3.3]	**325.00**		150.00
		3,604.42	3,279.42
SECURITIES PREMIUM			
Opening Balance	**10,256.81**		9,990.42
Add: Received during the year	**345.30**		681.45
	10,602.11		10,671.87
Less: Utilised during the year (Net) [Refer Note 3.4] [Net of tax effect of ₹ **247.84 crore** (Previous Year ₹ 213.72 crore)]	**468.29**		415.06
		10,133.82	10,256.81
SHELTER ASSISTANCE RESERVE			
Opening Balance	**89.78**		100.61
Add: Transfer from Statement of Profit and Loss	**150.00**		-
	239.78		100.61
Less: Utilised during the year [Refer Note 36]	**85.31**		10.83
		154.47	89.78
CAPITAL RESERVE		**0.04**	0.04
FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT (Debit Balance) [Refer Note 3.5]			
Opening Balance (Debit)	**(33.75)**		(142.34)
Add/(Less): Effect of foreign exchange rate variations during the year	**(199.39)**		35.33
Add/(Less): Amortisation for the year [Refer Note 3.6]	**111.07**		73.26
Closing balance - (Debit)		**(122.07)**	(33.75)

	₹ in Crore	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:			
Opening Balance	**-**		-
Profit for the year	**7,093.10**		5,990.14
Amount available for appropriations	**7,093.10**		5,990.14
Appropriations:			
Special Reserve No. II [Refer Note 3.3]	**1,095.00**		1,054.00
General Reserve	**2,385.12**		2,003.33
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987) [Refer Note 3.3]	**325.00**		150.00
Shelter Assistance Reserve	**150.00**		-
Interim Dividend [Refer Note 3.7]	**473.95**		314.94
[Dividend ₹ **3.00** per equity share of ₹ 2 each (Previous Year ₹ 2.00 per equity share of ₹ 2 each)]			
Tax on Interim Dividend	**10.48**		12.10
Proposed Dividend	**2,211.78**		2,047.11
[Dividend ₹ **14.00** per equity share of ₹ 2 each (Previous Year ₹ 13.00 per equity share of ₹ 2 each)]			
Tax on Proposed Dividend	**450.27**		416.74
Tax on Dividend credit taken [Refer Note 3.8]	**(11.14)**		(18.59)
Dividend including tax of ₹ **0.45** crore (Previous Year ₹ 1.53 crore) pertaining to previous year paid during the year [Refer Note 3.9]	**2.64**		10.51
		-	-
		33,753.99	30,655.03

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 has created 25 percent of deferred tax liability of ₹ **559.54 crore** (Previous Year ₹ 559.54 crore) on the balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve. The balance amount of deferred tax liability of ₹ 1,119.08 crore will be created in the next financial year [Refer Note 14].

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 ₹ **1,095 crore** (Previous Year ₹ 1,054 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **325 crore** (Previous Year ₹ 150 crore) to “Statutory Reserve (As per Section 29C of The NHB Act)”.

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under Section 29C of the NHB Act is provided:

₹ in Crore

Particulars		Current Year	Previous Year
	Balance at the beginning of the year		
a)	Statutory Reserve under Section 29C of The NHB Act	**3,279.42**	3,129.42
b)	Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act		
	Special Reserve No. II	**7,167.95**	6,113.95
		10,447.37	9,243.37
	Addition/Appropriation/Withdrawal during the year		
	Add:		
a)	Amount transferred under Section 29C of the NHB Act	**325.00**	150.00
b)	Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act	**1,095.00**	1,054.00
	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, 1961 which has been taken into account for the purpose of provision under Section 29C of the NHB Act	**-**	-
		11,867.37	10,447.37
	Balance at the end of the year		
a)	Statutory Reserve under Section 29C of the NHB Act	**3,604.42**	3,279.42
b)	Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act		
	Special Reserve No. II	**8,262.95**	7,167.95
		11,867.37	10,447.37

3.4 During the year, the Corporation utilised ₹ **468.29 crore** (net of tax effect of ₹ **247.84 crore**) [(Previous Year ₹ 415.06 crore (net of tax effect of ₹ 213.72 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 and issue expenses in respect of secured redeemable non-convertible debenture simultaneously with the issue of Warrants.

3.5 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 ₹ **122.07 crore** (without considering future tax benefit of ₹ **42.25 crore**) [(Previous Year ₹ 33.75 crore) (without considering future tax benefits of ₹ 11.47 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2016. This amount is to be amortised over the corresponding period of the monetary assets/liabilities ranging upto 5 years.

3.6 During the year, there was a net addition of ₹ **88.32 crore** (Previous Year net reduction ₹ 108.59 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

₹ in Crore

Particulars	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	**(140.32)**	128.54
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	**(59.07)**	(93.21)
Net amortisation Debit/(Credit) during the year	**111.07**	73.26
Net (addition)/reduction during the year	**(88.32)**	108.59

3.7 The Board of Directors of the Corporation at its meeting held on March 21, 2016, *inter alia*, has approved the payment of an interim dividend of ₹ **3** per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2015-16.

3.8 Additional Tax on dividend FY 2014-15 credit taken, ₹ **11.14 crore** (Previous Year ₹ 18.59 crore for FY 2013-14), pertains to 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.

3.9 In respect of equity shares issued pursuant to exercise of stock option under the ESOS schemes, the Corporation paid dividend of ₹ **2.19 crore** for the year 2014-15 (₹ 8.98 crore for the year 2013-14) and tax on dividend of ₹ **0.45 crore** (Previous Year ₹ 1.53 crore) as approved by the shareholders at the Annual General Meeting held on July 28, 2015.

3.10 The Corporation has on October 5, 2015 issued 3,65,00,000 Warrants, convertible into 3,65,00,000 equity share of face value 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 Section 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 Company is eligible to forfeit the amounts received towards the warrants.

4. LONG-TERM BORROWINGS

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Bonds and Debentures [Refer Notes 4.3 & 4.10]	**63,267.20**		60,192.20
Term Loans:			
- Banks [Refer Note 4.10]	**5,415.69**		6,378.01
- External Commercial Borrowing - Low Cost Affordable Housing [Refer Notes 4.5 & 4.10]	**5,318.40**		1,884.00
- Others [Refer Note 4.10]	**1,996.86**		1,300.15
		75,998.15	69,754.36
Deposits [Refer Note 4.3]		**33,186.30**	27,847.98
Total		**1,09,184.45**	97,602.34

4.1 Long-term borrowings are further sub-classified as follows :

₹ in Crore

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
	Secured: [Refer Note 4.2]		
a)	**Bonds and Debentures**		
	- Bonds	**40.50**	46.50
	- Non-Convertible Debentures	**57,726.70**	54,170.70
	Sub-Total	**57,767.20**	54,217.20
b)	**Term Loans from Banks**		
	- Scheduled Banks	**4,731.81**	4,899.81
	Sub-Total	**4,731.81**	4,899.81
c)	**Term Loans from other parties**		
	- Asian Development Bank [Refer Note 4.4]	**205.11**	232.09
	- National Housing Bank	**1,791.75**	1,065.06
		1,996.86	1,297.15
	Total Secured	**64,495.87**	60,414.16
	Unsecured:		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures [Refer Note 4.9]	**5,500.00**	5,975.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**683.88**	1,478.20
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**5,318.40**	1,884.00
d)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**-**	3.00
e)	**Deposits** [Refer Note 4.8]	**33,186.30**	27,847.98
	Total Unsecured:	**44,688.58**	37,188.18
	Total	**1,09,184.45**	97,602.34

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 ₹ **676.00 crore** (Previous Year ₹ 785.00 crore) and Deposits includes ₹ **0.01 crore** (Previous Year ₹ 2.38 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 Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange.

4.5 The Corporation had availed an External Commercial Borrowing (ECB) of **USD 300 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings had been swapped into rupees for the entire maturity by way of principal only swaps. The unamortised charges for raising of the ECB have been written off in the current year.

During the financial year, the Corporation has refinanced the said ECB of **USD 300 million** for the balance tenure for a lower interest rate, thereby resulting in a reduction in the interest cost. The said refinanced ECB is swapped into rupees for the entire balance maturity by way of principal only swaps. The charges towards refinance of the ECB has been amortised over the tenure of the ECB.

During the financial year, the Corporation has availed an ECB of **USD 500 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. 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 charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

4.6 As on March 31, 2016, the Corporation has foreign currency borrowings of **USD 1,447.36 million equivalent** (Previous Year USD 1013.01 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 1,295.81 million equivalent** (Previous Year USD 495.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2016, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 70 million equivalent** (Previous Year USD 330 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 interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 19,935 crore** (Previous Year ₹ 15,240 crore) as on March 31, 2016 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 243.11 million equivalent** (Previous Year USD 408.69 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.

4.7 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **84.98 crore** (Previous Year ₹ Nil).

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, 2016, the Corporation's outstanding subordinated debt is ₹ **5,975 crore** (Previous Year ₹ 6,475 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, 2016, **85.36%** (Previous Year 84.86%) 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					
7.6% - 8%		**500.00**	**-**	**-**	**500.00**
		(800.00)	-	-	*(800.00)*
8.01% - 10%		**25,515.70**	**13,536.00**	**8,895.00**	**47,946.70**
		(24,206.00)	*(8,174.70)*	*(10,795.00)*	*(43,175.70)*
10.01% - 11.95%		**5,320.00**	**-**	**-**	**5,320.00**
		(2,205.00)	*(4,200.00)*	-	*(6,405.00)*
Zero Coupon		**1,960.00**	**2,000.00**	**-**	**3,960.00**
		(2,990.00)	*(800.00)*	-	*(3,790.00)*
Variable Rate					
- Linked to G Sec		**13.15**	**14.95**	**12.40**	**40.50**
		(12.30)	*(14.10)*	*(20.10)*	*(46.50)*
TOTAL SECURED	**A**	**33,308.85**	**15,550.95**	**8,907.40**	**57,767.20**
	A	*(30,213.30)*	*(13,188.80)*	*(10,815.10)*	*(54,217.20)*
Bonds & Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
8.65% - 9.6%		**-**	**1,500.00**	**4,000.00**	**5,500.00**
		(475.00)	*(500.00)*	*(5,000.00)*	*(5,975.00)*
TOTAL UNSECURED	**B**	**-**	**1,500.00**	**4,000.00**	**5,500.00**
	B	*(475.00)*	*(500.00)*	*(5,000.00)*	*(5,975.00)*
TOTAL (SECURED & UNSECURED)	**A+B**	**33,308.85**	**17,050.95**	**12,907.40**	**63,267.20**
	A+B	*(30,688.30)*	*(13,688.80)*	*(15,815.10)*	*(60,192.20)*

B) TERM LOANS FROM BANKS

Previous Year figures are in (brackets)

₹ in Crore

		1-3 years	3-5 years	> 5 years	TOTAL
Term Loans from Banks - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
8.5% - 9%		**32.00**	**-**	**300.00**	**332.00**
		-	-	-	-
9.01% - 10.15%		**2,900.00**	**100.00**	**1,000.00**	**4,000.00**
		(3,400.00)	*(100.00)*	*(1,000.00)*	*(4,500.00)*
Term Loans from Scheduled Banks - Foreign Currency		**399.81**	**-**	**-**	**399.81**
USD LIBOR +150- 200 bps		*(399.81)*	-	-	*(399.81)*
TOTAL SECURED	**A**	**3,331.81**	**100.00**	**1,300.00**	**4,731.81**
	A	*(3,799.81)*	*(100.00)*	*(1,000.00)*	*(4,899.81)*
Term Loans from Banks - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
9.25% - 9.85%		**285.00**	**-**	**-**	**285.00**
		(285.00)	-	-	*(285.00)*
Term Loans from Scheduled Banks - Foreign Currency					
USD LIBOR + 200 - 325 bps		**398.88**	**-**	**-**	**398.88**
		(1,193.20)	-	-	*(1,193.20)*
TOTAL UNSECURED	**B**	**683.88**	**-**	**-**	**683.88**
	B	*(1,478.20)*	-	-	*(1,478.20)*
TOTAL (SECURED & UNSECURED)	**A + B**	**4,015.69**	**100.00**	**1,300.00**	**5,415.69**
	A + B	*(5,278.01)*	*(100.00)*	*(1,000.00)*	*(6,378.01)*

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	**1,994.40**	**-**	**-**	**1,994.40**
	-	*(1,884.00)*	-	*(1,884.00)*
USD LIBOR + 120 bps	**-**	**3,324.00**	**-**	**3,324.00**
	-	-	-	-
TOTAL UNSECURED	**1,994.40**	**3,324.00**	**-**	**5,318.40**
	-	*(1,884.00)*	-	*(1,884.00)*

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)

₹ in Crore

Term Loans from Other parties - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Asian Development Bank					
USD LIBOR + 40 bps		**17.53**	**19.82**	**16.55**	**53.90**
		(15.57)	*(17.61)*	*(25.28)*	*(58.46)*
Variable linked to Bank PLR		**26.37**	**29.82**	**24.89**	**81.08**
		(24.80)	*(28.04)*	*(40.26)*	*(93.10)*
Variable linked to G Sec		**22.81**	**25.79**	**21.53**	**70.13**
		(21.45)	*(24.25)*	*(34.83)*	*(80.53)*
National Housing Bank					
6% - 8%		**180.43**	**77.73**	**108.05**	**366.21**
		(225.80)	*(112.81)*	*(127.45)*	*(466.06)*
8.01% - 9.95%		**1,334.32**	**91.22**	**-**	**1,425.54**
		(422.87)	*(153.32)*	*(22.81)*	*(599.00)*
TOTAL SECURED	**A**	**1,581.45**	**244.38**	**171.03**	**1,996.86**
	A	*(710.49)*	*(336.03)*	*(250.63)*	*(1,297.15)*
Term Loans from Other parties - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Kreditanstalt für Wiederaufbau					
6%		**-**	**-**	**-**	**-**
		(3.00)	-	-	*(3.00)*
TOTAL UNSECURED	**B**	**-**	**-**	**-**	**-**
	B	*(3.00)*	-	-	*(3.00)*
TOTAL (SECURED & UNSECURED)	**A + B**	**1,581.45**	**244.38**	**171.03**	**1,996.86**
	A + B	*(713.49)*	*(336.03)*	*(250.63)*	*(1,300.15)*

5. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	**March 31, 2016**	March 31, 2015
Amounts payable on swaps [Refer Note 4.7]	**-**	397.09
Interest accrued but not due on borrowings	**974.58**	772.20
Premium payable on redemption of Debentures	**557.38**	1,160.26
Security and other deposits received	**6.63**	9.50
Income received in advance	**66.47**	81.78
Accrued Redemption Loss on Investments	**8.33**	15.98
TOTAL	**1,613.39**	2,436.81

6. LONG-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Provision for Employee Benefits [Refer Note 27.3]	**49.87**	49.44
Provision for Contingencies [Refer Notes 6.1 & 6.2]	**2,077.47**	1,501.44
Total	**2,127.34**	1,550.88

6.1 Provision for 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 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, 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 and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) 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 ₹ **1,341.03 crore** (Previous Year ₹ 1,170.92 crore) towards standard assets. [Refer Note 30.1]

6.2 Movement in Provision for Contingencies Account during the year is as under: [Refer Note 32.1]

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**1,501.44**	1,309.04
Additions during the year (Net) [Refer Note 30.2]	**629.58**	202.44
Utilised during the year – towards Diminution in Value of Investments [Refer Note 30.3]	**(17.02)**	(10.04)
Utilised during the year - towards loans written off	**(36.53)**	-
Closing Balance	**2,077.47**	1,501.44

7. SHORT-TERM BORROWINGS

₹ in Crore

Particulars		March 31, 2016	March 31, 2015
Loans repayable on demand:			
From Banks - Unsecured		-	116.46
Deposits - Unsecured [Refer Notes 7.2 & 4.8]		**3,786.19**	2,822.05
Other loans and advances:			
Scheduled Banks - Secured [Refer Note 7.1]	**10,800.00**		4,660.00
Scheduled Banks - Unsecured	**1,190.00**		-
Commercial Papers - Unsecured [Refer Note 7.3]	**25,726.49**		25,659.20
		37,716.49	30,319.20
Total		**41,502.68**	33,257.71

7.1 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.

7.2 Deposits includes ₹ **0.50 crore** (Previous Year ₹ 16.84 crore) from related parties [Refer Note 35].

7.3 Commercial papers of the Corporation have a maturity value of ₹ **26,650.00 crore** (Previous Year ₹ 26,665.00 crore).

8. TRADE PAYABLES

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Trade Payables	**122.92**	87.80
Total	**122.92**	87.80

8.1 Trade Payables include ₹ **0.15 crore** (Previous Year ₹ 0.07 crore) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/payable by the Corporation during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.

8.2 As required under Section 125 of the Companies Act 2013, the Corporation has transferred ₹ **2.22 crore** (Previous Year ₹ 2.18 crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2016, no amount was due for transfer to the IEPF.

8.3 Trade Payables includes ₹ **25.19 crore** (Previous Year ₹ 23.08 crore) due to related parties [Refer Note 35].

9. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		March 31, 2016	March 31, 2015
Current maturities of long-term borrowings		**86,952.03**	77,738.98
Interest accrued but not due on borrowings	**5,553.58**		5,409.65
Premium payable on redemption of Debentures	**1,349.77**		136.54
Interest accrued and due on matured deposits	**74.35**		78.70
Income and other amounts received in advance	**339.77**		271.60
Unclaimed dividend	**19.48**		16.94
Interim Dividend Payable	**473.95**		3.53
Unclaimed matured deposits	**554.09**		617.92
Other payables			
- Statutory Remittances	**148.59**		147.37
- Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**		7.78
- Amounts payable - Securitised Loans	**580.87**		567.73
- Amounts payable on swaps [Refer Note 4.7]	**211.79**		172.57
- Accrued redemption loss on Investments	**6.77**		-
- Others	**68.89**		37.27
		9,389.68	7,467.60
Total		**96,341.71**	85,206.58

9.1 Current maturities of Long-term borrowings are further sub-classified as under:

₹ in Crore

Sr. No.	Particulars	March 31, 2016	March 31, 2015
	Secured [Refer Notes 9.2 & 9.3]		
(i)	**Bonds and Debentures**		
	- Bonds	**6.00**	5.75
	- Non-Convertible Debentures	**31,370.00**	29,959.60
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**15,524.59**	9,230.40
(iii)	**Term Loans from other parties**		
	- Asian Development Bank	**30.40**	28.18
	- National Housing Bank	**750.25**	391.61
	Total Secured	**47,681.24**	39,615.54
	Unsecured		
(i)	**Bonds and Debentures** [Refer Note 4.9]	**475.00**	500.00
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**1,649.13**	2,191.00
(iii)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**3.00**	14.44
(iv)	**Deposits** [Refer Notes 4.8 & 9.3]	**37,143.66**	35,418.00
	Total Unsecured	**39,270.79**	38,123.44
	Total	**86,952.03**	77,738.98

9.2 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.

9.3 Current maturities of Non-Convertible Debentures includes ₹ **141.00 crore** (Previous Year ₹ 116.00 crore) and Deposits includes ₹ **2.48 crore** (Previous Year ₹ 0.98 crore) from related parties [Refer Note 35].

10. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Provision for Employee benefits [Refer Note 27.3]	**113.09**	110.52
Provision for Tax (Net of Advance Tax)	**61.94**	64.53
Proposed Dividend	**2,211.78**	2,047.11
Additional Tax on Dividend	**450.27**	416.74
Total	**2,837.08**	2,638.90

11. TANGIBLE ASSETS:

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2015	Additions	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2015	For the Year	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Land:												
Freehold	15.70	-	-	0.03	**15.67**	-	-	-	-	-	**15.67**	15.70
	(15.70)	-	-	-	*(15.70)*	-	-	-	-	-	*(15.70)*	*(15.70)*
Leasehold	370.25	-	-	-	**370.25**	2.94	**8.88**	-	-	**11.82**	**358.43**	367.31
	(3.45)	*(366.80)*	-	-	*(370.25)*	*(0.65)*	*(2.29)*	-	-	*(2.94)*	*(367.31)*	*(2.80)*
Buildings:												
Own Use	228.16	**9.90**	**2.51**	**0.47**	**240.10**	39.35	**4.34**	**0.41**	**0.13**	**43.97**	**196.13**	188.81
	(205.78)	*(59.40)*	-	*(37.02)*	*(228.16)*	*(44.41)*	*(3.08)*	-	*(8.14)*	*(39.35)*	*(188.81)*	*(161.37)*
Leasehold Improvements	55.96	**4.62**	-	**0.42**	**60.16**	27.76	**12.91**	-	**0.41**	**40.26**	**19.90**	28.20
	(55.07)	*(2.17)*	-	*(1.28)*	*(55.96)*	*(16.22)*	*(12.81)*	-	*(1.27)*	*(27.76)*	*(28.20)*	*(38.85)*
Computer Hardware	77.89	**6.90**	-	**5.93**	**78.86**	58.63	**8.48**	-	**5.93**	**61.18**	**17.68**	19.26
	(66.91)	*(12.99)*	-	*(2.01)*	*(77.89)*	*(56.43)*	*(4.21)*	-	*(2.01)*	*(58.63)*	*(19.26)*	*(10.48)*
Furniture and Fittings:												
Own Use	59.27	**4.63**	-	**0.67**	**63.23**	37.25	**3.96**	-	**0.60**	**40.61**	**22.62**	22.02
	(61.11)	*(2.49)*	-	*(4.33)*	*(59.27)*	*(42.81)*	*1.39*	-	*(4.17)*	*(37.25)*	*(22.02)*	*(18.30)*
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	(0.71)	-	-	*(0.71)*	-	*(0.63)*	*(0.06)*	-	*(0.69)*	-	-	*(0.08)*
Office Equipment etc.:												
Own Use	56.68	**3.78**	-	**1.51**	**58.95**	32.81	**4.96**	-	**1.35**	**36.42**	**22.53**	23.87
	(57.11)	*(3.22)*	-	*(3.65)*	*(56.68)*	*(33.57)*	*(2.54)*	-	*(3.30)*	*(32.81)*	*(23.87)*	*(23.54)*
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	(0.79)	-	-	*(0.79)*	-	*(0.67)*	*(0.12)*	-	*(0.79)*	-	-	*(0.12)*
Vehicles	13.18	**3.37**	-	**2.54**	**14.01**	6.51	**2.60**	-	**2.34**	**6.77**	**7.24**	6.67
	(11.73)	*(2.88)*	-	*(1.43)*	*(13.18)*	*(7.21)*	*(0.66)*	-	*(1.36)*	*(6.51)*	*(6.67)*	*(4.52)*
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	1,022.64	**33.20**	**2.51**	**11.57**	**1,046.78**	350.80	**46.13**	**0.41**	**10.76**	**386.58**	**660.20**	671.84
Previous Year	*(623.91)*	*(449.95)*	-	*(51.22)*	*(1,022.64)*	*(348.15)*	*(24.38)*	-	*(21.73)*	*(350.80)*	*(671.84)*	*(275.76)*

*Assets held for disposal

11.1 Depreciation charge for the financial year above, excludes ₹ **5.28 crore** (Previous Year ₹ 3.98 crore) being depreciation charge on Investment in Properties.

12. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2015	Additions	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2015	For the Year	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Computer Software Licences	15.84	**2.08**	-	-	**17.92**	10.72	**2.87**	-	-	**13.59**	**4.33**	5.12
(Acquired)	*(14.02)*	*(1.82)*	-	-	*(15.84)*	*(9.30)*	*(1.42)*	-	-	*(10.72)*	*(5.12)*	*(4.72)*
Total	15.84	**2.08**	-	-	**17.92**	10.72	**2.87**	-	-	**13.59**	**4.33**	5.12
Previous Year	*(14.02)*	*(1.82)*	-	-	*(15.84)*	*(9.30)*	*(1.42)*	-	-	*(10.72)*	*(5.12)*	*(4.72)*

13. NON-CURRENT INVESTMENTS (AT COST)

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Trade Investments :		
Equity Shares - Subsidiaries and Associate Companies	**8,080.01**	8,250.18
Preference Shares - Convertible - Subsidiary Company	**67.00**	67.00
Debentures - Redeemable - Subsidiary Company	-	79.00
Debentures - Convertible - Subsidiary Company	**310.18**	-
Venture Funds	**121.26**	223.49
Non Trade Investments :		
Equity Shares	**633.12**	552.70
Preference Shares - Convertible	**0.50**	0.50
Preference Shares - Cumulative Redeemable	**5.99**	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	**63.33**	63.33
Debentures and Bonds - Convertible - Others *	**0.00**	-
Debentures and Bonds - Redeemable - Others	**25.00**	-
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**35.51**	37.10
Security Receipts - Others	**11.73**	8.11
Government Securities	**5,087.40**	4,087.64
Mutual Funds	-	10.00
Venture Funds	**103.22**	110.08
Properties [Net of Depreciation of ₹ **19.97 crore** (Previous Year ₹ 15.11 crore)]	**377.42**	270.93
	14,921.67	13,766.05
Less : Provision for other than temporary Diminution in Value of Investments	**83.83**	74.35
	14,837.84	13,691.70

* Amount less than ₹ 50,000

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**5,817.40**	**47,397.58**
Previous Year	*5,806.92*	*45,661.78*
Aggregate of Investments listed but not quoted	**5,150.73**	
Previous Year	*4,150.97*	
Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)	-	-
Previous Year	*10.00*	*10.20*
Aggregate of Unquoted Investments (Others)	**3,492.29**	
Previous Year	*3,452.88*	
Properties	**377.42**	
Previous Year	*270.93*	
	14,837.84	
Previous Year	*13,691.70*	

Notes forming part of the standalone financial statements (Continued)

Trade Investments :

	Number of Shares	Face Value per Share ₹	**As at March 31, 2016 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Equity Shares - Subsidiaries and Associate Companies (fully paid)						
Subsidiaries						
Credila Financial Services Pvt. Ltd.	4,22,72,003	10	**47.97**	4,22,72,003	10	47.97
GRUH Finance Ltd. * (Refer Note 1)	21,30,77,850	2	**60.74**	21,30,77,850	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	**235.89**	1,50,96,600	10	235.88
HDFC Developers Ltd.	59,90,000	10	**5.99**	30,50,000	10	3.05
HDFC Education and Development Services Pvt. Ltd.	3,02,00,000	10	**30.20**	1,51,00,000	10	15.10
HDFC ERGO General Insurance Co. Ltd.	39,66,08,250	10	**644.96**	39,66,08,250	10	644.96
HDFC Holdings Ltd.	18,00,070	10	**102.40**	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	**66.15**	2,66,70,500	10	66.15
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**	–	–	–
HDFC Realty Ltd.	97,50,070	10	**9.31**	77,50,070	10	7.31
HDFC Sales Pvt. Ltd.	40,10,000	10	**4.02**	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	122,97,60,125	10	**1,316.56**	140,92,99,334	10	1,508.78
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
			2,527.74			2,697.91
Associate Companies						
HDFC Bank Ltd. *	39,32,11,100	2	**5,549.74**	39,32,11,100	2	5,549.74
India Value Fund Advisors Pvt. Ltd.	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
			8,080.01			8,250.18

* listed shares

	Number of Shares	Face Value per Share ₹	**As at March 31, 2016 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Preference Shares - Convertible - Subsidiary Company (fully paid)						
0.01% 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 - Redeemable - Subsidiary Company (fully paid)	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2016 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	90	10,00,000	9.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	50	10,00,000	5.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	50	10,00,000	5.00
			-			79.00

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2016 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
Debentures - Convertible - Subsidiary Companies						
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects						
- Redeemable (fully paid)*						
6.40% Haddock Properties Pvt. Ltd.	6,981	100,000	**56.39**	-	-	-
9.00% Pentagram Properties Pvt. Ltd.	5,532	100,000	**54.47**	-	-	-
6.50% Winchester Properties Pvt. Ltd.	3,912	100,000	**39.12**	-	-	-
7.70% Windermere Properties Pvt. Ltd.	11,520	100,000	**115.20**	-	-	-
			265.18	-	-	-
* received in specie distribution						
Debentures - Convertible - Subsidiary Companies - Others						
- Redeemable (fully paid)						
0.00% HDFC Sales Pvt. Ltd.	1,00,00,000	10	**10.00**	-	-	-
0.00% HDFC Developers Ltd.	1,00,00,000	10	**10.00**	-	-	-
0.00% HDFC Education and Development Services Pvt. Ltd.	2,50,00,000	10	**25.00**	-	-	-
			45.00			-
			310.18			-
Venture Funds						
HDFC Investment Trust			-			172.35
HDFC Investment Trust II			**121.26**			51.14
			121.26			223.49

Non - Trade Investments:

	Number of Shares	Face Value per Share ₹	**As at March 31, 2016 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Equity Shares (fully paid)						
Unlisted :						
AEC Cements and Constructions Ltd.	2,80,000	10	**0.28**	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. (Refer Note 1)	11,51,234	10	**34.09**	11,51,234	10	34.09
CL Educate Ltd.	5,94,233	10	**35.08**	5,94,233	10	35.08
Feedback Infra Pvt. Ltd.	7,53,114	10	**24.93**	18,10,515	10	8.97
(Erstwhile Feedback Ventures Pvt. Ltd.)						
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 Infra Debt Fund Ltd. (Refer Note 1)	6,00,00,000	10	**60.00**	-	-	-
Idhasoft Ltd.	4,71,06,525	1	**8.21**	4,71,06,525	1	8.21
INCAB Industries Ltd.	76,188	10	**0.23**	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	**0.15**	1,50,000	10	0.15

	Number of Shares	Face Value per Share ₹	**As at March 31, 2016 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Infrastructure Leasing & Financial Services Ltd.	1,15,87,194	10	**78.11**	1,15,87,194	10	78.11
Iridium India Telecom Ltd*	31,75,750	10	**0.00**	-	-	-
IVF Advisors Pvt. Ltd.	2,000	10	**0.01**	2,000	10	0.01
Kesoram Textile Mills Ltd.	22,258	2	**-**	22,258	2	-
(received on demerger in 1999-2000)						
Mahindra First Choice Wheels Ltd.	-	-	**-**	31,82,000	10	4.84
MIEL e-Security Pvt. Ltd.	1,11,112	10	**4.11**	1,11,112	10	4.11
National Stock Exchange of India Ltd.	73,750	10	**21.45**	73,750	10	21.45
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 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
RBL Bank Ltd.	88,04,680	10	**58.99**	88,04,680	10	58.99
TVS Credit Services Ltd.	50,00,000	10	**10.00**	50,00,000	10	10.00
VBHC Value Homes Private Limited (Refer Note 1)	1,89,394	10	**6.08**	1,89,394	10	6.08
Vayana Enterprises Pvt. Ltd.	6,87,614	10	**2.29**	10,44,776	10	3.47
			399.19			329.25
Listed :						
Andhra Cements Ltd.	2,59,57,055	10	**49.82**	2,59,57,055	10	49.82
Bharat Bijlee Ltd.	1,22,480	10	**2.65**	1,22,480	10	2.65
Coromandel International Ltd. (received under Scheme of Arrangement in 2003-04)	2,69,330	2	**-**	2,69,330	2	-
DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	-	-	**-**	40,47,926	10	16.89
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	**105.50**	1,48,26,303	10	105.50
Indraprastha Medical Corporation Ltd.	61,46,897	10	**26.39**	90,00,000	10	38.65
Infosys Ltd.	85,000	5	**9.32**	-	-	-
IDFC Ltd.	3,72,159	10	**0.22**	27,94,319	10	2.79
IDFC Bank Ltd	19,94,319	10	**0.79**	-	-	-
Kotak Mahindra Bank Ltd	1,66,201	5	**10.58**	-	-	-
Siemens Ltd.	76,353	2	**2.70**	2,02,707	2	7.15
State Bank of India	3,25,000	10	**7.82**	-	-	-
Sun Pharmaceuticals Industries Ltd	1,60,768	1	**13.96**	-	-	-
Tata Power Company Ltd	7,00,000	1	**4.18**	-	-	-
			233.93			223.45
			633.12			552.70

* Amount less than ₹ 50,000

	Number of Shares	Face Value per Share ₹	**As at March 31, 2016 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Preference Shares - Convertible (fully paid)						
0.02% Ziqitza Healthcare Ltd. (Compulsorily Fully Convertible Preference Shares)	2,350	10	**0.50**	2,350	10	0.50
			0.50			0.50
Preference Shares - Cumulative Redeemable (fully paid)						
0.001% BPL Ltd.	5,99,014	100	**5.99**	5,99,014	100	5.99
			5.99			5.99

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2016 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
Debentures and Bonds - Redeemable						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
NHB Sumeru Zero Coupon Bonds (Refer Note 3 below) (yield to maturity - 9%)	1,50,000	10,000	**63.33**	1,50,000	10,000	63.33
			63.33			63.33
Debentures and Bonds - Convertible - Others (fully paid)						
17.50% Iridium India Telecom Ltd*	28,750	1,000	**0.00**	-	-	-
* Amount less than ₹ 50,000			**0.00**			-
Debentures and Bonds - Redeemable - Others (fully paid)						
- Unlisted						
10.25% RBL Bank Ltd	250	10,00,000	**25.00**	-	-	-
			25.00			-

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	**15.54**	17.13
Security Receipts	**19.97**	19.97
	35.51	37.10
- Others		
Security Receipts	**11.73**	8.11
	11.73	8.11
Government Securities		
Government of India Loans	**5,087.40**	4,087.64
	5,087.40	4,087.64
Schemes of Mutual Funds		
HDFC Mutual Fund	**-**	10.00
	-	10.00
Venture Funds		
Faering Capital India Evolving Fund	**37.16**	27.11
HDFC Capital Affordable Real Estate Fund – I	**0.59**	-
India Value Fund	**48.75**	47.24
India Venture Trust	**-**	5.00
Kaizen Domestic Scheme 1	**8.92**	7.29
Tata Capital Growth Fund	**7.80**	6.72
Tamil Nadu Urban Development Fund	**-**	16.72
	103.22	110.08

Notes :

1) Unquoted investments include ₹ **100.17 crore** (Previous Year ₹ 40.17 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ **60.74 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.

14. DEFERRED TAX ASSET / LIABILITY

In compliance with the Accounting Standard (AS) 22 relating to 'Accounting for Taxes on Income', the Corporation has taken debit of ₹ **142.00 crore** (Previous Year ₹ 271.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2016 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **559.54 crore** (Previous Year ₹ 559.54 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	-	**58.92**	-	61.92
b) Special Reserve I & II	-	**1,862.81**	-	924.31
c) Provision for Contingencies	**959.04**	-	726.81	-
d) Provision for Employee Benefits	**47.80**	-	43.48	-
e) Accrued Redemption Loss (net)	**5.23**	-	5.53	-
f) Others (net)	**7.45**	-	9.74	-
Total	**1,019.52**	**1,921.73**	785.56	986.23
Net Deferred Tax Liability	**902.21**		200.67	

15. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Loans: [Refer Notes 15.3, 15.4 & 15.5]			
- Individuals		**1,69,017.37**	1,46,668.23
- Corporate Bodies		**61,071.84**	52,768.61
- Others		**3,347.49**	2,724.33
		2,33,436.70	2,02,161.17
Less: Provision for Sub-Standard and Doubtful loans [Refer Notes 15.6 & 30.1] (including additional provision made by the Corporation in the previous year)		**(566.16)**	(480.74)
		2,32,870.54	2,01,680.43
Others:			
Corporate Deposits - Unsecured; Considered doubtful	**2.00**		2.00
Corporate Deposits - Secured; Considered good	**3.80**		-
Capital Advances - Unsecured; Considered good	**9.94**		10.70
Advance against Investment in Properties	-		0.59
Security Deposits - Unsecured; Considered good	**19.47**		18.69
Instalments due from borrowers - Secured; Considered doubtful	**108.84**		99.39
Others - Unsecured; Considered doubtful	**49.71**		49.71
Other Long-term Loans and Advances:			
- Staff Loans Others - Secured; Considered good [Refer Note 15.1]	**18.14**		17.53
- Prepaid Expenses - Unsecured; Considered good	**111.97**		91.16
- Advance Tax (Net of Provision)	**2,396.57**		2,326.66
	2,720.44		2,616.43
Less : Provision for Doubtful Corporate Deposit & Other Receivables [Refer Note 32.1]	**51.71**		51.71
		2,668.73	2,564.72
		2,35,539.27	2,04,245.15

15.1 Loans include amounts due from the directors ₹ **0.06 crore** (Previous Year ₹ 0.08 crore) [Refer Note 35].

15.2 Investments in Debentures, Pass Through Certificates and Security Receipts amounting to ₹ **364.02 crore** (Previous Year ₹ 100.44 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected as a part of Long Term Investment in Note 13.

15.3 Loans granted by the Corporation aggregating to ₹ **2,33,106.17 crore** (Previous Year ₹ 1,99,935.60 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's [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

15.4 Loans include ₹ **75.77 crore** (Previous Year ₹ 198.33 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

15.5 Long term loans and advances includes Sub-Standard and Doubtful Loans of ₹ **1,832.75 crore** (Previous Year ₹ 1,542.36 crore). [Refer Note 30.1]

15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 32.1]

₹ in Crore

Particulars	**Current Year**	Previous Year
Opening Balance	**480.74**	545.96
Additions/(Reversal) during the year (Net) [Refer Note 30.2]	**85.42**	(37.44)
Utilised during the year – towards Loans written off	**-**	(27.78)
Closing Balance	**566.16**	480.74

16. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	**As at March 31, 2016**	As at March 31, 2015
Receivables on Securitised Loans	**371.18**	353.19
Forward Receivable	**83.69**	104.00
Amounts Receivable on swaps and other derivatives	**87.22**	-
Interest accrued but not due on Loans	**80.34**	373.24
Interest accrued but not due on Bank Deposits	**0.72**	26.16
Income accrued but not due on Investments	**52.54**	42.93
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	**64.04**	1,863.59
Total	**739.73**	2,763.11

16.1 Bank deposits, with maturities beyond twelve months from the balance sheet date, includes earmarked balances ₹ **53.90 crore** (Previous Year ₹ 58.46 crore) against foreign currency loans [Refer Note 4.4] and ₹ **0.14 crore** (Previous Year ₹ 0.13 crore) towards letter of credit issued by Bank.

17. CURRENT INVESTMENTS

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Held as Current Investments		
(At lower of cost and fair value unless stated otherwise)		
Trade		
Equity Shares - Subsidiary Companies	**108.67**	108.67
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable [Refer Note 20.5]	-	265.18
Venture Funds	**176.35**	-
Non Trade		
Equity Shares - Unlisted	-	45.00
Debentures and Bonds - Redeemable	-	10.00
Current portion of Long-term Investments (at cost)		
Debentures and Bonds - Redeemable - for Financing Real Estate Projects [Refer Note 20.5]	-	100.00
Debentures and Bonds - Redeemable - Others	-	20.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**6.05**	13.11
Government Securities	**172.13**	-
Mutual Funds	**10.00**	-
Venture Funds & Other Funds	**41.19**	44.77
	514.39	606.73
Less : Provision for Diminution in Value of Investments	**6.80**	4.09
	507.59	602.64

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	-	-
Previous Year	-	-
Aggregate of Investments listed but not quoted	**172.13**	
Previous Year	*110.00*	
Aggregate of Investments in Unquoted Mutual Funds (Refer Note 2 below)	**10.00**	10.35
Previous Year	-	-
Aggregate of Unquoted Investments (Others)	**325.46**	
Previous Year	*492.64*	
	507.59	
Previous Year	*602.64*	

Held as Current Investments	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Trade Investments :						
Equity Shares - Subsidiary Companies (fully paid) *						
Grandeur Properties Pvt. Ltd.	10,000	10	**49.80**	10,000	10	49.80
Windermere Properties Pvt. Ltd.	10,000	10	**56.68**	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	**2.19**	10,000	10	2.19
			108.67			108.67

Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects

- Redeemable (fully paid)*	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2016 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
6.40% Haddock Properties Pvt. Ltd.			-	6,981	1,00,000	56.39
9.00% Pentagram Properties Pvt. Ltd.			-	5,532	1,00,000	54.47
6.50% Winchester Properties Pvt. Ltd.			-	3,912	1,00,000	39.12
7.70% Windermere Properties Pvt. Ltd.			-	11,520	1,00,000	115.20
			-			265.18

* received in specie distribution

Venture Funds	**As at March 31, 2016 ₹ in Crore**	As at March 31, 2015 ₹ in Crore
HDFC Investment Trust	**176.35**	-
	176.35	-

Non - Trade Investments:	Number of Shares	Face Value per Share ₹	**As at March 31, 2016 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Equity Shares - Unlisted						
Avantha Power & Infrastructure Ltd.			-	1,45,35,188	10	45.00
			-			45.00

Debentures and Bonds - Redeemable (fully paid)

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2016 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
- Listed Unquoted						
11.25% DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)			-	100	10,00,000	10.00
			-			10.00
Current portion of Long-term Investments						
Debentures and Bonds - Redeemable						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
Trent Ltd. (yield to maturity - 10%)			-	1,000	10,00,000	100.00
			-			100.00
Debentures and Bonds - Redeemable - Others (fully paid)						
- Unlisted						
3% Feedback Infra Private Ltd. (yield to maturity - 13%)			-	2,00,000	1,000	20.00
			-			20.00

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Pass Through Certificates & Security Receipts - for financing Real Estate Projects		
Pass Through Certificates	**-**	1.59
Security Receipts	**6.05**	11.52
	6.05	13.11
Government Securities		
Government of India Loans	**172.13**	-
	172.13	-
Schemes of Mutual Funds		
HDFC Mutual Fund	**10.00**	-
	10.00	-
Venture Funds and Other Funds		
Gaja Capital India Fund - I	**7.15**	8.40
HDFC India Real Estate Fund (HI-REF)	**9.24**	27.38
Tamil Nadu Urban Development Fund	**16.72**	-
India Venture Trust - Fund 1	**5.00**	-
India Value Fund	**3.08**	8.99
	41.19	44.77

18. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Receivables - Unsecured; Considered Good, less than six months	**144.66**	46.18
Total	**144.66**	46.18

18.1 Trade Receivables includes amounts due from the related parties ₹ **139.20 crore** (Previous Year ₹ 45.14 crore) [Refer Note 35].

19. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Cash and cash equivalents		
(i) Balances with banks:		
In Current Accounts	**2,582.98**	61.50
In Deposit accounts with original maturity of 3 months or less	**-**	2,600.00
(ii) Cash on hand	**0.39**	0.31
(iii) Cheques on hand	**54.73**	95.12
	2,638.10	2,756.93
(b) Other Bank balances		
(i) In other Deposit accounts		
- original Maturity more than 3 months	**2,165.10**	580.02
(ii) Earmarked balance with banks		
- Unclaimed Dividend Account	**493.44**	20.47
- Towards Guarantees Issued by Banks	**0.06**	0.13
- Other - Against Foreign Currency Loans [Refer Note 4.4]	**7.99**	7.10
	2,666.59	607.71
Total	**5,304.69**	3,364.65

20. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Loans: [Refer Note 20.1]			
Current maturities of long-term loans and advances	**23,577.61**		23,569.97
Corporate Bodies	**2,210.09**		2,449.72
		25,787.70	26,019.69
Others:			
Current maturities of Staff Loans - others - Secured; Considered good [Refer Note 20.6]	**4.81**		4.35
Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]	**1,353.86**		921.34
Instalments due from borrowers - Secured; Considered good	**987.55**		900.88
Other Advances - Unsecured; Considered good [Refer Note 20.4]	**31.80**		33.26
Prepaid Expenses - Unsecured; Considered good	**139.55**		99.22
Security Deposits - Unsecured; Considered good	**8.47**		7.23
Sub-Total		**2,526.04**	1,966.28
Total		**28,313.74**	27,985.97

20.1 Loans granted by the Corporation, aggregating ₹ **21,225.01 crore** (Previous Year ₹ 22,922.81 crore) are secured and considered good [Refer Note 15.3].

20.2 Out of the Corporate Deposits, amounts aggregating to ₹ **522.87 crore** (Previous Year ₹ 253.40 crore) are secured and considered good [Refer Note 15.3].

20.3 Corporate Deposits includes amounts due from the related parties ₹ **14.08 crore** (Previous Year ₹ 23.58 crore) [Refer Note 35].

20.4 Other Advances includes amounts due from the related parties ₹ **10.53 crore** (Previous Year ₹ 9.48 crore) [Refer Note 35].

20.5 Investments in Debentures and Corporate Deposits amounting to ₹ **905.59 crore** (Previous Year ₹ 604.77 crore) are towards financing Real Estate Projects. The Debentures are classified as investments in Note 17.

20.6 Current maturities of staff loans includes amounts due from the directors ₹ **0.01 crore** (Previous Year ₹ 0.05 crore) [Refer Note 35].

21. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Receivables on Securitised Loans	**68.27**	53.30
Receivables on Sale of Investments	**1,705.62**	-
Interest accrued but not due on Loans	**583.02**	343.13
Interest accrued and due on Loans	**0.01**	0.22
Income accrued but not due on Investments	**137.13**	166.81
Interest accrued but not due on Corporate Deposits	**205.64**	11.12
Interest accrued and due on Corporate Deposits	**1.10**	0.72
Total	**2,700.79**	575.30

21.1 Receivables on Sale of Investments represents amount receivable on sale of shares of HDFC Standard Life Insurance Company Limited. The same has been realised subsequent to the reporting date.

22. CONTINGENT LIABILITIES AND COMMITMENTS

The Company is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

22.1 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 ₹ **1,290.84 crore** (Previous Year ₹ 1,103.51 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).

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.

22.2 Contingent liability in respect of guarantees and undertakings comprise of the following;

a) Guarantees ₹ **500.32 crore** (Previous Year ₹ 361.68 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,889.83 crore** (Previous Year ₹ 1,919.65 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.

22.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **652.74 crore** (Previous Year ₹ 252.82 crore).

23. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**26,799.90**	24,713.80
- Other Interest [Refer Note 23.1]	**961.26**	891.79
- Net Gain on foreign currency transactions and translation	**0.86**	0.18
Income from Leases	**6.31**	10.38
Dividends [Refer Note 23.2]	**806.88**	688.28
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 23.3]	**307.87**	364.55
Fees and Other Charges [Refer Note 23.4]	**374.23**	290.90
Total	**29,257.31**	26,959.88

23.1 a) Other Interest includes interest on investments amounting to ₹ **389.96 crore** (Previous Year ₹ 387.05 crore), including ₹ **21.95 crore** (Previous Year ₹ 43.03 crore) in respect of investments classified as current investments.

b) Other Interest includes interest on income tax refund ₹ **Nil** (Previous Year ₹ 44.31 crore).

23.2 Dividend income includes ₹ **477.22 crore** (Previous Year ₹ 400.02 crore) received from subsidiary companies which have been classified as Long Term Investments [Refer Note 35].

23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **307.87 crore** (Previous Year ₹ 364.55 crore) is in respect of investments held as current investments.

23.4 Fees and Other Charges is net of the amounts paid to Direct Selling Agents ₹ **442.16 crore** (Previous Year ₹ 354.75 crore).

23.5 Earnings in foreign currency:

₹ in Crore

Particulars	**Current Year**	Previous Year
Interest on Bank Deposits	**2.72**	2.43
Consultancy and other fees	**4.78**	5.32

23.6 Fees and Other Charges includes brokerage of ₹ **0.05 crore** (Previous Year ₹ 0.08 crore) received in respect of insurance/agency business undertaken by the Corporation.

24. Profit on sale of investments includes profit of ₹ **1,513.41 crore** (Previous Year ₹ 260.47 crore) on account of sale of equity shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company).

25. Other Income includes rent of ₹ **26.51 crore** (Previous Year ₹ 12.56 crore).

25.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **4.83 crore** (Previous Year ₹ 4.01 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	**4.16**	3.37
Later than one year but not later than five years	**1.15**	2.19
Later than five years	**-**	-

26. FINANCE COST

₹ in Crore

Particulars		**Current Year**	Previous Year
Interest			
- Loans	**2,190.03**		2,332.01
- Deposits	**6,665.38**		6,139.40
- Bonds and Debentures	**7,749.72**		7,646.40
- Commercial Paper	**2,578.36**		1,746.90
		19,183.49	17,864.71
Net (Gain) / Loss on foreign currency transactions and translation [Refer Note 26.2]		**52.86**	(19.77)
Other charges [Refer Note 26.1]		**138.16**	130.15
Total		**19,374.51**	17,975.09

26.1 Other Charges is net of exchange gain ₹ **0.13 crore** (Previous Year includes exchange loss of ₹ 0.32 crore).

26.2 A net loss of ₹ **52.00 crore** (Previous Year gain of ₹ 19.95 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 [Refer Note 3.6]	**2.81**	(34.72)
- Cross Currency Interest Rate Swaps [Refer Note 4.7]	**108.26**	107.98
Net Exchange (Gain)/Loss on Translation [Refer Note 3.6]	**111.07**	73.26
Realised (Gain)/Loss	**(58.21)**	(93.03)
Net (Gain)/Loss on foreign currency transaction and translation recognised in finance cost	**52.86**	(19.77)
Realised (Gain)/Loss recognised in Revenue from operations [Refer Note 23]	**(0.86)**	(0.18)
Net (Gain)/Loss recognised in Statement of Profit and Loss	**52.00**	(19.95)

26.3 Expenditure in foreign currency:

₹ in Crore

Particulars	Current Year	Previous Year
Interest and Other Charges on Loans	**125.08**	41.01
Others	**20.59**	16.17

The above amounts are net of tax deducted at source.

27. STAFF EXPENSES [Refer Note 27.3]

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 27.1 & 27.2]	**274.11**	263.87
Contribution to Provident Fund and Other Funds	**58.35**	51.34
Staff Training and Welfare Expenses	**16.63**	13.25
Total	**349.09**	328.46

27.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ **4.14 crore** (Previous Year ₹ 3.53 crore).

27.3 **Employee Benefits**

(a) **Defined contribution plans**

The Company makes Provident Fund and Superannuation 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 ₹ **287.31 crore** and ₹ **286.17 crore** respectively (Previous Year ₹ 245.38 crore and ₹ 244.59 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 8.80%. The actuarial assumptions include discount rate of **7.86%** (Previous Year 7.96%) and an average expected future period of **13 years** (Previous Year 16.95 years).

The Company recognised ₹ **13.73 crore** (Previous Year ₹ 12.55 crore) for Provident Fund contributions and ₹ **12.16 crore** (Previous Year ₹ 10.17 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.

(b) Defined benefit plans

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:

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**180.38**	146.36
Current Service Cost	**6.59**	5.09
Interest Cost	**14.35**	13.63
Benefits Paid	**(11.16)**	(8.37)
Actuarial loss	**20.50**	23.67
Liability at the end of the year *	**210.66**	180.38
*The Liability at the end of the year ₹ **210.66 crore** (Previous Year ₹ 180.38 crore) includes ₹ **46.90 crore** (Previous Year ₹ 44.12 crore) in respect of an un-funded plan.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**130.47**	108.14
Expected Return on Plan Assets	**10.39**	9.41
Contributions	**20.79**	13.50
Actuarial loss on Plan Assets	**(1.34)**	(0.58)
Fair Value of Plan Assets at the end of the year	**160.31**	130.47
Total Actuarial loss to be recognised	**(21.84)**	(24.25)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**10.39**	9.41
Actuarial loss on Plan Assets	**(1.34)**	(0.58)
Actual Return on Plan Assets	**9.05**	8.83
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**49.91**	38.22
Expense recognised	**32.39**	33.56
Contribution by the Corporation	**(20.79)**	(13.50)
Benefits paid by the Corporation / Insurance Companies	**(11.16)**	(8.37)
Amount recognised in the Balance Sheet under "Long-term Provision for Employee Benefits" ₹ **49.82 crore** (Previous Year ₹ 49.38 crore) and under "Short term Provision for Employee Benefits" ₹ **0.53 crore** (Previous Year ₹ 0.53 crore).	**50.35**	49.91

₹ in Crore

Particulars	Current Year	Previous Year
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**6.59**	5.09
Interest Cost	**14.35**	13.63
Expected Return on Plan Assets	**(10.39)**	(9.41)
Net Actuarial loss to be recognised	**21.84**	24.25
Expense recognised in the Statement of Profit and Loss under "Staff Expenses"	**32.39**	33.56

₹ in Crore

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**210.66**	180.38	146.36	128.13	107.69
Fair Value of Plan Assets at the end of the year	**160.31**	130.47	108.14	87.51	75.56
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" and "Short term Provision for Employee Benefits"	**50.35**	49.91	38.22	40.62	32.13
Experience Adjustment:					
On Plan Liabilities	**5.11**	23.67	20.44	17.25	10.58
On Plan Assets	**(1.34)**	(0.58)	(3.01)	(6.16)	(4.61)
Estimated Contribution for next year	**11.94**	10.49	6.19	8.03	6.79

Investment Pattern:

% Invested

Particulars	Current Year	Previous Year
Central Government securities	**17.99**	26.91
State Government securities/securities guaranteed by State/Central Government	**22.51**	17.05
Public Sector/Financial Institutional Bonds	**10.27**	12.10
Private Sector Bonds	**27.99**	19.98
Special Deposit Scheme	**1.38**	1.69
Certificate of Deposits	**1.88**	-
Deposits with Banks and Financial Institutions	**0.94**	1.02
Equity Shares	**11.94**	17.76
Repo (Repurchase)	**0.57**	-
Others (including bank balances)	**4.53**	3.49
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.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	**7.86**	7.96
Return on Plan Assets	**7.86**	7.96
Salary Escalation	**6.00**	5.00

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

28. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 28.1]	**53.18**	59.68
Rates and Taxes	**2.80**	2.72
Repairs and Maintenance - Buildings	**8.39**	6.26
General Office Expenses	**4.04**	2.36
Electricity Charges	**15.07**	13.95
Insurance Charges	**0.71**	0.79
Total	**84.19**	85.76

28.1 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 ₹ **0.62 crore** (Previous Year ₹ 23.50 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ **Nil** (Previous Year ₹ 14.09 crore) have been netted off from rent expenses. The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.20**	0.17
Later than one year but not later than five years	-	-
Later than five years	-	-

29. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**18.12**	16.73
Printing and Stationery	**8.72**	8.89
Postage, Telephone and Fax	**25.50**	23.67
Advertising	**33.43**	27.42
Repairs and Maintenance - Other than Buildings	**8.32**	7.89
Office Maintenance	**24.00**	22.16
Legal Expenses	**12.65**	12.49
Computer Expenses	**17.41**	14.91
Directors' Fees and Commission	**3.87**	3.90
Miscellaneous Expenses [Refer Note 29.1]	**114.42**	120.61
Auditors' Remuneration [Refer Note 29.2]	**4.96**	3.96
Total	**271.40**	262.63

29.1 Miscellaneous Expenses include Provision for Wealth Tax amounting to ₹ **Nil** (Previous Year ₹ 2.51 crore) and Securities Transaction Tax amounting to ₹ **0.14 crore** (Previous Year ₹ 0.29 crore).

29.2 **Auditors' Remuneration:**

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**1.71**	1.46
Limited Reviews	**1.20**	1.10
Tax Matters	**1.04**	0.96
Other Matters and Certification	**0.98**	0.43
Reimbursement of Expenses	**0.03**	0.01
Total	**4.96**	3.96

a) Audit Fees include ₹ **0.04 crore** (Previous Year ₹ 0.04 crore) paid to Branch Auditors.

b) Auditors' Remuneration exclude ₹ **0.75 crore** (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.

c) Other Matters and Certification include ₹ **0.30 crore** (Previous Year Nil) towards fee for Internal Control over Financial Reporting.

d) Auditors' Remuneration above is excluding Service Tax and Swachh Bharat Cess.

30. PROVISION FOR LOANS AND ADVANCES

30.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Notes 6.1 & 15]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
- Principal Outstanding	**1,86,989.24**	1,64,249.91	**73,960.12**	65,728.85
- Provisions	**869.50**	756.66	**471.53**	414.26
Sub-Standard Assets				
- Principal Outstanding	**540.38**	411.83	**576.01**	335.54
- Provisions	**82.04**	64.50	**86.40**	50.33
Doubtful Assets				
- Principal Outstanding	**428.27**	406.71	**339.80**	439.99
- Provisions	**253.01**	229.27	**196.41**	188.35
Total				
- Principal Outstanding	**1,87,957.89**	1,65,068.45	**74,875.93**	66,504.38
- Provisions	**1,204.55**	1,050.43	**754.34**	652.94

30.2 During the year ₹ **715 crore** (Previous Year ₹ 165 crore) has been charged to the Statement of Profit and Loss towards provision for contingencies as under:

₹ in Crore

Particulars	Current Year	Previous Year
To Provision for Contingencies Account (Net) [Refer Note 6.2]	**629.58**	202.44
To Provision for Sub-Standard & Doubtful Loans [Refer Note 15.6]	**85.42**	(37.44)
	715.00	165.00

Provision for contingencies includes an additional provision of ₹ 450 crore towards standard assets and other contingencies.

30.3 Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in the Value of Investments amounting to ₹ **17.02 crore** (Previous Year ₹ 10.04 crore). The balance of the Provision represents provision made against standard / non-performing assets and other contingencies.

31. 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 ₹ **7,093.10 crore** (Previous Year ₹ 5,990.14 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **85.32 crore** (Previous Year ₹ 10.83 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ **7,007.79 crore** (Previous Year ₹ 5,979.31 crore) and the weighted average number of shares during the year of **157.72 crore** (Previous Year 156.82 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	**44.43**	38.13
Effect of outstanding Stock Options	**(0.33)**	(0.35)
Diluted Earnings Per Share	**44.10**	37.78

(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	**157.72**	156.82
Diluted effect of outstanding Stock Options	**1.20**	1.45
Weighted average number of shares for computation of Diluted Earnings Per Share	**158.92**	158.27

32. SUMMARY OF TOTAL BORROWINGS, LOANS AND INVESTMENTS

Borrowings

₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term borrowings	**1,09,184.45**	97,602.34
Short-term borrowings	**41,502.68**	33,257.71
Current maturities of long-term borrowings	**86,952.03**	77,738.98
Unclaimed matured deposits	**554.09**	617.92
Total Borrowings	**2,38,193.25**	2,09,216.95
Category-wise Break-up		
Bonds and Debentures	**95,118.20**	90,657.55

₹ in Crore

Term Loans :	Current Year	Previous Year
- Banks	**34,579.40**	22,575.87
- External Commercial Borrowing	**5,318.40**	1,884.00
- Others	**2,780.52**	1,734.37
Commercial Papers	**25,726.49**	25,659.20
Deposits	**74,670.24**	66,705.96
Total Borrowings	**2,38,193.25**	2,09,216.95

Loans ₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term loans	**2,33,436.70**	2,02,161.17
Current maturities of long-term loans	**23,577.61**	23,569.97
Short-term loans	**2,210.09**	2,449.72
	2,59,224.40	2,28,180.86
Less: Provision for Sub-Standard and Doubtful loans	**(566.16)**	(480.74)
Net Loan Book	**2,58,658.24**	2,27,700.12
Category-wise Break-up		
Individual	**1,79,967.49**	1,55,689.71
Corporate Bodies	**75,228.46**	69,144.76
Others	**4,028.45**	3,346.39
	2,59,224.40	2,28,180.86
Less: Provision for Sub-Standard and Doubtful loans	**(566.16)**	(480.74)
Net Loan Book	**2,58,658.24**	2,27,700.12

Investments ₹ in Crore

Particulars	Current Year	Previous Year
Non-Current Investments	**14,837.84**	13,691.70
Current Investments	**507.59**	602.64
Total Investments	**15,345.43**	14,294.34

32.1 Summary of total Provision for Contingencies:

₹ in Crore

Particulars	Current Year	Previous Year
Provision for Contingencies Account [Refer Note 6.2]	**2,077.47**	1,501.44
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	**566.16**	480.74
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	**51.71**	51.71
	2,695.34	2,033.89

33. DISCLOSURES REQUIRED BY THE NATIONAL HOUSING BANK

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

(a) Capital to Risk Assets Ratio (CRAR)

Particulars	Current Year	Previous Year
1) CRAR (%)	**16.55**	16.11
2) CRAR – Tier I Capital (%)	**13.11**	12.47
3) CRAR – Tier II Capital (%)	**3.44**	3.64

(b) Exposure to Real Estate Sector

₹ in Crore

	Particulars	Current Year	Previous Year
1.	Direct Exposure		
A	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: ₹ **24,414.89 crore** (Previous Year ₹ 23,132.28 crore)	**1,73,353.55**	1,50,587.27
B	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;	**61,385.62**	52,038.26
C	Investments in Mortgage Backed Securities (MBS) and other securitised exposures – (i) Residential	**15.54**	18.73
	(ii) Commercial Real Estate	**-**	-
2.	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**174.96**	165.88

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2016:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Current Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	**1,800.00**	**1,299.89**	**4,249.76**	**9.87**
Over one month to 2 months	**-**	**2,064.78**	**3,275.91**	**2.20**
Over 2 to 3 months	**2,200.50**	**1,439.86**	**4,580.09**	**-**
Over 3 to 6 months	**1,987.16**	**4,855.37**	**12,731.44**	**216.20**
Over 6 months to 1 year	**7,136.01**	**20,342.42**	**26,435.58**	**5,471.77**
Over 1 to 3 years	**15,975.35**	**34,641.77**	**76,376.81**	**381.52**
Over 3 to 5 years	**7,970.52**	**29,672.85**	**53,301.13**	**777.89**
Over 5 to 7 years	**2,528.26**	**18,627.75**	**32,903.00**	**8,341.14**
Over 7 to 10 years	**-**	**7,900.00**	**26,521.32**	**22.99**
Over 10 years	**300.00**	**-**	**18,283.20**	**121.85**
Total	**39,897.80**	**1,20,844.69**	**2,58,658.24**	**15,345.43**

Maturity pattern of certain items of assets and liabilities as on March 31, 2015:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Previous Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,466.46	1,545.98	3,517.52	137.38
Over one month to 2 months	241.56	1,910.99	3,651.55	200.00
Over 2 to 3 months	942.93	3,635.48	5,271.02	1,196.43
Over 3 to 6 months	956.52	8,105.56	13,746.75	2,297.74
Over 6 months to 1 year	3,745.62	8,900.30	24,593.70	899.90
Over 1 to 3 years	8,870.14	34,029.98	71,215.10	256.21
Over 3 to 5 years	5,891.61	27,788.63	47,830.53	810.60
Over 5 to 7 years	2,345.03	21,895.63	22,699.28	8,444.94
Over 7 to 10 years	-	7,504.20	21,735.59	-
Over 10 years	-	1,000.00	13,439.08	51.14
Total	**24,459.87**	**1,16,316.75**	**2,27,700.12**	**14,294.34**

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

34. DIVIDEND PAYABLE TO NON-RESIDENT SHAREHOLDERS

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 Institutional Investors) are as under:

Particulars	Current Year		Previous Year	
	Interim	Final	Interim	Final
Year to which the dividend relates	**2015-16**	**2014-15**	2014-15	2013-14
Number of non-resident shareholders	**6,374**	**5,460**	5,110	4,495
Number of shares held by them of Face Value of ₹ 2 each	**122,84,60,105**	**124,81,94,486**	126,10,53,766	122,23,33,357
Gross amount of dividend (in ₹)	**368,53,80,315**	**1622,65,28,318**	252,21,07,532	1711,26,66,998

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures' the related parties of the Corporation are as follows:

A) Subsidiary Companies

HDFC Developers Ltd.
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.
Windermere Properties Pvt. Ltd.
Winchester Properties Pvt. Ltd.
HDFC Investments Ltd.
HDFC Asset Management Company Ltd.
HDFC Capital Advisors Ltd.
(with effect from 5th May, 2015)
HDFC Realty Ltd.
HDFC ERGO General Insurance Company Ltd.
HDFC Sales Pvt. Ltd.
HDFC Property Ventures Ltd.
Credila Financial Services Pvt. 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
(with effect from 10th January, 2016)
(subsidiary of HDFC Standard Life Insurance Company Ltd.)
Grandeur Properties Pvt. Ltd.
Pentagram Properties Pvt. Ltd.
Haddock Properties Pvt. Ltd.

B) Associate Companies

HDFC Bank Ltd.
India Value Fund Advisors Pvt. Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.

C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II)

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
Ms. Tinaz Mistry
Mr. Ashok Sud
Ms. Kirti Sud
Ms. V Jayam
Mr. Ketan Karnad
Ms. Abhinaya S. Rangan
Mr. Rishi R. Sud
Mr. Bharat Karnad
Ms. Riti Karnad
Ms. V Rajalakshmi
Ms. Swarn Sud
Ms. S. Anuradha

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 Co. Ltd.	**120.77**	98.13	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**314.57**	269.35	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**126.84**	101.06	-	-	-	-	-	-	-	-
- HDFC Investments Ltd.	**110.68**	94.68	-	-	-	-	-	-	-	-
- Others	**118.93**	106.15	**0.40**	0.16	**0.05**	0.05	-	-	-	-
Interest Income										
- Credila Financial Services Pvt. Ltd.	**5.27**	9.92	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	**14.26**	0.04	-	-	-	-	-	-	-	-
- Windermere Properties Pvt Ltd.	**9.23**	10.98	-	-	-	-	-	-	-	-
- HDFC Investment Trust - II (HIT- II)	-	-	-	-	**8.66**	0.17	-	-	-	-
- HDFC Bank Ltd.	-	-	**7.25**	7.51	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	**5.82**	5.54	-	-	-	-	-	-	-	-
- Others	**15.41**	14.38	**0.04**	-	-	5.29	-	-	**0.03**	0.03
Consultancy, Fees & Other Income										
- HDFC Asset Management Co. Ltd.	**113.00**	42.36	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**49.02**	0.08	-	-	-	-	-	-	-	-
- Others	**0.11**	0.18	-	-	-	-	-	-	-	-
Rent Income										
- HDFC Asset Management Co. Ltd.	**11.72**	10.03	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**6.39**	6.49	-	-	-	-	-	-	-	-
- Others	**6.95**	4.78	**1.99**	2.01	-	-	-	-	-	-
Support Cost Recovered										
- HDFC Asset Management Co. Ltd.	**1.63**	1.86	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**2.32**	2.04	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**0.85**	1.19	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	**1.05**	0.84	-	-	-	-	-	-	-	-
- Others	**1.45**	1.03	**0.26**	0.37	-	-	-	-	-	-
Other Income										
- HDFC Bank Ltd.	-	-	**204.37**	116.77	-	-	-	-	-	-
- Others	**4.36**	3.65	-	-	-	-	-	-	-	-
Interest Expense										
- HDFC ERGO General Insurance Co. Ltd.	**9.71**	12.39	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**56.46**	54.28	-	-	-	-	-	-	-	-
- Others	**0.65**	1.76	**0.66**	2.45	-	-	**0.27**	0.48	**0.02**	-
Bank & Other Charges										
- HDFC Bank Ltd.	-	-	**0.39**	0.53	-	-	-	-	-	-
Remuneration										
- Mr. Keki M. Mistry	-	-	-	-	-	-	**9.28**	8.12	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**8.49**	7.39	-	-
- Mr. V. S. Rangan	-	-	-	-	-	-	**5.60**	4.85	-	-
Other Expenses										
- HDFC Sales Pvt. Ltd.	**198.37**	165.89	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**177.81**	143.52	-	-	-	-	-	-
- Others	**10.26**	9.23	**0.06**	0.10	-	-	-	-	**0.10**	0.09
Investments made										
- HIT- II	-	-	-	-	**70.12**	51.14	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**40.10**	5.00	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	-	47.01	-	-	-	-	-	-	-	-
- Others	**26.94**	8.00	-	-	**4.00**	4.00	-	-	-	-
Investments sold / redeemed										
- HIT	-	-	-	-	-	14.45	-	-	-	-
- Credila Financial Services Pvt. Ltd.	**79.00**	-	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**192.21**	-	-	-	-	-	-	-	-	-
Investments										
- HDFC Bank Ltd.	-	-	**5,549.74**	5,549.74	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**1,316.56**	1,508.77	-	-	-	-	-	-	-	-
- Others	**1,697.02**	1,708.97	**2.53**	2.53	**297.61**	223.49	-	-	-	-

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
Loans given										
- HDFC Property Ventures Pvt. Ltd.	-	113.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	30.00	16.85	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	7.85	2.00	-	-	-	-	-	-	-	-
- Others	11.38	13.23	-	-	-	-	-	-	-	-
Loans repaid										
- GRUH Finance Ltd.	1.14	1.02	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	18.00	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	26.85	-	-	-	-	-	-	-	-	-
- Others	2.00	-	-	-	-	-	0.05	0.02	0.02	0.01
Loans sold										
- HDFC Bank Ltd.	-	-	12,773.37	8,249.21	-	-	-	-	-	-
Loans										
- HDFC Property Ventures Pvt. Ltd.	95.00	113.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	20.00	16.85	-	-	-	-	-	-	-	-
- Others	57.02	40.94	-	-	-	-	0.07	0.13	0.28	0.30
Bank Deposits placed										
- HDFC Bank Ltd.	-	-	70.01	1,070.00	-	-	-	-	-	-
Bank Deposits repaid / matured										
- HDFC Bank Ltd.	-	-	1,070.00	2,559.90	-	-	-	-	-	-
Bank balance and Deposits										
- HDFC Bank Ltd.	-	-	3,081.54	975.25	-	-	-	-	-	-
Corporate Deposits placed										
- HDFC Venture Capital Ltd.	12.58	22.58	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	23.40	-	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	4.00	2.00	-	-	-	-	-	-	-	-
Corporate Deposits repaid / matured										
- HDFC Realty Ltd.	3.50	1.00	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	23.40	-								
- HDFC Venture Capital Ltd.	22.58	20.50	-	-	-	-	-	-	-	-
- Others	-	4.50	-	-	-	-	-	-	-	-
Corporate Deposits										
- HDFC Venture Capital Ltd.	12.58	22.58	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	1.50	1.00	-	-	-	-	-	-	-	-
Trade Receivable										
- HDFC Asset Management Co. Ltd.	123.98	39.53	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	0.01	0.01	-	-	-	-	-	-	-	-
- Others	11.05	0.53	4.16	5.07	-	-	-	-	-	-
Other Advances / Receivables										
- HDFC ERGO General Insurance Co. Ltd.	1.76	1.56	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	7.60	7.60	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	3.60	4.26	-	-	-	-	-	-
- Others	1.06	0.87	-	-	-	-	-	-	0.06	0.06
Deposits placed										
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- HDFC Developers Ltd	9.25	-	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	-	2.51	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	0.03	2.38	-	-
- Others	-	0.20	-	1.05	-	-	-	-	0.09	0.01
Deposits repaid / matured										
- HDFC Holdings Ltd.	16.84	19.22	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	8.75	2.30	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	-	4.13	-	-	-	-	-	-
- Others	-	2.91	-	-	-	-	0.90	3.75	0.09	0.03
Deposits										
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	0.50	-	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	2.40	2.40	-	-
- Others	-	-	-	-	-	-	-	0.87	0.09	0.09

₹ 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
Non-Convertible Debentures										
- HDFC ERGO General Insurance Co. Ltd.	**120.00**	125.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**697.00**	776.00	-	-	-	-	-	-	-	-
Other Liabilities / Payables										
- HDFC Bank Ltd.	-	-	**17.20**	15.73	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**7.97**	7.49	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**4.38**	6.02	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**29.57**	30.51	-	-	-	-	-	-	-	-
- Others	**0.21**	1.36	-	-	-	-	**0.34**	0.33	**0.02**	-

36. CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by the Corporation during the year was ₹ 139.26 crore

b) Amount spent during the year on:

₹ in Crore

Particulars	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above *	85.70	-	85.70

* The above includes an amount of Rs. 85.23 crore charged to Shelter Assistance Reserve.

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'.

38. INTEREST IN JOINT VENTURES

In compliance with the Accounting Standard (AS) 27 relating to 'Financial Reporting of Interests in Joint Ventures' the Corporation has interests in the following jointly controlled entities, which are incorporated in India.

Names of Companies	HDFC Standard Life Insurance Co. Ltd.		HDFC ERGO General Insurance Co. Ltd.	
	Current Year	Previous Year	Current Year	Previous Year
Percentage of Shareholding	**61.63**	70.65	**73.63**	73.63
Amount of Interest based on the last Audited Accounts				₹ in Crore
Assets	**47,237.23**	49,017.54	**3,601.54**	3,335.42
Liabilities	**45,290.57**	47,186.48	**2,820.02**	2,581.67
Income	**11,244.92**	19,280.48	**1,523.75**	1,465.80
Expenditure	**10,730.31**	18,712.08	**1,374.42**	1,362.10
Capital Commitment	**385.33**	411.97	**11.23**	6.59
Contingent Liability	**61.72**	124.37	**0.01**	0.01

39. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(As on/for the period/year ended March 31, 2016)

₹ in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments included in Total Assets	Total Income	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of Share holding
1	HDFC Standard Life Insurance Co. Ltd.	INR	-	1,995.29	1,163.35	*76,646.49	73,487.86	*74,230.04	#18,245.85	835.00	16.59	818.40	-	61.63
2	HDFC Asset Management Co. Ltd.	INR	-	25.16	1,126.06	1,422.72	271.50	985.79	1,494.34	708.25	230.37	477.88	-	59.99
3	HDFC Trustee Co. Ltd.	INR	-	0.10	0.11	4.30	4.10	-	2.00	0.03	0.01	0.02	-	100
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	538.62	531.31	4,909.56	3,839.64	4,149.45	2,069.46	202.81	51.44	151.37	-	73.63
5	GRUH Finance Ltd.	INR	-	72.74	762.56	11,442.60	10,607.30	142.92	1,275.40	361.70	118.12	243.59	83.65	58.59
6	HDFC Developers Ltd.	INR	-	5.99	(14.93)	4.49	13.43	-	6.06	(12.16)	0.24	(12.40)	-	100
7	HDFC Venture Capital Ltd.	INR	-	0.50	7.28	23.27	15.48	-	0.16	(3.22)	(0.05)	(3.17)	-	80.5
8	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	0.93	1.00	0.02	0.02	0.15	0.09	0.02	0.07	-	100
9	HDFC Property Venture Ltd.	INR	-	1.00	5.86	111.22	104.36	23.33	37.06	5.10	2.93	2.17	-	100
10	HDFC Realty Ltd.	INR	-	9.75	(2.01)	22.91	15.17	-	38.05	0.39	0.73	(0.34)	-	100
11	HDFC Investments Ltd.	INR	-	26.67	113.46	143.22	3.09	125.16	154.69	153.16	3.00	150.16	-	100
12	HDFC Holdings Ltd.	INR	-	1.80	155.25	157.13	0.08	106.67	20.43	17.39	(3.94)	21.33	-	100
13	HDFC Sales Pvt. Ltd.	INR	-	4.01	(7.74)	57.58	61.32	-	205.78	(14.65)	2.25	(16.90)	-	100
14	Credila Financial Services Pvt. Ltd.	INR	-	120.74	78.94	2,485.93	2,286.25	-	300.55	68.86	23.80	45.06	-	78.66
15	HDFC Life Pension Fund Management Co. Ltd.	INR	-	28.00	(0.53)	27.93	0.46	26.39	2.40	0.01	-	0.01	-	61.63
16	HDFC Education and Development Services Pvt. Ltd.	INR	-	30.20	(11.04)	44.93	25.77	-	0.54	(1.07)	-	(1.08)	-	100
17	Griha Investments	USD	66.33	0.20	134.29	135.20	0.71	-	59.61	39.41	1.18	38.23	-	100
18	Griha Pte. Ltd.	SGD	49.11	5.21	8.75	17.20	3.25	-	22.24	12.65	1.94	10.72	-	100
19	HDFC Capital Advisors Ltd.	INR		2.00	1.12	3.82	0.70	2.01	4.56	1.73	0.61	1.12	-	100
20	Grandeur Properties Pvt. Ltd.	INR	-	0.01	10.46	21.94	11.47	-	0.18	(7.42)	0.47	(7.88)	-	100
21	Haddock Properties Pvt. Ltd.	INR	-	0.01	(57.42)	34.41	91.82	-	5.77	(10.67)	-	(10.67)	-	100
22	Pentagram Properties Pvt. Ltd.	INR	-	0.01	(49.53)	24.46	73.99	-	6.24	(8.84)	-	(8.84)	-	100
23	Winchester Properties Pvt. Ltd.	INR	-	0.01	(33.16)	15.33	48.49	-	1.53	(8.95)	0.05	(9.00)	-	100
24	Windermere Properties Pvt. Ltd.	INR	-	0.01	(72.18)	52.26	124.43	-	8.43	(21.03)	0.03	(21.05)	-	100
25	HDFC Life International and Re Company Ltd.	USD	66.33	84.77	(4.56)	81.47	1.26	-	-	(1.63)	-	(1.63)	-	61.63

NOTE:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability.

Includes Net Premium Income, Investment Income and other Income.

Part “B” : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(As on/for the period/year ended March 31, 2016)

Sr. No.	Name of Associates/Joint Ventures	HDFC Bank Ltd.	India Value Fund Advisors Pvt. Ltd.	Rural Shore Business Services Pvt. Ltd.	Magnum Foundations Pvt. Ltd.
1	Latest audited Balance Sheet Date	31st March, 2016	31st March, 2015	31st March, 2015	31st March, 2015
2	**Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end**				
	Number	54,32,16,100	9,75,002	4,76,351	5,00,000
	Amount of investment in Associates/Joint Venture (₹ in crore)	5,623.09	0.03	2.50	23.25
	Extend of Holding %	21.49	21.51	27.47	50.00
3	Description of how there is significant influence	%age holding more than 20% and representation on the board.	%age holding more than 20%	%age holding more than 20%	%age holding more than 20%
4	Reason why Associate/Joint Venture is not consolidated	NA	NA	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.	Exclusively held with a view to their subsequent disposal in the near future
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crore)	20,365.62	1.67	-	-
6	Consolidated Profit/(Loss) for the year (₹ in crore)	12,801.33	14.74	(12.89)	(0.01)
i.	Considered in Consolidation (₹ in crore)	2,741.45	3.17	-	-
ii.	Not Considered in Consolidation (₹ in crore)	10,059.88	11.57	(12.89)	(0.01)

Independent Auditor's 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** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2016, 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 preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. 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 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 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.

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 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) 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, 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 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 5.2 to the consolidated financial statements, which 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.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements of a branch and twelve subsidiaries, whose financial statements reflect total assets of ₹ 90,678.36 crore as at 31st March, 2016, total revenues of ₹ 20,776.46 crore and net cash flows amounting to ₹ 200.98 crore 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 the branch and these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, is based solely on the reports of the other auditors.

(b) The consolidated financial statements also includes the Group's share of net profit of ₹ 3.39 crore for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of two associate companies, whose financial statements have not been audited by us. These financial statements are unaudited and 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 two associate companies, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid two associate companies, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

(c) Policy Liabilities (current and non-current) include an actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, in respect of one subsidiary and Short-Term Provisions include the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. These liabilities have been duly certified by the subsidiaries' appointed actuaries, and in their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of those subsidiaries have relied on the appointed actuaries' certificates 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, the financial statements certified by the Management and the actuarial valuation for the life insurance policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of the estimate of claims IBNR and claims IBNER.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 prescribed under Section 133 of the Act, as applicable.

(e) On the basis of the written representations received from the directors of the Holding Company 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 is disqualified as on 31st March, 2016 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 and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding Company, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/ subsidiary company's / associate company's incorporated in India internal financial controls over financial reporting.

(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, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at year end.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
2nd May, 2016

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

In conjunction with our audit of the consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates as at and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of the Group and its associates, which are companies incorporated in India as of that date.

The estimate of claims Incurred But Not Reported ("IBNR") and claims Incurred But Not Enough Reported ("IBNER"), included under Short Term Provisions and the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date included under Policy Liabilities (current and non-current) as at 31st March, 2016 has been duly certified by the subsidiaries' appointed actuaries as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulations"), and has been relied upon by subsidiaries' auditors, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements as at and for the year ended 31st March, 2016. In view of this, the subsidiaries' auditors did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER as well as the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, 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 respective companies 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. 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 (the "Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Group and its associates 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the 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 aforesaid entities.

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, the Holding Company, its subsidiaries 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 31st March, 2016, 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.

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 insofar as it relates to a branch and twelve subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The financial statements and internal financial controls over financial reporting in relation to two associate companies, which are the companies incorporated in India, are unaudited. Our opinion on the internal financial controls over financial reporting of the aforesaid entities excludes consideration of the internal financial controls over financial reporting in respect of these associates. In our opinion and according to the information and explanations given to us by the Holding Company's management, the financial statements of these associates, and the related internal financial controls over financial reporting are not material to the consolidated financial statements, and the related internal financial controls over financial reporting of the aforesaid entities.

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 representation of the Board of Director and management.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
2nd May, 2016

Housing Development Finance Corporation Limited

Consolidated Balance Sheet as at March 31, 2016

	Notes	₹ in Crore	₹ in Crore	March 31, 2015 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	315.97		314.94
Reserves and Surplus	5	50,533.61		44,756.69
Money received against warrants	5.10	51.10		-
			50,900.68	45,071.63
MINORITY INTEREST			2,325.97	1,820.08
NON-CURRENT LIABILITIES				
Policy Liabilities (Policyholder's Fund)		61,215.25		54,924.28
Long-term borrowings	7	1,18,782.38		1,04,545.72
Deferred tax liabilities (net)	17	970.41		231.32
Other Long-term liabilities	8	1,777.85		2,546.12
Long-term provisions	9	2,630.02		1,998.04
			1,85,375.91	1,64,245.48
CURRENT LIABILITIES				
Short-term borrowings	10	41,948.83		34,420.05
Trade Payables	11	3,303.66		2,984.85
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		10,931.51		10,531.68
- Borrowings		88,562.64		78,390.95
- Others		9,737.93		7,864.17
Short-term provisions	13	4,593.36		4,196.29
			1,59,077.93	1,38,387.99
			3,97,680.49	3,49,525.18
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	14	1,312.56		1,203.17
(ii) Intangible assets	15	67.88		79.25
(iii) Capital Work in Progress		6.58		5.60
(iv) Intangible assets under Development		12.13		3.38
GOODWILL ON CONSOLIDATION		187.81		187.81
Non-current investments	16	95,464.42		86,887.59
Deferred tax asset (net)	17	18.18		18.55
Long-term loans and advances	18			
- Loans		2,45,527.80		2,11,531.09
- Others		3,234.78		3,150.97
Other non-current assets	19	789.28		2,799.52
			3,46,621.42	3,05,866.93
CURRENT ASSETS				
Current investments	20	9,256.32		6,894.83
Trade receivables	21	466.80		457.79
Cash and bank balances	22	6,381.05		4,261.92
Short-term loans and advances	23			
- Loans		26,557.81		26,674.83
- Others		4,242.84		3,679.28
Other current assets	24	4,154.25		1,689.60
			51,059.07	43,658.25
			3,97,680.49	3,49,525.18

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, May 2, 2016

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)

Bimal Jalan
(DIN: 00449491)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	26	31,873.34	29,075.78
Profit on sale of Investments	27	1,616.53	510.87
Other Income		34.18	74.34
Premium from Insurance Business		17,876.25	16,427.35
Other Operating Income from Insurance Business		1,856.81	2,301.69
Total Revenue		53,257.11	48,390.03
EXPENSES			
Finance Cost	28	20,295.60	18,710.29
Employee Benefits Expenses	29	788.14	699.14
Establishment Expenses	30	134.88	136.95
Other Expenses	31	878.79	584.13
Claims paid pertaining to Insurance Business		9,486.04	9,551.25
Commission and operating expenses pertaining to Insurance Business		2,524.69	2,112.45
Other expenses pertaining to Insurance Business		6,682.58	6,244.53
Depreciation and Amortisation	14 & 15	120.52	46.63
Provision for Contingencies	33.2	732.90	188.04
Total Expenses		41,644.14	38,273.41
PROFIT BEFORE TAX		11,612.97	10,116.62
Tax Expense			
Current Tax		3,479.32	2,883.62
Deferred Tax	17	160.02	282.08
PROFIT FOR THE YEAR		7,973.63	6,950.92
Share of profit of Minority Interest		(527.99)	(482.72)
Net share of Profit from Associates		2,744.62	2,294.42
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	5.1	10,190.26	8,762.62
EARNINGS PER SHARE (Face Value ₹ 2)	36		
Basic (₹)		64.07	55.81
Diluted (₹)		63.59	55.30

See accompanying notes forming part of the financial statements

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, May 2, 2016

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
(DIN: 00010180)
B. S. Mehta
(DIN: 00035019)
D. N. Ghosh
(DIN: 00012608)
Bimal Jalan
(DIN: 00449491)

D. M. Sukthankar
(DIN: 00034416)
J. J. Irani
(DIN: 00311104)
S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2016

			Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit After tax Attributable to the Group			10,190.26	8,762.62
	Add: Provision for Taxation			3,639.34	3,165.70
	Profit Before Tax			13,829.60	11,928.32
	Adjustments for:				
	Depreciation and Amortisation*		14 & 15	196.87	130.73
	Provision for Contingencies		33.2	732.90	188.04
	Interest Expense		28	20,091.60	18,589.83
	Net (Gain)/Loss on translation of foreign currency monetary assets and liabilities			55.03	(16.28)
	Interest Income		26	(29,460.14)	(26,994.73)
	Shelter Assistance Reserve - utilisation		5	(85.31)	(10.83)
	Reserve for Unexpired Risk			189.28	104.41
	Policy Liabilities (net)			6,690.80	16,152.28
	Surplus from Deployment in Cash Management Schemes of Mutual Funds		26	(311.67)	(369.48)
	Profit on Sale of Investments			(1,616.53)	(510.87)
	Dividend Income		26	(49.85)	(41.16)
	Provision for Diminution in Value of Investments			10.17	5.06
	Bad debts written off			5.80	4.60
	(Profit)/Loss on Sale of Fixed Assets (net)			(7.45)	(27.64)
	Operating Profit before Working Capital changes			10,271.10	19,132.28
	Adjustments for:				
	Current and Non-Current Assets			(1,998.18)	(978.49)
	Current and Non-Current Liabilities			584.96	759.48
	Cash generated from operations			8,857.88	18,913.27
	Interest Received			29,129.49	26,682.39
	Interest Paid			(19,687.41)	(18,519.42)
	Premium paid on redemption of Debentures			(100.86)	(192.80)
	Dividend Received			49.85	41.16
	Taxes Paid			(3,653.24)	(3,227.76)
	Net cash from operation			14,595.71	23,696.84
	Loans disbursed (net)			(33,753.21)	(33,281.47)
	Corporate Deposits (net)			(429.14)	466.44
	Net cash used in operating activities	[A]		(19,586.64)	(9,118.19)
	* Includes depreciation included under Other expenses pertaining to Insurance Business				
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets			(147.88)	(616.32)
	Sale of Fixed Assets			11.07	57.81
	Goodwill (net)			-	(2.22)
	Investments (net)			(9,175.48)	(17,994.19)
	Net cash used in investing activities	[B]		(9,312.29)	(18,554.92)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Share Capital - Equity		4.1	1.03	2.84
	Utilisation of Reserves for Buy back of Equity Shares by one of the Subsidiary Company			(99.90)	-
	QIP Warrants Issue		5.10	51.10	-
	Securities Premium		5	433.33	726.52
	Deposits, CPs and other Short-Term Borrowings (Net)			7,371.82	27,136.32
	Proceeds from long-term borrowings			70,432.31	64,672.34
	Repayment of long-term borrowings			(46,363.56)	(65,098.31)
	Dividend paid			(2,520.44)	(2,505.94)
	Tax paid on Dividend			(602.38)	(485.43)
	Bonus and Securities Issue Expenses			(85.56)	(22.01)
	Increase in Minority Interest			369.07	394.05
	Net cash from financing activities	[C]		28,986.82	24,820.38
	Net (Decrease)/Increase in cash and cash equivalents	[A+B+C]		87.89	(2,852.73)
	Add: Cash and cash equivalents as at the beginning of the year		22	3,547.72	6,397.65
	Add: Exchange difference on bank balance			3.71	2.80
	Cash and cash equivalents as at the end of the year		22	3,639.32	3,547.72
	Earmarked balances with banks:				
	- Unclaimed dividend account			494.77	21.52
	- Other against Foreign Currency Loans			8.10	7.20
	- Guarantees issued by banks			0.06	0.13
	- Others			0.69	2.59
	Short-term bank deposits			2,238.11	682.76
	Cash and Bank balances at the end of the year		22	6,381.05	4,261.92

See accompanying notes forming part of the financial statements

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, May 2, 2016

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

Bimal Jalan
(DIN: 00449491)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Notes forming part of the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

OTHER THAN INSURANCE COMPANIES

These financial statements have been prepared 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 and Reserve Bank of India to the extent applicable.

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.

1.2 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.

1.3 SYSTEM OF ACCOUNTING

The Group adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

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 acquisition), 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 unearned income. Loans are carried net of the allowances for credit losses.

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.

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 computed either on an annual rest or 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.

1.12 **FEES AND OTHER REVENUE**

Fees, charges and other revenue 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 re-insurance ceded is netted off against premium ceded on reinsurance.

GENERAL INSURANCE BUSINESS

Premium Income

Premium including Reinsurance accepted (net of 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 cancellations 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 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.

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**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest income on investments is accounted for on accrual basis.

Amortisation of premium or accretion of discount at the time of purchase of debt securities is amortised over the remaining period of maturity/holding on a straight-line 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.

1.17 **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 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 holds these instruments till maturity. At each reporting date, these liabilities are restated at the closing rate.

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 of certain securities are charged to the securities premium.

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, where not covered by forward contracts. 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. Monetary items represented by currency swap contracts are recorded at the closing rate.

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 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

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 value of such investments. Current investments are carried individually, at the lower of cost and fair value. 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. 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) are capitalised at cost inclusive of legal and/or installation expenses.

1.23 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, 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 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 technical advice, 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.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

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

Investment In Properties

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

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.

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 retirement 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 **PROVISION FOR CONTINGENCIES AND NON-PERFORMING ASSETS**

The Group's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the interest and/or instalments are overdue for specified number of days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank, the Reserve Bank of India and the IRDA Regulations. The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Group covers the minimum provisioning required as per the NHB, the Reserve Bank of India and the IRDA Regulations.

1.29 **STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)**

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.30 **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

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are 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 Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

Defined benefit plans

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.

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

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.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

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.

1.31 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 (IBMER) 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.

1.32 **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.

1.33 **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.

1.34 **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.

1.35 **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.36 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation losses control of the contractual rights that comprise the corresponding pools or mortgages transferred.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

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.

1.37 **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.

1.38 **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, 2016 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 (AS) 21 on 'Consolidated Financial Statements'.

(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 (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.

(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, 2016.

(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 (AS) 21 on 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.

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	**100.00**	100.00
HDFC Investments Ltd.	**100.00**	100.00
HDFC Holdings Ltd.	**100.00**	100.00
HDFC Asset Management Co. Ltd.	**59.99**	59.81
HDFC Trustee Co. Ltd.	**100.00**	100.00
HDFC Realty Ltd.	**100.00**	100.00
GRUH Finance Ltd.	**58.59**	58.64
HDFC Venture Capital Ltd.	**80.50**	80.50
HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00
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
Credila Financial Services Pvt. Ltd.	**78.66**	78.66
HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00
Grandeur Properties Pvt. Ltd.	**100.00**	100.00
Haddock Properties Pvt. Ltd.	**100.00**	100.00
Pentagram Properties Pvt. Ltd.	**100.00**	100.00
Windermere Properties Pvt. Ltd.	**100.00**	100.00
Winchester Properties Pvt. Ltd.	**100.00**	100.00

2.2 The financial statements of the following subsidiary companies, all incorporated in India, which are in the nature of jointly controlled entities, have been consolidated as per Accounting Standard (AS) 21 on Consolidated Financial Statements.

Name of Subsidiary (Jointly Controlled Entity)	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Standard Life Insurance Co. Ltd.	**61.63**	70.65
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**61.63**	70.65
HDFC International Life and Re Company Limited (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**61.63**	-
HDFC ERGO General Insurance Co. Ltd.	**73.63**	73.63

2.3 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'.

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 (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.

Name of Associate	Nature of Business	Proportion of Ownership Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	**21.49**	21.67
India Value Fund Advisors Pvt. Ltd.	Venture Capital	**21.51**	21.51
RuralShores Business Services Pvt. Ltd.#	BPO	**27.47**	27.47
Magnum Foundations Pvt. Ltd.*	Real Estate	**50.00**	50.00

As per Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements', 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 accounts of HDFC Ltd.

* As per the Accounting Standard (AS) 23 on Consolidated Financial Statements, 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, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
AUTHORISED		
170,00,00,000 Equity Shares of ₹ 2 each	**340.00**	325.00
(Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)		
	340.00	325.00
ISSUED, SUBSCRIBED AND PAID-UP	**315.97**	314.94
157,98,46,340 Equity Shares of ₹ 2 each		
(Previous Year 157,46,97,670 Equity Shares of ₹ 2 each)	**315.97**	314.94

4.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2016**		As at March 31, 2015	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**157,46,97,670**	**314.94**	156,05,32,605	312.10
Shares allotted pursuant to exercise of stock options	**51,48,670**	**1.03**	1,41,65,065	2.84
Equity shares outstanding as at the end of the year	**157,98,46,340**	**315.97**	157,46,97,670	314.94

4.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016. Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2015 are given below:

Particulars	Outstanding as on March 31, 2015	
	Number	Percentage of shares held to total Shares
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08%

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, 2016, **8,19,25,500** shares (Previous Year 4,54,25,500 shares) were reserved for issuance as follows:

a) **4,54,25,500** shares of ₹ 2 each (Previous Year 5,05,74,170 shares of ₹ 2 each) towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 4.4].

b) **3,65,00,000** shares of ₹ 2 each (Previous Year Nil) towards outstanding share warrants [Refer Note 5.10].

4.4 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 **59,58,841** options (Previous Year NIL options) were vested. In the current year **51,427** options (Previous Year 49,045 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, during the year 36,043 options (Previous Year 1,80,438 options) were vested. In the current year **2,884** options (Previous Year 13,263 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 97 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. In the current year **628 options** (Previous Year 882 options) lapsed. 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 account 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-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	ESOS - 14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**62,24,019**	-
Granted during the year	**-**	62,73,064
Vested during the year	**59,58,841**	-
Exercised during the year	**1,00,921**	-
Lapsed during the year	**51,427**	49,045
Outstanding at the end of the year	**60,71,671**	62,24,019
Unvested at the end of the year	**2,22,048**	62,24,019
Exercisable at the end of the year	**58,49,623**	-
Weighted average price per option	₹ **5,073.25**	

Particulars	ESOS – 11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**37,45,586**	54,06,415
Granted during the year	**-**	-
Vested during the year	**36,043**	1,80,438
Exercised during the year	**9,28,751**	16,47,566
Lapsed during the year	**2,884**	13,263
Outstanding at the end of the year	**28,13,951**	37,45,586
Unvested at the end of the year	-	36,043
Exercisable at the end of the year	**28,13,951**	37,09,543
Weighted average price per option	₹ **3,177.50**	

Particulars	ESOS – 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,102**	11,82,357
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	-	11,77,158
Lapsed during the year	-	97
Outstanding at the end of the year	**5,102**	5,102
Unvested at the end of the year	-	-
Exercisable at the end of the year	**5,102**	5,102
Weighted average price per option	**₹ 1,350.60**	

Particulars	ESOS – 07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,977**	15,148
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	**62**	8,289
Lapsed during the year	**628**	882
Outstanding at the end of the year	**5,287**	5,977
Unvested at the end of the year	-	-
Exercisable at the end of the year	**5,287**	5,977
Weighted average price per option	**₹ 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. Accordingly, each options exercised after August 21, 2010 is entitled to 5 equity shares 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-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows:

Particulars	ESOS - 2014	ESOS - 2011	ESOS - 2008	ESOS - 2007
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under 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 under ESOS-14 and ESOS-11 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)	**10,190.26**	8,762.62
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **338.50 crore** (Previous Year ₹ 300.92 crore)] (pro-forma)	**221.35**	198.64
Net Profit (pro-forma)	**9,968.91**	8,563.98
Less: Amounts utilised out of Shelter Assistance Reserve	**85.31**	10.83
Net Profit considered for computing EPS (pro-forma)	**9,883.60**	8,553.15

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**64.07**	55.81
Basic earnings per share (pro-forma)	**62.66**	54.54
Diluted earnings per share (as reported)	**63.59**	55.30
Diluted earnings per share (pro-forma)	**62.19**	54.04

4.5 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, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Special Reserve No. I [Refer Note 5.2]	**51.23**	51.23
Special Reserve No. II [Refer Note 5.2]	**8,773.49**	7,637.70
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934	**52.19**	40.86
General Reserve	**15,217.06**	13,552.92
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)	**3,620.67**	3,295.69
Revaluation Reserve	**30.85**	35.36
Securities Premium [Refer Note 5.3]	**10,130.56**	10,315.44
Capital Redemption Reserve [Refer Note 5.4]	**27.67**	27.11
Shelter Assistance Reserve [Refer Note 31.1]	**154.47**	89.79
Corporate Social Responsibility Account	**1.55**	1.55
Foreign Currency Translation Reserve	**10.65**	7.46
Foreign Currency Monetory Item Translation Difference Account (Debit Balance) [Refer Note 5.7 and 5.8]	**(122.07)**	(33.75)
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]	**12,536.95**	9,686.99
	50,533.61	44,756.69

5.1 **SURPLUS IN THE STATEMENT OF PROFIT AND LOSS**

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Opening Balance	**9,686.99**	7,112.48
Add: Opening Adjustment [Refer Note 2.3]	**72.49**	1.41
	9,759.48	7,113.89
Add: Profit after Tax for the year attributable to the Corporation	**10,190.26**	8,762.62
	19,949.74	15,876.51
APPROPRIATIONS:		
Special Reserve No. II [Refer Note 5.2]	**1,135.93**	1,087.35
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)	**11.36**	7.81
General Reserve	**2,443.08**	2,051.64
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)	**325.00**	150.00
Shelter Assistance Reserve	**150.00**	-
Capital Redemption Reserve [Refer Note 5.4]	**0.47**	-
Buyback of equity shares by a subsidiary company [Refer Note 5.3]	**37.92**	-
Proposed Dividend [Dividend @ ₹ **14** per equity share of ₹ **2** each (Previous Year @ ₹ 13 per equity share of ₹ 2 each)]	**2,211.78**	2,047.11
Tax on Dividend	**631.81**	538.75
Tax on Dividend credit taken [Refer Note 5.5]	**(11.15)**	(18.59)
Interim Dividend Paid [Refer Note 5.9]	**473.94**	314.93
Dividend [including tax of ₹ **0.45 crore** (Previous Year ₹ 1.53 crore)] pertaining to previous year paid during the year [Refer Note 5.6]	**2.65**	10.52
	12,536.95	9,686.99

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 has created 25 percent of deferred tax liability of ₹ **579.43 crore** (Previous Year ₹ 578.74 crore) on balance of accumulated Special Reserve as on April 1, 2014 by debiting the General reserve. The balance amount of deferred tax liability of ₹ **1,158.17 crore** will be created in the next financial year [Note 17].

5.3 During the year, ₹ **553.86 crore** (Previous Year ₹ 437.07 crore) has been utilised out of the Securities Premium in accordance with Section 78 of the Companies Act, 1956. Out of the above, ₹ **0.11 crore** (Previous Year ₹ 22.01 crore) has been utilised by one of the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses, ₹ **85.46 crore** (Previous Year ₹ Nil) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ **468.29 crore** (net of tax ₹ 247.84 crore) [(Previous Year ₹ 415.06 crore) (net of tax ₹ 213.72 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures.

5.4 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extraordinary General Meeting and in accordance with the provisions of the Companies Act, 2013 (Act), has bought back 7,85,400 equity shares during the year (Previous Year Nil) at an aggregate value of ₹ **309.76** (Previous Year ₹ Nil). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ **0.47 crore** (Previous Year ₹ Nil) has been transferred to Capital Redemption Reserve in terms of Section 69(1) of the Act.

5.5 Additional Tax on dividend Financial Year (FY) 2014-15 credit taken, ₹ **11.15 crore** (Previous Year ₹ 18.59 crore for FY 2013-14), pertains to 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.

5.6 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ **2.19 crore** for the FY 2014-15 (₹ 8.98 crore for the FY 2013-14) and tax on dividend of ₹ **0.45 crore** (Previous Year ₹ 1.53 crore) as approved by the shareholders at the Annual General Meeting held on July 24, 2015 and GRUH Finance Ltd. paid dividend of ₹ **0.02 crore** for the FY 2014-15 (₹ Nil for the FY 2013-14) and tax on dividend of ₹ **42,179** (Previous Year ₹ Nil) as approved by the shareholders at the Annual General Meeting held on June 26, 2015.

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 ₹ **122.07 crore** (without considering future tax benefit of ₹ **42.25 crore**) [(Previous Year ₹ 33.75 crore) (without considering future tax benefits of ₹ 11.47 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2016. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 5 years.

5.8 During the year, there was a net addition of ₹ **88.32 crore** (Previous year net reduction ₹ 108.59 crore) in the Foreign Currency Monetary Items Translation Difference Account as under:

₹ in Crore

Particulars	**Current Year**	Previous Year
Net Revaluation of monetary assets & liabilities	**(140.32)**	128.54
Net (Debit) Credit to the Statement of Profit & Loss on account of repayments during the year	**(59.07)**	(93.21)
Net amortisation credit (debit) during the year	**111.07**	73.26
Net (Addition)/reduction during the year	**(88.32)**	108.59

5.9 The Board of Directors of the Company at its meeting held on March 21, 2016, *inter alia*, has approved the payment of an interim dividend of ₹ **3** per equity share (Previous Year ₹ 2 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2015-16.

5.10 The Corporation has 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 Section 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 Company is eligible to forfeit the amounts received towards the warrants.

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, 2016	As at March 31, 2015
Bonds and Debentures [Refer Note 7.1]	**63,711.20**		60,149.20
Term Loans: [Refer Note 7.5 and 7.6]			
- Banks	**10,315.91**		9,960.44
- External Commercial Borrowing - Low Cost Affordable Housing	**5,318.40**		1,884.00
- Others	**5,272.68**	**84,618.19**	3,678.77
Deposits [Refer Note 7.7]		**34,164.19**	28,873.31
		1,18,782.38	1,04,545.72

7.1 Long-Term Borrowings are further sub classified as follows:

₹ in Crore

Sr. No.	Particulars		As at March 31, 2016	As at March 31, 2015
	Secured : [Refer Note 7.2]			
a)	**Bonds and Debentures**			
	- Bonds	**40.50**		46.50
	- Non-Convertible Debentures	**57,897.70**		54,004.70
b)	**Term Loans from Banks**			
	- Scheduled Banks	**9,632.03**		8,482.24
c)	**Term Loans from other parties**			
	- Asian Development Bank [Refer Note 7.3]	**205.11**		232.09
	- National Housing Bank	**5,067.57**		3,443.68
	Total Secured		**72,842.91**	66,209.21
	Unsecured:			
a)	**Bonds and Debentures**			
	- Non-Convertible Subordinated Debentures	**5,623.00**		5,998.00
	- Perpetual Debt Instrument	**150.00**		100.00
b)	**Term Loans from Banks**			
	- Scheduled Banks	**683.88**		1,478.20
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**5,318.40**		1,884.00
d)	**Term Loans from other parties**			
	- Under a line from Kreditanstalt für Wiederaufbau	**-**		3.00
e)	**Deposits** [Refer Note 7.7]	**34,164.19**		28,873.31
	Total Unsecured		**45,939.47**	38,336.51
			1,18,782.38	1,04,545.72

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 29 B 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.

7.4 The Corporation has availed an External Commercial Borrowing (ECB) of USD 300 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. 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 unamortised charges for raising of the ECB have been written off in the current year.

During the financial year, the Corporation has refinanced the said ECB of USD 300 million for the balance tenor for a lower interest rate, thereby resulting in a reduction in the interest cost. The said refinanced ECB is swapped into rupees for the entire balance maturity by way of principal only swaps. The charges towards refinance of the ECB has amortised over the tenure of ECB.

During the Financial Year, the Corporation has availed an ECB of USD 500 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. 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 charges for raising the aforesaid ECB has been amortised over the tenure of ECB.

7.5 As on March 31, 2016, the Corporation has foreign currency borrowings of **USD 1,447.36 million equivalent** (Previous Year USD 1,013.01 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 1,295.81 million equivalent** (Previous Year USD 495.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2016, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 70 million equivalent** (Previous Year USD 330 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 interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **19,935 crore** (Previous Year ₹ 15,240 crore) as on March 31, 2016 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 243.11 million equivalent** (Previous Year USD 408.69 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.

7.6 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the premiums on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **84.98 crore** (Previous Year ₹ Nil).

7.7 Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge 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%		**500.00**	-	-	**500.00**
		(800.00)	-	-	*(800.00)*
8.01% - 10%		**26,107.70**	**13,430.00**	**8,605.00**	**48,142.70**
		(24,366.00)	*(8,353.70)*	*(10,495.00)*	*(43,214.70)*
10.01% - 11.95%		**5,295.00**	-	-	**5,295.00**
		(2,195.00)	*(4,185.00)*	-	*(6,380.00)*
Zero Coupon		**1,960.00**	**2,000.00**	-	**3,960.00**
		(2,810.00)	*(800.00)*	-	*(3,610.00)*
Variable Rate					
- Linked to G Sec		**13.15**	**14.95**	**12.40**	**40.50**
		(12.30)	*(14.10)*	*(20.10)*	*(46.50)*
TOTAL - SECURED	**A**	**33,875.85**	**15,444.95**	**8,617.40**	**57,938.20**
	A	*(30,183.30)*	*(13,352.80)*	*(10,515.10)*	*(54,051.20)*
Bonds & Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
7.62% - 10%		**-**	**1,500.00**	**4,123.00**	**5,623.00**
		(475.00)	*(500.00)*	*(5,023.00)*	*(5,998.00)*
10.01% - 11.95%		**-**	**-**	**-**	**-**
		-	-	*(100.00)*	*(100.00)*
TOTAL UNSECURED	**B**	**-**	**1,500.00**	**4,123.00**	**5,623.00**
	B	*(475.00)*	*(500.00)*	*(5,123.00)*	*(6,098.00)*
TOTAL (SECURED & UNSECURED)	**A+B**	**33,875.85**	**16,944.95**	**12,740.40**	**63,561.20**
	A+B	*(30,658.30)*	*(13,852.80)*	*(15,638.10)*	*(60,149.20)*

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%	**32.00**	**-**	**300.00**	**332.00**
	-	-	-	-
9.01% - 12.00%	**3,807.39**	**852.03**	**4,240.80**	**8,900.22**
	(4,354.85)	*(963.70)*	*(2,763.88)*	*(8,082.43)*
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR +150-200 bps	**399.81**	-	-	**399.81**
	(399.81)	-	-	*(399.81)*
TOTAL SECURED A	**4,239.20**	**852.03**	**4,540.80**	**9,632.03**
A	*(4,754.66)*	*(963.70)*	*(2,763.88)*	*(8,482.24)*
Term Loans from Banks - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
9.01% - 10.25%	**285.00**	**-**	-	**285.00**
	(285.00)	-	-	*(285.00)*
Term Loans from Scheduled Banks - Foreign Currency				
USD LIBOR + 200 - 325 bps	**398.88**	**-**	-	**398.88**
	(1,193.20)	-	-	*(1,193.20)*
TOTAL UNSECURED B	**683.88**	**-**	-	**683.88**
B	*(1,478.20)*	-	-	*(1,478.20)*
TOTAL (SECURED & UNSECURED) A+B	**4,923.08**	**852.03**	**4,540.80**	**10,315.91**
A+B	*(6,232.86)*	*(963.70)*	*(2,763.88)*	*(9,960.44)*

C) EXTERNAL COMMERCIAL BORROWING - LOW COST AFFORDABLE HOUSING - UNSECURED

Previous Year figures are in (brackets)
₹ in Crore

External Commercial Borrowing - Low Cost Affordable Housing - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
USD LIBOR + 107 - 175 bps	**1,994.40**	**-**	**-**	**1,994.40**
	-	*(1,884.00)*	-	*(1,884.00)*
USD LIBOR + 120 bps	**-**	**3,324.00**	**-**	**3,324.00**
	-	-	-	-
TOTAL UNSECURED	**1,994.40**	**3,324.00**	**-**	**5,318.40**
	-	*(1,884.00)*	-	*(1,884.00)*

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Other parties - Secured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Asian Development Bank USD LIBOR + 40 bps	**17.53** *(15.57)*	**19.82** *(17.61)*	**16.55** *(25.28)*	**53.90** *(58.46)*
Variable linked to Bank PLR	**26.37** *(24.80)*	**29.82** *(28.04)*	**24.89** *(40.26)*	**81.08** *(93.10)*
Variable linked to G Sec	**22.81** *(21.45)*	**25.79** *(24.25)*	**21.53** *(34.82)*	**70.13** *(80.52)*
National Housing Bank 5.50% - 8%	**384.02** *(399.01)*	**198.30** *(189.51)*	**324.87** *(183.47)*	**907.19** *(771.99)*
8.01% - 10%	**2,043.87** *(931.11)*	**617.39** *(585.33)*	**1,499.12** *(1,155.26)*	**4,160.38** *(2,671.70)*
10.01% -12%	**-** -	**-** -	**-** -	**-** -
TOTAL SECURED A	**2,494.60**	**891.12**	**1,886.96**	**5,272.68**
A	*(1,391.94)*	*(844.74)*	*(1,439.09)*	*(3,675.77)*
Term Loans from Other parties - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Kreditanstalt für Wiederaufbau - 6%	**-**	**-**	**-**	**-**
	(3.00)	-	-	*(3.00)*
TOTAL UNSECURED B	**-**	**-**	**-**	**-**
B	*(3.00)*	-	-	*(3.00)*
TOTAL (SECURED & UNSECURED) A+B	**2,494.60**	**891.12**	**1,886.96**	**5,272.68**
A+B	*(1,394.94)*	*(844.74)*	*(1,439.09)*	*(3,678.77)*

8. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	**As at March 31, 2016**	As at March 31, 2015
Amounts payable on swaps [Refer Note 7.6]	**-**	397.08
Interest Accrued but not due on Borrowings	**1,043.81**	807.62
Premium payable on redemption of Debentures	**557.38**	1,160.26
Security and Other Deposits Received	**7.83**	9.97
Income Received in Advance	**66.64**	82.24
Trade Payables	**93.86**	72.97
Accrued Redemption Loss on Investments	**8.33**	15.98
	1,777.85	2,546.12

9. LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits [Refer Note 29.2]	**77.25**	73.20
Provision for Contingencies [Refer Notes 9.1 and 9.2]	**2,167.93**	1,576.47
Reserve for Unexpired Risk (Includes Insurance Reserve)	**384.84**	348.37
	2,630.02	1,998.04

9.1 Provision for 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 ₹ **1,392.47 crore** (Previous Year ₹ 1,210.03 crore) and ₹ **7.39 crore** (Previous Year ₹ 4.33 crore) respectively.

9.2 Movement in Provision for Contingencies Account during the year is as under:

₹ in Crore

Paticulars	Current Year	Previous Year
Opening Balance	**1,576.47**	1,370.14
Additions during the year (Net) [Refer Note 33.2]	**639.19**	216.56
Utilised during the year towards diminution in value of Investments	**(11.20)**	(10.23)
Utilised during the year towards loans and others written off	**(36.53)**	-
Closing Balance	**2,167.93**	1,576.47

10. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Loans repayable on demand:		
- from Banks - Unsecured	**-**	291.46
Deposits - Unsecured [Refer Note 7.7]	**3,809.58**	2,853.39
Other loans and advances		
- Scheduled Banks - Secured [Refer Note 10.1]	**10,805.18**	4,668.26
- Scheduled Banks - Unsecured	**1,190.00**	-
- Commercial Papers - Unsecured	**26,144.07**	26,606.94
	41,948.83	34,420.05

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 29 B 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 ₹ **27,075 crore** (Previous Year ₹ 27,615 crore).

11. TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables	**3,303.66**	2,984.85
	3,303.66	2,984.85

12. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Policy Liabilities (Policyholder's Fund)		**10,931.51**	10,531.68
Current maturities of long-term borrowings		**88,562.64**	78,390.95
Interest accrued but not due on borrowings	**5,567.21**		5,393.38
Interest Accrued and due on borrowings	**-**		2.67
Premium payable on redemption of debentures	**1,349.77**		136.54
Interest accrued and due on matured deposits	**75.54**		78.70
Income and other amounts received in advance	**377.10**		295.30
Interim dividend payable	**473.95**		3.53
Unclaimed dividend	**20.81**		17.99
Unclaimed matured deposits	**560.05**		626.32
Current maturities of finance lease obligations	**-**		0.01
Other payables			
- Statutory remittances	**203.76**		220.94
- Financial Assistance from Kreditanstalt für Wiederaufbau	**7.78**		7.78
- Amounts payable - Securitised loans	**580.87**		567.73
- Amounts payable on swaps [Refer Notes 7.5 and 7.6]	**211.79**		172.57
- Accrued redemption loss on investments	**6.77**		-
- Others	**302.53**		340.71
		9,737.93	7,864.17
		1,09,232.08	96,786.80

12.1 Current maturities of Long-Term Borrowings are further sub-classified as follows:

₹ in Crore

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
	Secured [Refer Note 12.2]		
a)	**Bonds and Debentures**		
	- Bonds	**6.00**	5.75
	- Non-Convertible Debentures	**31,229.00**	29,874.60
b)	**Term Loans from Banks**		
	- Scheduled Banks	**15,727.34**	9,358.62
c)	**Term Loans from other parties**		
	- Asian Development Bank	**30.40**	28.17
	- National Housing Bank	**1,433.37**	790.16

₹ in Crore

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
	Unsecured		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures	**875.00**	500.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,649.13**	2,191.00
c)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**3.00**	14.44
d)	**Deposits** [Refer Note 7.7]	**37,609.40**	35,628.21
		88,562.64	78,390.95

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 29 B 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, 2016	As at March 31, 2015
Provision for Employee benefits [Refer Note 29.2]	**199.12**	188.28
Provision for Tax (net of Advance Tax)	**80.07**	87.73
Proposed Dividend	**2,211.78**	2,047.12
Additional Tax on Proposed Dividend	**467.30**	431.54
Claims Incurred but not reported (IBNR) and Incurred but not enough reported (IBNER)	**610.60**	569.94
Reserve for Unexpired Risk (Includes Insurance Reserve)	**1,024.49**	871.68
	4,593.36	4,196.29

14. TANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2015	Additions	Adjustments	Deductions	As at March 31, 2016	As at March 31, 2015	For the Year	Adjustments	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Land:												
Freehold	16.67	40.12	0.04	0.03	56.80	-	-	-	-	-	56.80	16.67
	(16.67)	-	-	-	*(16.67)*	-	-	-	-	-	*(16.67)*	*(16.67)*
Leasehold	370.24	-	-	-	370.24	2.95	8.85	-	-	11.80	358.44	367.29
	(3.44)	*(366.80)*	-	-	*(370.24)*	*(0.66)*	*(2.29)*	-	-	*(2.95)*	*(367.29)*	*(2.78)*
Buildings:												
Own Use	656.51	9.89	43.52	0.46	709.46	74.31	10.20	23.48	(6.67)	114.66	594.80	582.20
	(573.64)	*(119.90)*	-	*(37.03)*	*(656.51)*	*(71.06)*	*(3.25)*	-	-	*(74.31)*		-
Under Operating Lease	-	-	293.60	5.75	287.85	-	40.01	168.86	4.12	204.75	83.10	-
											(582.20)	*(502.58)*
Leasehold Improvements	119.60	10.87	0.05	3.26	127.26	68.65	19.27	-	(1.10)	89.02	38.24	50.95
	(110.72)	*(11.81)*	-	*(2.93)*	*(119.60)*	*(48.43)*	*(18.81)*	-	*1.41*	*(68.65)*	*(50.95)*	*(62.29)*
Computer Hardware	247.04	23.66	-	11.94	258.76	174.73	13.52	-	(11.17)	199.42	59.34	72.31
	(215.61)	*(43.41)*	-	*(11.98)*	*(247.04)*	*(151.25)*	*(9.05)*	-	*14.43*	*(174.73)*	*(72.31)*	*(64.36)*
Furniture & Fittings:												
Own Use	156.85	13.13	-	5.79	164.19	112.30	5.32	-	0.94	116.68	47.51	44.55
	(155.00)	*(10.00)*	-	*(8.15)*	*(156.85)*	*(117.61)*	*1.00*	-	*(4.31)*	*(112.30)*	*(44.55)*	*(37.39)*
Under Operating Lease	-	-	0.13	-	0.13	0.00	0.07	0.05	-	0.12	0.01	-
	(0.71)	-	-	*(0.71)*	-	*(0.63)*	*(0.07)*	-	*(0.70)*	-	-	*(0.08)*
Office Equipment etc.:												
Own Use	161.45	15.66	(0.05)	9.83	167.23	110.92	8.24	(0.04)	2.69	116.43	50.80	50.53
	(155.04)	*(15.52)*	-	*(9.11)*	*(161.45)*	*(107.03)*	*(4.94)*	-	*(1.11)*	*(110.86)*	*(50.59)*	*(48.01)*
Under Operating Lease	-	-	1.24	-	1.24	0.00	0.36	0.78	-	1.14	0.10	-
	(0.80)	-	-	*(0.80)*	-	*(0.67)*	*(0.12)*	-	*(0.79)*	-	-	*(0.13)*
Vehicles:												
Owned	33.07	13.30	-	5.00	41.37	14.48	3.48	-	-	17.96	23.41	18.59
	(24.85)	*(10.54)*	-	*(2.32)*	*(33.07)*	*(12.53)*	*(1.35)*	-	*0.60*	*(14.48)*	*(18.59)*	*(12.32)*
Under Finance Lease	0.12	-	-	0.11	0.01	0.10	-	-	0.10	-	0.01	0.02
	(0.29)	-	-	*(0.17)*	*(0.12)*	*(0.24)*	-	-	*(0.14)*	*(0.10)*	*(0.02)*	*(0.05)*
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)*	-	-
Computers*	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,907.10**	**126.63**	**338.53**	**42.17**	**2,330.09**	**703.99**	(2) **109.32**	**193.13**	**(11.09)**	**1,017.53**	**1,312.56**	**1,203.11**
Previous Year	*(1,402.32)*	*(577.98)*	-	*(73.20)*	*(1,907.10)*	*(655.66)*	*(38.88)*	-	*9.39*	*(703.93)*	*(1,203.17)*	*(746.66)*

(*) Assets held for disposal

Notes:

(1) Net of depreciation for the year amounting to ₹ **49.53 crore** (Previous Year ₹ 52.49 crore) included in Other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **5.28 crore** (Previous Year ₹ 3.98 crore) being depreciation charge on Investment in Properties.

(3) Represents acquisition of subsidiary in the previous year.

15. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2015	**Additions**	**Adjustments**	**Deductions**	**As at March 31, 2016**	As at March 31, 2015	**For the Year**	**Adjustments**	**Deductions**	**As at March 31, 2016**	**As at March 31, 2016**	As at March 31, 2015
Computer Software Owned	221.19	**21.18**	**0.07**	**0.03**	**242.41**	149.81	**4.99**	**0.15**	**(26.68)**	**181.63**	**60.78**	71.38
	(185.05)	*(36.14)*	-	-	*(221.19)*	*(115.13)*	*(3.09)*	-	*31.68*	*(149.90)*	*(71.29)*	*(69.92)*
Goodwill	157.74	**-**	**-**	**-**	**157.74**	149.99	**0.88**	**-**	**-**	**150.87**	**6.87**	7.75
	(149.41)	*(8.33)*	-	-	*(157.74)*	*(149.36)*	*(0.63)*	-	-	*(149.99)*	*(7.75)*	*(0.05)*
Website Development	2.74	**0.07**	**-**	**-**	**2.81**	2.53	**0.05**	**-**	**-**	**2.58**	**0.23**	0.21
	(2.52)	*(0.22)*	-	-	*(2.74)*	*(2.50)*	*(0.03)*	-	-	*(2.53)*	*(0.21)*	*(0.02)*
Total	381.67	**21.25**	**0.07**	**0.03**	**402.96**	302.33	**5.92**	**0.15**	**(26.68)**	**335.08**	**67.88**	79.34
Previous Year	*(336.98)*	*(44.69)*	-	-	*(381.67)*	*(266.99)*	*(3.75)*	-	*31.68*	*(302.42)*	*(79.25)*	*(69.99)*

Note:

(1) Net of depreciation for the year amounting to ₹ **26.82 crore** (Previous Year ₹ 31.61 crore) included in Other expenses pertaining to Insurance Business.

16. NON-CURRENT INVESTMENTS

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
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
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)		**14,936.37**	12,581.71
		20,369.78	18,015.12
Less: Provision for Diminution in Value of Investments		**(2.50)**	(2.50)
	(A)	**20,367.28**	18,012.62
Other Investments			
Insurance Companies			
Equity Shares - Other Companies		**28,773.43**	32,201.78
Preference Shares		**234.90**	69.36
Non-Convertible Debentures and Bonds		**15,551.17**	12,275.45
Pass Through Certificates & Security Receipts		**6.36**	3.70
Government Securities		**23,595.00**	18,548.00
Mutual Funds and Other Funds		**10.11**	3.18
Fixed Deposits		**53.39**	227.15
		68,224.36	63,328.62
Add: Fair Value Adjustment		**37.79**	(23.71)
Less: Provision for Diminution in Value of Investments		**-**	-
	(B)	**68,262.15**	63,304.91

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Investments related to Policy Holders	**22,518.85**	18,290.85
Investments to cover linked liabilities	**5,347.52**	4,869.85
Investments related to Shareholders	**40,395.78**	40,144.21
	68,262.15	63,304.91

16.1 **Encumbrances**

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2016, 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, 2016	As at March 31, 2015
(i) issued in India	**96.73**	88.50
(ii) issued outside India	**0.09**	0.09
Total	**96.82**	88.59

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Other Investments			
Other than Insurance Companies			
Equity Shares - Other Companies		**737.97**	613.69
Preference Shares		**91.67**	97.98
Debentures and Bonds		**403.75**	313.94
Pass Through Securities & Security Receipts		**47.24**	45.22
Government Securities		**5,121.36**	4,140.95
Mutual Funds and Other Funds		**135.50**	166.70
Properties (Net of Depreciation)		**377.42**	270.93
		6,914.91	5,649.41
Less: Provision for Diminution in Value of Investments		**(79.92)**	(79.35)
	(C)	**6,834.99**	5,570.06
Total	**(A) + (B) + (C)**	**95,464.42**	86,887.59

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**318.89**	**409.99**
Previous Year	*286.10*	*443.65*
Aggregate book value of Investments listed but not quoted	**5,264.23**	
Previous Year	*4,248.97*	
Aggregate book value of Investments in Unquoted Mutual Funds	**-**	*** -**
Previous Year	*34.54*	*32.50*
Aggregate book value of Unquoted Investments (Others)	**874.45**	
Previous Year	*729.52*	
Properties	**377.42**	
Previous Year	*270.93*	
	6,834.99	
	5,570.06	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

Note:

Unquoted investments include ₹ **Nil** (Previous Year ₹ Nil) in respect of equity shares, which are subject to a lock-in period and include ₹ **100.17 crore** (Previous Year ₹ 40.17 crore) in respect of equity shares, which are subject to restrictive covenant.

17. DEFERRED TAX ASSET/LIABILITIES:

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income', debit has been taken for ₹ **160.02 crore** (Previous Year debit had been taken ₹ 282.08 crore) in the Statement of Profit and Loss for the year ended March 31, 2016 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **579.43 crore** (Previous Year ₹ 578.74 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	**(71.29)**	(76.25)	**8.54**	8.65
(b) Preliminary Expenses	**-**	-	**0.02**	0.01
(c) Special Reserve II	**(1,945.76)**	(924.31)	**-**	-
(d) Provision for Contingencies	**985.56**	748.63	**8.01**	6.77
(e) Provision for Employee Benefits	**50.77**	46.04	**1.44**	3.19
(f) Accrued Redemption Loss (net)	**5.57**	5.93	**-**	-
(g) Others (net)	**4.74**	(31.36)	**0.17**	(0.07)
Total	**(970.41)**	(231.32)	**18.18**	18.55

17.1 In respect of Credila Financial Services Pvt. Ltd., the deferred tax assets are recognised only to the extent that there are timing differences and there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

17.2 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ **191.14 crore** (Previous Year ₹ 138.40 crore), ₹ **174.55 crore** charged to the Revenue Account (Previous Year ₹ 119.34 crore) and ₹ **16.59 crore** charged to the Profit and Loss Account (Previous Year ₹ 19.07 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, 2016**	As at March 31, 2015
Loans: [Refer Notes 18.1, 18.2 & 18.4]		
- Individuals	**1,81,548.79**	1,56,462.80
- Corporate Bodies	**60,930.09**	52,653.39
- Others	**3,624.23**	2,904.35
	2,46,103.11	2,12,020.54
Less: Provision for Sub-Standard and Doubtful Loans (Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.) [Refer Note 18.3]	**575.31**	489.45
	2,45,527.80	2,11,531.09

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Others:			
Corporate Deposits - Unsecured; Considered doubtful	**2.00**		2.00
Corporate Deposits - Secured; Considered good	**3.80**		-
Capital Advances - Unsecured; Considered good	**12.79**		17.64
Advance against Investment in Properties	**-**		0.59
Security Deposits - Unsecured; Considered good	**69.97**		66.18
Instalment due from Borrowers - Secured; Considered doubtful	**108.84**		99.35
Other Long-Term Loans and Advances			
- Staff Loan others - Secured, Considered good	**18.14**		17.53
- Prepaid Expenses - Unsecured, Considered good	**194.53**		241.11
- Advance Tax (Net of Provision)	**2,754.14**		2,587.88
- Others - Unsecured, Considered good	**72.57**		120.69
- Others - Unsecured, Considered doubtful	**49.71**		49.71
	3,286.49		3,202.68
Less : Provision for Doubtful Receivables	**51.71**		51.71
		3,234.78	3,150.97
		2,48,762.58	2,14,682.06

18.1 Out of Loans, amounts aggregating to ₹ **2,44,857.78 crore** (Previous Year ₹ 2,09,268.48 crore) are secured or partly secured by:

(a) Equitable mortgage of property and/or

(b) Pledge of shares, units, other securities, fixed deposits, assignment of life insurance policies and/or

(c) Hypothecation of assets and/or

(d) Bank guarantees, company guarantees or personal guarantees and/or

(e) Negative lien and/or

(f) Assignment of hire purchase receivables and/or

(g) Undertaking to create a security.

18.2 Long-Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ **1,869.63 crore** (Previous Year ₹ 1,568.33 crore).

18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Opening Balance	**489.45**	553.77
Additions during the year [Refer Note 33.2]	**85.86**	(36.54)
Utilised during the year – towards Loans written off	**-**	(27.78)
Closing Balance	**575.31**	489.45

18.4 Loans include ₹ **89.32 crore** (Previous Year ₹ 198.33 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

19. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Receivable on Securitised Loans	**371.18**	353.18
Forward Receivables	**83.69**	104.00
Amounts receivable on Swaps and other derivatives	**87.22**	-
Interest accrued but not due on Loans	**80.34**	373.24
Interest accrued but not due on Bank Deposits	**8.85**	31.08
Income accrued but not due on Investments	**64.43**	51.62
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	**93.57**	1,886.40
	789.28	2,799.52

19.1 Bank deposits with maturities beyond twelve months include earmarked balances ₹ **53.90 crore** (Previous Year ₹ 58.46 crore) against foreign currency loans, ₹ **0.14 crore** (Previous Year ₹ 0.13 crore) towards letter of credit issued by bank and ₹ **Nil crore** (Previous Year ₹ 0.21 crore) against letter of guarantee issued by the bank to one of the subsidiary companies.

20. CURRENT INVESTMENTS

Insurance Companies [Refer Note 16.1]

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Non-Convertible Debentures and Bonds	**608.89**	821.13
Investment: Insurance Co-Preference Shares	-	19.67
Pass Through Certificates & Security Receipts	-	31.21
Government Securities	**1,565.54**	943.04
Investment: Insurance Co-Securities Receipts	-	4.23
Mutual Funds and Other Funds	**670.65**	63.10
Fixed Deposits	**538.00**	328.00
Commercial Papers	**118.34**	83.34
Certificate of Deposits	**989.65**	844.30
Treasury Bills	**1,019.12**	762.52
Repo Investments	**2,523.69**	1,777.36
Investment: Insurance Co-Less: Fair Value Change	**(1.51)**	(2.09)
(A)	**8,032.37**	5,675.81

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Investments related to Policy Holders	**3,050.11**	1,266.10
Investments to cover linked liabilities	**1,240.90**	936.37
Investments related to Shareholders	**3,741.36**	3,473.34
	8,032.37	5,675.81

Other than Insurance Companies

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Held as Current Investments (At cost or market value whichever is lower unless stated otherwise)			
Equity Shares - Subsidiary/Associate Companies		**23.25**	131.92
Equity Shares - Unlisted Company		-	45.00
Debentures - Convertible - Subsidiary Companies		-	265.18
Non-Convertible Debentures and Bonds		-	9.25
Mutual Funds		**878.25**	554.58
Current Maturities of Long-Term Investments (At cost)			
Security Receipts		**6.05**	13.11
Government Securities		**287.78**	30.60
Venture Funds and Other Funds		**41.19**	44.77
Non-Convertible Debentures and Bonds		-	130.00
		1,236.52	1,224.41
Less: Provision for Diminution in Value of Investments		**(12.57)**	(5.39)
	(B)	**1,223.95**	1,219.02
Total	(A) + (B)	**9,256.32**	6,894.83

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**437.84**	**437.84**
Previous Year	*137.86*	*137.86*
Aggregate book value of Investments listed but not quoted	**172.13**	
Previous Year	*139.32*	
Aggregate book value of Investments in Unquoted Mutual Funds	**550.29**	***878.59**
Previous Year	*416.70*	*533.58*
Aggregate book value of Unquoted Investments (Others)	**63.69**	
Previous Year	*525.14*	
	1,223.95	
Previous Year	*1,219.02*	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

21. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Receivables – Unsecured; Considered good, less than six months	**444.70**	456.42
Trade Receivables – Unsecured; Considered good, more than six months	**27.89**	5.47
	472.59	461.89
Less : Provision for Doubtful Receivables [Refer Note 33.2]	**5.79**	4.10
	466.80	457.79

22. CASH AND BANK BALANCES

₹ in Crore

Particulars			As at March 31, 2016	As at March 31, 2015
(a)	Cash and cash equivalents			
	(i)	Balances with banks:		
		- In Current Accounts	**3,306.26**	527.83
		- In Deposit Accounts with original maturity less than 3 months	**1.97**	2,621.92
	(ii)	Cash on Hand	**0.61**	0.39
	(iii)	Cheques on Hand	**330.48**	397.58
	Sub total		**3,639.32**	3,547.72
(b)	Other Bank balances:			
	(i)	Earmarked balances with banks		
		- Unclaimed Dividend Account	**494.77**	21.52
		- Against Foreign Currency Loans [Refer Note 7.3]	**8.10**	7.20
		- Towards Guarantees Issued by Banks	**0.06**	0.13
		- Others [Refer Note 22.1]	**0.69**	2.59
	(ii)	Short-term bank deposits [Refer Note 22.2]	**2,238.11**	682.76
			6,381.05	4,261.92

22.1 Earmarked balances with banks - Others include an amount of ₹ **0.69 crore** (Previous Year ₹ 2.59 crore) given by HDFC Asset Management Company Limited (HDFC AMC) to HDFC Trustee Company Limited and held in a designated account maintained by the latter being balance amount to be paid to unit holders of HDFC Mutual Fund, HDFC AMC's portfolio services clients and SEBI Investor Protection and Education fund as directed by Securities Exchange Board of India in the matter of front running trades by a former equities dealer of HDFC AMC.

22.2 Bank Deposits of the subsidiary companies of ₹ **1.30 crore** (Previous Year ₹ 1.25 crore) are marked as lien for overdraft facility.

23. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Loans: [Refer Note 23.1]			
Current maturities of long-term loans and advances	**24,347.72**		25,173.71
Corporate Bodies	**2,210.09**		1,501.12
		26,557.81	26,674.83
Others:			
Current maturities of Staff Loans - Others - Secured; Considered good	**4.94**		4.43
Corporate Deposits [Refer Note 23.2]	**1,383.41**		947.39
Instalments due from borrowers - Secured, Considered good	**1,363.15**		1,295.76
Prepaid Expenses - Unsecured; Considered good	**139.88**		99.35
Sundry Deposits - Unsecured, Considered good	**17.88**		16.70
Other Advances - Unsecured, Considered good	**1,306.83**		1,284.15
Loans and Advances to Related parties	**26.75**		31.50
		4,242.84	3,679.28
		30,800.65	30,354.11

23.1 Out of Loans, amounts aggregating to ₹ **21,929.59 crore** (Previous Year ₹ 22,844.03 crore) are secured and considered good [Refer Note 18.1].

23.2 Out of Corporate deposits, amounts aggregating to ₹ **568.77 crore** (Previous Year ₹ 299.30 crore) are secured and considered good [Refer Note 18.1].

24. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Receivables on Securitised Loans	**68.27**	53.30
Receivables on sale of Investments	**1,785.48**	-
Interest accrued but not due on Loans	**592.38**	350.83
Interest accrued and due on Loans	**0.23**	0.22
Income accrued but not due on Investments	**1,478.12**	1,208.37
Income accrued and due on Investments	**-**	48.93
Interest accrued but not due on Corporate Deposits	**228.67**	25.23
Interest accrued and due on Corporate Deposits	**1.10**	0.72
Application Money - Investments	**-**	2.00
	4,154.25	1,689.60

25. CONTINGENT LIABILITIES AND COMMITMENTS

The Group is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

25.1 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 ₹ **1,321.47 crore** (Previous Year ₹ 1,129.72 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ **1,290.84 crore** (Previous Year ₹ 1,119.09 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 ₹ **92.28 crore** (Previous Year ₹ 189.75 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) During the current year, 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.

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.

25.2 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **502.51 crore** (Previous Year ₹ 361.89 crore).

b) Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ **1,889.83 crore** (Previous Year ₹ 1,919.65 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.

25.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ **518.82 crore** (Previous Year ₹ 556.82 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **0.77 crore** (Previous Year ₹ 0.86 crore).

25.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **798.95 crore** (Previous Year ₹ 426.84 crore).

26. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income:		
- Interest on Loans	**28,291.58**	25,919.84
- Other Interest [Refer Note 26.1]	**1,168.56**	1,074.89
Net Gain on foreign currency transactions and translation	**0.86**	0.18
Dividends [Refer Note 26.2]	**49.85**	41.16
Management & Trusteeship Fees	**1,531.49**	1,181.96
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 26.3]	**311.67**	369.48
Income from Leases [Refer Note 26.4]	**29.46**	10.38
Fees and Other Charges [Refer Note 26.5]	**489.87**	477.89
	31,873.34	29,075.78

26.1 a) Other Interest includes interest on investments amounting to ₹ **442.01 crore** (Previous Year ₹ 420.04 crore).

b) Other Interest includes interest on investments amounting to ₹ **21.95 crore** (Previous Year ₹ 43.03 crore) in respect of current investments.

c) Other Interest includes Interest on Income Tax Refund ₹ **Nil** (Previous Year ₹ 44.31 crore).

26.2 Dividend income includes ₹ **13.82 crore** (Previous Year ₹ 11.17 crore) in respect of current investments.

26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **311.67 crore** (Previous Year ₹ 369.48 crore) is in respect of investments held as current investments.

26.4 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures are made in respect of Operating Leases:

Income from Leases includes ₹ **4.83 crore** (Previous Year ₹ 4.01 crore) in respect of properties and certain assets leased out 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	**4.16**	3.37
Later than one year but not later than five years	**1.15**	2.19

26.5 Fees and other charges is net off the amounts paid to Direct Selling Agent ₹ **457.74 crore** (Previous Year ₹ 362.85 crore).

27. Profit on sale of investments includes ₹ **25.02 crore** (Previous Year ₹ 19.35 crore) in respect of current investments.

28. FINANCE COST

₹ in Crore

Particulars	**Current Year**	Previous Year
INTEREST		
- Loans	**2,662.72**	2,768.54
- Deposits	**6,797.22**	6,255.58
- Bonds and Debentures	**7,784.65**	7,597.80
- Commercial Paper	**2,847.01**	1,967.91
	20,091.60	18,589.83
Net Loss on foreign currency transactions and translation [Refer Note 28.1]	**52.70**	(20.09)
OTHER CHARGES [Refer Note 28.2]	**151.30**	140.55
	20,295.60	18,710.29

28.1 ₹ **51.84 crore** (Previous Year gain ₹ 20.27 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	**3.01**	(34.72)
- Cross Currency Interest Rate Swaps [Refer Note 7.6]	**108.26**	107.98
Net Exchange (Gain)/Loss on Translation [Refer Note 5.8]	**111.27**	73.26
Realised (Gain)/Loss	**(58.57)**	(93.35)
Net (Gain)/Loss on translation and transactions recognised in Finance cost	**52.70**	(20.09)
Realised (Gain)/Loss recognised in Revenue from Operations [Refer Note 26]	**(0.86)**	(0.18)
Net (Gain)/Loss recognised in Statement of Profit and Loss	**51.84**	(20.27)

28.2 Other Charges is net of Exchange gain ₹ **0.13 crore** (Previous Year includes exchange loss of ₹ 0.32 crore).

29. EMPLOYEE BENEFITS EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 29.1 & 29.2]	**688.76**	612.43
Contribution to Provident Fund and Other Funds [Refer Note 29.3]	**77.64**	68.02
Gratuity Expenses	**3.26**	2.55
Staff Training and Welfare Expenses	**18.48**	16.13
	788.14	699.14

29.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long-Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

29.2 **Employee Benefits**

In accordance with the Accounting Standard (AS) 15 on Employee Benefits, the following disclosures have been made:

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 [Refer Note 29.3]	**26.25**	22.57	**27.80**	26.25
Superannuation Fund [Refer Note 29.3]	**12.94**	10.85	**0.48**	0.42
Employees' Pension Scheme-1995	**3.70**	2.75	**-**	-
Employees' State Insurance Corporation	**2.27**	2.04	**-**	(2.62)
Labour Welfare Fund	**0.02**	0.01	**0.01**	0.05

29.3 The Corporation makes Provident Fund and Superannuation 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 ₹ **287.31 crore** and ₹ **286.17 crore** respectively (Previous Year ₹ 245.40 crore and ₹ 244.59 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 8.75%. The actuarial assumptions include discount rate of **7.86%** (Previous Year 7.96%) and an average expected future period of **13 years** (Previous Year 21.75 years).

The Corporation recognised ₹ **13.73 crore** (Previous Year ₹ 12.55 crore) for provident fund contributions and ₹ **12.16 crore** (Previous Year ₹ 10.17 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.

29.4 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	**244.42**	190.67
Current Service Cost	**17.70**	13.39
Interest Cost	**19.41**	17.74
Benefits Paid	**(16.36)**	(13.18)
Actuarial loss	**25.04**	35.80
Liability at the end of the year*	**290.21**	244.42
* The Liability at the end of the year ₹ **290.21 crore** (Previous Year ₹ 244.42 crore) includes ₹ **54.79 crore** (Previous Year ₹ 50.20 crore) in respect of un-funded plans.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**175.70**	141.56
Expected Return on Plan Assets	**14.04**	12.43
Contributions	**36.44**	24.55
Benefits Paid	**(4.67)**	(4.43)
Actuarial loss on Plan Assets	**(1.43)**	1.59
Fair Value of Plan Assets at the end of the year	**220.08**	175.70
Total Actuarial loss to be recognised	**(26.47)**	(34.21)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**14.04**	12.43
Actuarial loss on Plan Assets	**(1.43)**	1.59
Actual Return on Plan Assets	**12.61**	14.02
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**17.70**	13.39
Interest Cost	**19.41**	17.74
Expected Return on Plan Assets	**(14.04)**	(12.43)
Net Actuarial loss to be recognised	**26.47**	34.21
Expense recognised in the Statement of Profit and Loss		
included under Contribution to Provident Fund and Other Funds	**40.49**	41.75
included under Other expenses pertaining to Insurance Business	**9.05**	11.16
	49.54	52.91
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**68.72**	49.11
Expense recognised	**49.54**	52.91
Contribution by the Corporation	**(36.44)**	(24.55)
Benefits paid in respect of unfunded plans	**(11.69)**	(8.75)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**70.13**	68.72

₹ in Crore

Amount Recognised in the Balance Sheet:	2015-16	2014-15	2013-14	2012-13	2011-12
Liability at the end of the year	**290.21**	244.42	190.67	165.02	133.13
Fair Value of Plan Assets at the end of the year	**220.08**	175.70	141.56	110.02	94.08
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**70.13**	68.72	49.11	55.00	39.05
Experience Adjustment:					
On Plan Liabilities	**6.99**	26.81	22.14	21.16	10.09
On Plan Assets	**0.87**	1.59	(3.09)	(5.74)	(4.44)
Estimated Contribution for next year	**23.60**	28.18	19.54	22.55	13.09

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	**19.76**	24.45
State Government securities/securities guaranteed by State/Central Government	**16.79**	1.80
Public Sector/Financial Institutional Bonds	**12.46**	16.23
Private Sector Bonds	**20.68**	0.61
Special Deposit Scheme	**1.01**	0.02
Certificate of Deposits	**1.37**	-
Deposits with Banks and Financial Institutions	**0.69**	2.64
Investment in Insurance Companies	***12.50**	*31.31
Investment in Equity Shares	**10.22**	5.69
Others (including bank balances)	**4.52**	17.25
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	**7.5 to 8.5**	7.50 to 9.31
Return on Plan Assets	**7.8 to 8.10**	7.9 to 8
Salary Escalation	**5 to 10**	5 to 10

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

30. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 30.1]	**84.89**	101.11
Rates and Taxes	**6.64**	3.93
Repairs and Maintenance - Buildings	**13.61**	6.67
General Office Expenses	**4.41**	2.64
Electricity Charges	**23.76**	21.18
Insurance Charges	**1.57**	1.42
	134.88	136.95

30.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', 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 ₹ **96.64 crore** (Previous Year ₹ 176.76 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ **Nil crore** (Previous Year ₹ 14.09 crore) have been netted off from rent expense.

The future lease payments in respect of the above are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**42.99**	36.92
Later than one year but not later than five years	**27.93**	36.24

(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 ₹ **0.66 crore** (Previous Year ₹ 1.08 crore) included under Other expenses pertaining to Insurance business. The minimum future lease rentals payable for specified duration in respect of such leases amount to the following:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.66**	0.72
Later than one year but not later than five years	**-**	0.65

(c) Certain motor cars have been acquired under Finance Lease by a subsidiary for an aggregate fair value of ₹ **Nil crore** (Previous Year ₹ 0.01 crore). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

Current Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	-	-	-
Later than one year but not later than five years	-	-	-

Previous Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	0.01	-	0.01
Later than one year but not later than five years	-	-	-

31. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**31.74**	28.54
Printing and Stationery	**35.79**	22.42
Postage, Telephone and Fax	**37.64**	32.45
Advertising	**133.47**	104.15
Repairs and Maintenance - Other than Buildings	**19.89**	17.94
Office Maintenance	**32.26**	29.03
Legal Expenses	**22.16**	19.14
Computer Expenses	**18.81**	16.52
Directors' Fees and Commission	**8.66**	7.25
Miscellaneous Expenses [Refer Notes 31.1 and 31.2]	**530.20**	300.25
Auditors' Remuneration [Refer Note 32]	**7.96**	6.44
Preliminary Expenses written off	**0.21**	-
	878.79	584.13

31.1 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The details of amounts spent towards CSR are as under:

₹ in Crore

	Period	In Cash	Yet to be paid in cash	Total
a)	Construction/acquisition of any asset	-	-	-
b)	On purposes other than (a) above *	**106.19**	-	**106.19**

* The above consists of an amount of ₹ **85.23 crore** charged to the Shelter Assistance Reserve.

31.2 Miscellaneous expenses include ₹ **6.97 crore** being amount distributed to the Unit holders of relevant schemes of HDFC Mutual Fund and Portfolio management services clients by one of the subsidiary company as directed by SEBI in the matter of front running trades by a former equities dealer.

32. AUDITOR'S REMUNERATION:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**4.89**	4.13
Limited Reviews	**1.70**	1.58
Tax Matters	**1.50**	1.48
Other Matters and Certification	**1.80**	0.94
Reimbursement of Expenses	**0.10**	0.10
	9.99	8.23
Less: Included under commission and operating expenses pertaining to Insurance Business	**2.03**	1.79
	7.96	6.44

a) Auditors' remuneration exclude ₹ **0.75 crore** (Net of tax ₹ **0.49 crore**) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Covertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.

b) Other Matters and Certification include ₹ **0.48 crore** (Previous Year ₹ Nil) towards fees for Internal Control over Financial Reporting.

c) Auditors' remuneration above is excluding Service tax and Swachh Bharat Cess.

33. PROVISION FOR LOANS AND ADVANCES

33.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Note 18]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	**Current Year**	Previous Year
Standard Assets				
- Principal Outstanding	**1,97,553.31**	1,72,732.67	**74,475.05**	66,136.39
- Provisions	**915.75**	791.69	**476.72**	418.34
Sub-Standard Assets				
- Principal Outstanding	**557.59**	423.40	**577.19**	336.37
- Provisions	**84.62**	66.24	**86.58**	50.45
Doubtful Assets				
- Principal Outstanding	**444.04**	418.00	**341.19**	441.35
- Provisions	**258.02**	235.11	**197.18**	189.12
Total				
- Principal Outstanding	**1,98,554.94**	1,73,574.07	**73,393.43**	66,914.11
- Provisions	**1,258.39**	1,093.01	**760.48**	657.91

Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in Value of Investments amounting to ₹ **11.17 crore** (Previous Year ₹ 12.19 crore).

33.2 During the year ₹ **732.90 crore** (Previous Year ₹ 188.04 crore) has been charged to the Statement of Profit and Loss towards provision for contingencies as under:

₹ in Crore

Particulars	Current Year	Previous Year
To Provision for Contingencies Account (Net) [Refer Note 9.2]	**639.19**	216.56
To Provision for Non-Performing Loans [Refer Note 18.3]	**85.86**	(36.54)
To Provision for Diminution in value of Investments	**6.11**	4.14
To Provision for Doubtful Receivables [Refer Note 21]	**1.74**	3.88
	732.90	188.04

34. As per the Accounting Standard (AS) 17 on 'Segment Reporting', 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	**32,217.55**	28,476.86	**17,953.52**	17,037.52	**2,069.46**	1,990.66	**1,602.56**	1,254.57	**327.57**	236.41	**(971.42)**	(639.95)	**57.87**	33.96	**53,257.11**	48,390.03
Segment Result	**10,223.70**	8,694.04	**1,007.92**	923.91	**202.81**	140.84	**735.75**	754.77	**(33.82)**	6.37	**(581.24)**	(437.07)	**57.85**	33.76	**11,612.97**	10,116.62
Income-tax (Current)													**3,479.32**	2,883.62	**3,479.32**	2,883.62
Deferred tax													**160.02**	282.08	**160.02**	282.08
Total Result	**10,223.70**	8,694.04	**1,007.92**	923.91	**202.81**	140.84	**735.75**	754.77	**(33.82)**	6.37	**(581.24)**	(437.07)	**(3,581.49)**	(3,131.94)	**7,973.63**	6,950.92
Capital Employed																
Segment Assets	**2,91,697.11**	2,54,021.78	**76,806.93**	69,387.43	**4,912.04**	4,521.80	**1,108.00**	1,223.93	**434.16**	261.79	**(1,516.97)**	(1,276.11)	**24,217.21**	21,384.54	**3,97,658.48**	349,525.16
Segment Liabilities	**2,66,494.08**	2,32,742.52	**73,840.85**	66,997.34	**3,829.50**	3,505.58	**397.75**	368.55	**462.14**	49.22	**(1,624.79)**	(1,348.81)	**1,032.30**	319.05	**3,44,431.83**	302,633.45
Net Assets	**25,203.03**	21,279.26	**2,966.08**	2,390.09	**1,082.54**	1,016.22	**710.25**	855.38	**(27.98)**	212.57	**107.82**	72.70	**23,184.91**	21,065.49	**53,226.65**	46,891.71
Other Information																
Capital Expenditure	**39.88**	456.31	**33.86**	106.09	**15.61**	30.05	**9.99**	16.29	**48.54**	7.58		-		-	**147.88**	616.32
Depreciation	**57.68**	31.85	***44.94**	*42.71	***31.44**	*41.39	**11.59**	10.55	**51.22**	4.23		-		-	**196.87**	130.73
Non-cash expenses Other than Depreciation	**925.41**	322.74	**1.72**	30.22	**3.89**	6.23	**0.85**	0.99	**6.48**	8.41		-		-	**938.35**	368.59

a) Asset Management segment includes portfolio management, mutual fund and property investment management.

b) Others includes project management, investment consultancy and property related services.

c) 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

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties of the Corporation are as follows:

A) **Associate Companies**
HDFC Bank Ltd.
India Value Fund Advisors Pvt. Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.

B) **Investing Party and its Group Companies**
Standard Life Investments Ltd.
Standard Life (Mauritius Holdings) 2006 Ltd.
ERGO International AG
Munich Re

C) **Key Management Personnel**
Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

D) **Relatives of Key Management Personnel** - *(Where there are transactions)*
Ms. Arnaaz K. Mistry
Mr. Ashok Sud
Ms. Tinaz Mistry
Mrs. Kirti Sud
Ms. V Rajalakshmi
Mr. Rishi R. Sud
Ms. Swarn Sud
Ms. S. Anuradha
Ms. V. Jayam
Mr. Ketan Karnad
Mr. Bharat Karnad
Ms. Abinaya S. Rangan
Ms. Riti Karnad

I) 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		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Dividend Income								
- HDFC Bank Ltd.	**450.99**	372.10	**-**	-	**-**	-	**-**	-
- Others	**0.40**	0.16	**-**	-	**-**	-	**-**	-
Interest Income								
- HDFC Bank Ltd.	**27.09**	37.27	**-**	-	**-**	-	**-**	-
- Others	**0.04**	-	**-**	-	**-**	-	**0.03**	0.03
Consultancy and Other Fees Income								
- Standard Life Investments Ltd.	**-**	-	**0.56**	0.51	**-**	-	**-**	-
- HDFC Bank Ltd.	**0.01**	0.23	**-**	-	**-**	-	**-**	-
Rent Income								
- HDFC Bank Ltd.	**1.99**	2.01	**-**	-	**-**	-	**-**	-
Reinsurance Income								
- Munich Re	**-**	-	**1.50**	1.50	**-**	-	**-**	-
Support Cost Recovered								
- HDFC Bank Ltd.	**0.26**	0.37	**-**	-	**-**	-	**-**	-
Miscellaneous Services rendered								
- HDFC Bank Ltd.	**258.89**	152.95	**-**	-	**-**	-	**-**	-
- Others	**0.02**	0.10	**-**	-	**0.01**	0.01	**-**	-
Interest Expense								
- HDFC Bank Ltd.	**14.07**	2.40	**-**	-	**-**	-	**-**	-
- Others	**-**	0.05	**-**	-	**0.27**	0.48	**0.02**	-
Bank and Other Charges								
- HDFC Bank Ltd.	**66.89**	28.21	**-**	-	**-**	-	**-**	-
Reinsurance Expense								
- Munich Re	**-**	-	**11.12**	12.09	**-**	-	**-**	-

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Remuneration								
- Mr. Keki M. Mistry	**-**	-	**-**	-	**9.71**	8.43	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**8.81**	7.62	**-**	-
- Mr. V. Srinivasa Rangan	**-**	-	**-**	-	**5.81**	5.03	**-**	-
Dividend Payments								
- Standard Life (Mauritius Holdings) 2006 Ltd.	**-**	-	**46.68**	36.31	**-**	-	**-**	-
- Standard Life Investments Ltd.	**-**	-	**80.52**	65.42	**-**	-	**-**	-
- ERGO International AG	**-**	-	**17.40**	10.44	**-**	-	**-**	-
Other Expenses								
- HDFC Bank Ltd.	**1,060.04**	757.45	**-**	-	**-**	-	**-**	-
- Others	**0.12**	0.36	**-**	-	**-**	-	**0.10**	0.09
Investments made								
- HDFC Bank Ltd.	**531.31**	827.03	**-**	-	**-**	-	**-**	-
Investments sold								
- Magnum Foundations Pvt. Ltd.	**9.25**	-	**-**	-	**-**	-	**-**	-
Securities purchased								
- HDFC Bank Ltd.	**291.62**	337.67	**-**	-	**-**	-	**-**	-
Investments								
- HDFC Bank Ltd.	**8,076.30**	7,545.35	**-**	-	**-**	-	**-**	-
- Others	**25.78**	35.03	**-**	-	**-**	-	**-**	-
Bank Deposits placed								
- HDFC Bank Ltd.	**611.87**	1,492.69	**-**	-	**-**	-	**-**	-
Bank Deposits repaid/withdrawn								
- HDFC Bank Ltd.	**1,650.88**	2,969.81	**-**	-	**-**	-	**-**	-
Bank Balance and Deposits								
- HDFC Bank Ltd.	**3,984.73**	1,632.08	**-**	-	**-**	-	**-**	-
Loans given								
- Magnum Foundations Pvt. Ltd.	**-**	31.50	**-**	-	**-**	-	**-**	-
Loans repaid								
- Magnum Foundations Pvt. Ltd.	**3.82**	-	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**0.05**	0.02	**0.02**	0.01
Loans sold								
- HDFC Bank Ltd.	**12,773.37**	8,249.21	**-**	-	**-**	-	**-**	-
Loans								
- Magnum Foundations Pvt. Ltd.	**27.68**	31.50	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**0.07**	0.12	**0.28**	0.30
Trade Receivable								
- HDFC Bank Ltd.	**4.17**	5.07	**-**	-	**-**	-	**-**	-
Other Advances/Receivables								
- HDFC Bank Ltd.	**8.34**	10.74	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**0.11**	0.17	**-**	0.02	**0.06**	0.06
Deposits placed								
- RuralShores Business Services Pvt. Ltd.	**-**	1.05	**-**	-	**-**	-	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**0.03**	2.38	**-**	-
- Ms. Swarn Sud	**-**	-	**-**	-	**-**	-	**0.09**	-
- Others	**-**	-	**-**	-	**-**	-	**-**	0.01

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Deposits repaid/matured								
- RuralShores Business Services Pvt. Ltd.	**-**	4.13	**-**	-		-	**-**	-
- Mr. Keki M. Mistry	**-**	-	**-**	-	**0.87**	1.75	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**0.02**	2.00	**-**	
- Others	**-**	-	**-**	-	**-**	-	**0.09**	0.03
Deposits								
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.40**	2.40	**-**	-
- Others	**-**	-	**-**	-	**-**	0.87	**0.09**	0.09
Other Liabilities/Payables								
- HDFC Bank Ltd.	**430.28**	149.61	**-**	-	**-**	-	**-**	-
- Munich Re	**-**	-	**4.09**	6.21	**-**	-	**-**	-
- Others	**-**	0.01	**-**	-	**0.34**	0.33	**0.02**	-

36. In accordance with the Accounting Standard (AS) 20 on 'Earning per Share', the following disclosures have been made:

(i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ **10,190.26 crore** (Previous Year ₹ 8,762.62 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **85.31 crore** (Previous Year ₹ 10.83 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ **10,104.95 crore** (Previous Year ₹ 8,751.79 crore) and the weighted average number of shares during the year of **157.72 crore** (Previous Year 156.82 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	**64.07**	55.81
Effect of outstanding Stock Options	**(0.48)**	(0.51)
Diluted Earnings Per Share	**63.59**	55.30

(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	**157.72**	156.82
Diluted effect of outstanding Stock Options	**1.20**	1.45
Weighted average number of shares for computation of Diluted Earnings Per Share	**158.92**	158.27

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, 2016)

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		34,121.06		7,093.10
	Less: Inter Company eliminations		(8,127.64)		(990.15)
	Net of eliminations	**48.85%**	**25,993.42**	**59.91%**	**6,102.95**
Subsidiaries Indian					
1	GRUH Finance Ltd.	1.05%	560.55	2.41%	245.82
2	HDFC Standard Life Insurance Co. Ltd.	2.25%	1,198.62	8.06%	821.51
3	HDFC ERGO General Insurance Co. Ltd.	1.23%	657.04	1.54%	156.80
4	HDFC Asset Management Co. Ltd.	1.53%	811.88	5.93%	604.33
5	HDFC Trustee Co. Ltd.	0.01%	3.36	0.00%	0.02
6	HDFC Investment Trust	0.40%	214.40	0.15%	15.21
7	HDFC Investment Trust - II	0.24%	129.80	0.21%	21.56
8	HDFC Venture Capital Ltd.	0.04%	21.71	-0.01%	(0.81)
9	HDFC Ventures Trustee Co. Ltd.	0.00%	0.98	0.00%	(0.03)
10	HDFC Property Venture Ltd.	0.19%	99.04	-0.07%	(7.27)
11	HDFC Pension Management Co. Ltd.	0.05%	27.68	0.00%	0.02
12	HDFC Capital Advisors Ltd.	0.01%	3.11	0.01%	1.51
13	HDFC Investments Ltd.	0.12%	61.62	1.45%	147.84
14	HDFC Holdings Ltd.	0.29%	156.83	0.09%	9.21
15	HDFC Developers Ltd.	0.00%	0.39	-0.13%	(13.05)
16	HDFC Sales Pvt. Ltd.	0.03%	14.46	-2.14%	(218.26)
17	HDFC Realty Ltd.	0.03%	17.21	0.03%	2.81
18	Credila Financial Services Pvt. Ltd.	0.32%	171.32	0.49%	50.31
19	Grandeur Properties Pvt. Ltd.	0.03%	18.50	-0.06%	(6.48)
20	Haddock Properties Pvt. Ltd.	0.05%	25.13	-0.05%	(5.25)
21	Pentagram Properties Pvt. Ltd.	0.04%	19.60	-0.03%	(3.01)
22	Windermere Properties Pvt. Ltd.	0.07%	39.16	-0.12%	(11.78)
23	Winchester Properties Pvt. Ltd.	0.03%	14.31	-0.05%	(5.53)
24	HDFC Education and Development Services Pvt. Ltd.	0.08%	44.15	-0.01%	(0.99)

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)
Foreign					
1	Griha Investments	0.25%	134.49	0.54%	55.20
2	Griha Pte. Ltd.	0.03%	13.96	0.12%	12.62
3	HDFC Life International and Re Company Ltd.	0.15%	80.69	-0.02%	(1.63)
	Share of Minorities	4.37%	2,325.95	-5.18%	(527.99)
Associates (Investment as per the equity method) **Indian**					
1	HDFC Bank Limited	38.26%	20,365.62	26.90%	2,741.45
2	India Value Fund Advisors Pvt. Ltd.	0.00%	1.67	0.03%	3.17
Total		**100.00%**	**53,226.65**	**100.00%**	**10,190.26**

38. Previous year’s figures have been regrouped/reclassified wherever necessary to correspond with the current year’s classification/disclosure.

Independent Auditor's 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 31st March, 2015, 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, in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

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 financial position, financial performance 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 Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Corporation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 3.2 to the financial statements, which describes the accounting treatment used by the Corporation in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements/information of one branch included in the standalone financial statements of the Corporation whose financial statements / financial information reflect total assets of ₹ 0.90 crore as at 31st March, 2015 and total revenues of ₹ 2.09 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Dubai branch not visited by us.

(c) The reports on the accounts of Dubai branch office of the Corporation audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) 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 and with the returns received from Dubai branch not visited by us.

(e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the 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 - Refer Notes 3.7, 3.8 and 30 to the 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.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. According to information and explanation given to us in respect of its fixed assets:

a. The Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. Some of the fixed assets were physically verified during the year by the Management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

ii. According to the information and explanations given to us, the nature of the Corporation's business is such that it is not required to hold any inventories.

iii. According to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:

a. The receipts of principal amounts and interest have been regular/as per stipulations.

b. There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Corporation and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any major weaknesses in such internal control system.

v. In our opinion and according to the information and explanations given to us, the Corporation has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014, as amended and the Housing Finance Companies (NHB) Directions, 2010, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the National Housing Bank or the Reserve Bank of India or any Court or any other Tribunal.

vi. The provisions of clause (3)(vi) of the Order are not applicable to the Corporation as the services rendered by the Corporation are not covered by the Companies (Cost Records and Audit) Rules, 2014.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. The Corporation has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

c. Details of dues of Wealth Tax, Interest on Lease Tax and Employees' State Insurance which have not been deposited as on 31st March, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in Crore
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-1999	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant / Deputy Director - ESIC	2010-2011	0.01

d. The Corporation has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

viii. The Corporation does not have accumulated losses at the end of the financial year and the Corporation has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

ix. In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

x. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Corporation for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Corporation.

xi. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Corporation during the year for the purposes for which they were obtained other than temporary deployment pending application.

xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation has been noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amount whereof are not material in the context of the size of the Corporation and the nature of its business and which have been provided for.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Balance Sheet as at March 31, 2015

	Notes			March 31, 2014
		₹ in Crore	₹ in Crore	₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share capital	2	314.94		312.10
Reserves and surplus	3	30,655.03		27,643.09
			30,969.97	27,955.19
NON-CURRENT LIABILITIES				
Long-term borrowings	4	97,602.34		86,881.04
Deferred tax liability (Net)	14	200.67		-
Other long-term liabilities	5	2,436.81		2,231.11
Long-term provisions	6	1,550.88		1,347.00
			1,01,790.70	90,459.15
CURRENT LIABILITIES				
Short-term borrowings	7	33,257.71		25,317.85
Trade payables	8	87.80		81.82
Other current liabilities	9			
- Borrowings		77,738.98		71,774.30
- Others		7,467.60		7,137.20
Short-term provisions	10	2,638.90		2,706.98
			1,21,190.99	1,07,018.15
			2,53,951.66	2,25,432.49
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	11	671.84		275.76
(ii) Intangible assets	12	5.12		4.72
Non-current investments	13	13,691.70		13,370.29
Deferred tax asset (Net)	14	-		629.87
Long-term loans and advances	15			
- Loans		2,01,680.43		1,75,746.08
- Others		2,564.72		2,640.32
Other non-current assets	16	2,763.11		914.08
			2,21,376.92	1,93,581.12
CURRENT ASSETS				
Current investments	17	602.64		542.36
Trade receivables	18	46.18		84.52
Cash and bank balances	19	3,364.65		7,715.52
Short-term loans and advances	20			
- Loans		26,019.69		20,808.31
- Others		1,966.28		2,303.36
Other current assets	21	575.30		397.30
			32,574.74	31,851.37
			2,53,951.66	2,25,432.49

See accompanying notes forming part of the financial statement

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

D. M. Sukthankar
(DIN: 00034416)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

R. S. Tarneja
(DIN: 00009395)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Statement of Profit and Loss for the year ended March 31, 2015

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	**23**	**26,959.88**	23,894.03
Profit on Sale of Investments	**24**	**441.28**	248.98
Other Income	**25**	**69.70**	54.66
Total Revenue		**27,470.86**	24,197.67
EXPENSES			
Finance Cost	**26**	**17,975.09**	16,029.37
Staff Expenses	**27**	**328.46**	279.18
Establishment Expenses	**28**	**85.76**	86.98
Other Expenses	**29**	**262.63**	230.03
Depreciation and Amortisation	**11 & 12**	**29.78**	31.87
Provision for Contingencies	**3.4 & 30.2**	**165.00**	100.00
Total Expenses		**18,846.72**	16,757.43
PROFIT BEFORE TAX		**8,624.14**	7,440.24
Tax Expense			
- Current Tax		**2,363.00**	1,973.00
- Deferred Tax	**14**	**271.00**	27.00
PROFIT FOR THE YEAR		**5,990.14**	5,440.24
EARNINGS PER SHARE (Face Value ₹ 2)	**31**		
- Basic		**38.13**	34.89
- Diluted		**37.78**	34.62

See accompanying notes forming part of the financial statement

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman & Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
(DIN: 00010180)
B. S. Mehta
(DIN: 00035019)
D. N. Ghosh
(DIN: 00012608)
D. M. Sukthankar
(DIN: 00034416)

R. S. Tarneja
(DIN: 00009395)
J. J. Irani
(DIN: 00311104)
S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Cash Flow Statement for the year ended March 31, 2015

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**8,624.14**	7,440.24
	Adjustments for:			
	Depreciation and Amortisation	**11 & 12**	**29.78**	31.87
	Provision for Contingencies	**3.4**	**165.00**	100.00
	Interest Expense	**26**	**17,864.71**	15,787.38
	Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	**26.3**	**(19.95)**	135.61
	Interest Income	**23**	**(25,605.58)**	(22,693.17)
	Utilisation of Securities Premium		**(192.80)**	(398.20)
	Utilisation of Shelter Assistance Reserve	**3**	**(0.79)**	(13.02)
	Profit on Sale of Investments		**(441.28)**	(248.98)
	Dividend Income	**23**	**(688.28)**	(555.59)
	Profit on Sale of Investment in Properties		**(6.37)**	(6.21)
	Surplus from deployment in Cash Management Schemes of Mutual Funds	**23**	**(364.55)**	(337.38)
	Profit on Sale of Fixed Assets (Net)		**(27.34)**	(20.93)
	Operating Profit before Working Capital changes		**(663.31)**	(778.38)
	Adjustments for:			
	Current and Non Current Assets		**21.38**	228.46
	Current and Non Current Liabilities		**(48.74)**	(148.85)
	Cash generated from Operations		**(690.67)**	(698.77)
	Interest Received		**25,499.64**	22,376.67
	Interest Paid		**(17,787.00)**	(14,839.24)
	Dividend Received		**688.28**	555.59
	Taxes Paid		**(2,707.81)**	(2,519.78)
	Net cash from Operations		**5,002.44**	4,874.47
	Loans disbursed (net)		**(30,964.16)**	(26,644.16)
	Corporate Deposits (net)		**492.49**	300.80
	Net cash used in operating activities		**(25,469.23)**	(21,468.89)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(451.77)**	(79.76)
	Sale of Fixed Assets		**56.83**	28.55
			(394.94)	(51.21)
	Investments in Subsidiaries		**(60.01)**	(74.66)
	Investment in Cash Management Schemes of Mutual Funds		**(3,08,896.00)**	(4,40,700.00)
	Other Investments		**(1,743.60)**	(1,334.42)
	Sale proceeds of Investments :			
	- in Subsidiary Company		**297.31**	-
	- in Cash Management Schemes of Mutual Funds		**3,09,260.55**	4,41,037.38
	- in Other Companies and Properties		**1,733.33**	1,267.26
	Net cash from investing activities		**196.64**	144.35
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**2.1**	**2.84**	2.83
	Securities Premium	**3**	**681.45**	626.42
	Deposits, CPs and other Short Term Borrowings (Net)		**26,887.75**	4,567.71
	Proceeds from Long-term borrowings		**48,555.01**	63,502.31
	Repayment of Long-term borrowings		**(50,866.15)**	(42,816.75)
	Dividend paid - Equity Shares		**(2,502.57)**	(1,939.91)
	Tax paid on Dividend		**(366.33)**	(314.98)
	Net cash from financing activities		**22,392.00**	23,627.63
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		**(2,880.59)**	2,303.09
	Add : Cash and cash equivalents as at the beginning of the year	**19**	**5,634.72**	3,324.05
	Add : Exchange difference on bank balance		**2.80**	7.58
	Cash and cash equivalents as at the end of the year	**19**	**2,756.93**	5,634.72
	Earmarked balances with banks:			
	- Unclaimed Dividend Account		**20.47**	14.36
	- Towards Guarantees Issued by Banks		**0.13**	0.14
	- Others Against Foreign Currency Loans		**7.10**	6.40
	Short-term bank deposits		**580.02**	2,059.90
	Cash and Bank balances at the end of the year	**19**	**3,364.65**	7,715.52

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

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)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

R. S. Tarneja
(DIN: 00009395)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Notes forming part of the standalone financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent applicable.

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.

1.2 SYSTEM OF ACCOUNTING

The Corporation adopts the accrual concept in the preparation of the financial statements.

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.

1.3 INFLATION

Assets and liabilities are recorded at historical cost to the Corporation. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.4 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.

1.5 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.

1.6 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 acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

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”). 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.

1.8 **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 either on an annual rest or 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 actual receipt.

1.9 **DIVIDEND**

Dividend income is recognised when the right to receive has been established.

1.10 **FEES AND OTHER REVENUE**

Fees, charges and other revenue 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.

1.11 **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.

1.12 **INCOME FROM INVESTMENTS**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest Income is accounted on accrual basis.

1.13 **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 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 holds these instruments till maturity. At each reporting date these liabilities are restated at the closing rate.

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 of certain securities are charged to the securities premium account.

1.14 **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, where not covered by forward contracts. 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. Monetary items represented by currency swap contracts are recorded at closing rate.

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.

1.15 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

1.16 **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.

1.17 **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 value of such investments. Current investments are carried individually, at the lower of cost and fair value. 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. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

1.18 **TANGIBLE FIXED ASSETS**

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

1.19 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.20 **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 technical advice, 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.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

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:

Computer Software - 4 years

Investment in Properties

Depreciation on investment in properties is provided on a pro-rata basis from the date of acquisition.

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.

1.21 **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.

1.22 **PROVISION FOR CONTINGENCIES AND NON-PERFORMING ASSETS**

The Corporation's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies Account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB Guidelines.

1.23 **STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)**

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon statistical analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.24 **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

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are 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.

Defined benefit plans

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.

Except in 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.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

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.

1.25 **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.

1.26 **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 tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

1.27 **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.28 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation periodically transfers pools of mortgages. Such assets are de-recognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

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, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
AUTHORISED		
162,50,00,000 Equity Shares of ₹ 2 each	**325.00**	325.00
(Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)		
	325.00	325.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
157,46,97,670 Equity Shares of ₹ 2 each	**314.94**	312.10
(Previous Year 156,05,32,605 Equity Shares of ₹ 2 each)		
	314.94	312.10

Notes forming part of the standalone financial statements (Continued)

2.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**156,05,32,605**	**312.10**	154,63,47,255	309.27
Shares allotted pursuant to exercise of stock options	**1,41,65,065**	**2.84**	1,41,85,350	2.83
Equity shares outstanding as at the end of the year	**157,46,97,670**	**314.94**	156,05,32,605	312.10

2.2 The details of each shareholder holding more than 5 percent shares in the Corporation:

Particulars	Outstanding as on March 31, 2015		Outstanding as on March 31, 2014	
	Number	**Percentage of shares held to total Shares (%)**	Number	Percentage of shares held to total Shares (%)
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/ managed)	**8,00,17,312**	**5.08**	11,10,21,121	7.11

2.3 **5,05,74,170** shares of ₹ 2 each (Previous Year 3,35,28,585 shares of ₹ 2 each) were reserved for issuance towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 2.4].

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.

At the 37th Annual General Meeting (AGM) held on July 21, 2014, the shareholders had approved the issue of 62,42,130 stock options representing 3,12,10,650 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 on October 8, 2014, approved the grant of 62,73,064 new stock options, representing 3,13,65,320 equity shares of ₹ 2 each under ESOS-14, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the AGM held on July 21, 2014 together with 41,810 options lapsed under previous schemes (ESOS-05 : 12,285 options, ESOS-07 : 29,267 options and ESOS-08 : 258 options), net of 10,876 options reserved. The options were granted at an exercise price of ₹ 5,073.25 per option (i.e. ₹ 1,014.65 per equity share of ₹ 2 each) 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-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 option 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.

2.4 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, during the year **1,80,438 options** (Previous Year 58,26,953 options) were vested. In the current year, **13,263 options** (Previous Year 28,787 options) were 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, **97 options** (Previous Year 146 options) were lapsed after vesting. 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. In the current year, **882 options** (Previous Year 28,742 options) were lapsed after vesting. 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 account 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-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**-**	-
Granted during the year	**62,73,064**	-
Vested during the year	**-**	-
Exercised during the year	**-**	-
Lapsed during the year	**49,045**	-
Outstanding at the end of the year	**62,24,019**	-
Unvested at the end of the year	**62,24,019**	-
Exercisable at the end of the year	**-**	-
Weighted average price per option	**₹ 5,073.25**	

Particulars	ESOS-11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**54,06,415**	60,71,275
Granted during the year	**-**	-
Vested during the year	**1,80,438**	58,26,953
Exercised during the year	**16,47,566**	6,36,073
Lapsed during the year	**13,263**	28,787
Outstanding at the end of the year	**37,45,586**	54,06,415
Unvested at the end of the year	**36,043**	2,25,182
Exercisable at the end of the year	**37,09,543**	51,81,233
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**11,82,357**	17,56,739
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**11,77,158**	5,74,236
Lapsed during the year	**97**	146
Outstanding at the end of the year	**5,102**	11,82,357
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,102**	11,82,357
Weighted average price per option	**₹ 1,350.60**	

Particulars	ESOS-07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**15,148**	16,70,651
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**8,289**	16,26,761
Lapsed during the year	**882**	28,742
Outstanding at the end of the year	**5,977**	15,148
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,977**	15,148
Weighted average price per option	**₹ 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. Accordingly, each option exercised after August 21, 2010 is entitled to 5 equity shares 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-14, ESOS-11, ESOS-08 and ESOS-07 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows :

Particulars	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under ESOS-08 and ESOS-07 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 under ESOS-14 and ESOS-11 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)	**5,990.14**	5,440.24
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **300.92 crore** (Previous Year ₹ 52.98 crore)] (pro-forma)	**198.64**	34.97
Net Profit (pro-forma)	**5,791.50**	5,405.27
Less: Amounts utilised out of Shelter Assistance Reserve	**10.83**	13.02
Net Profit considered for computing EPS (pro-forma)	**5,780.67**	5,392.25

Notes forming part of the standalone financial statements (Continued)

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**38.13**	34.89
Basic earnings per share (pro-forma)	**36.86**	34.67
Diluted earnings per share (as reported)	**37.78**	34.62
Diluted earnings per share (pro-forma)	**36.52**	34.40

2.5 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

	₹ in Crore	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
SPECIAL RESERVE No. I [Refer Notes 3.1 & 3.2]		**51.23**	51.23
SPECIAL RESERVE No. II [Refer Notes 3.1 & 3.2]			
Opening Balance	**6,415.95**		5,525.95
Add : Transfer from Statement of Profit and Loss [Refer Note 3.3]	**1,054.00**		890.00
		7,469.95	6,415.95
GENERAL RESERVE			
Opening Balance	**8,097.76**		7,059.78
Less : Utilised towards Deferred Tax Liability for Special Reserve [Refer Note 3.2]	**(559.54)**		-
Add : Transfer from Statement of Profit and Loss	**2,003.33**		1,037.98
		9,541.55	8,097.76
STATUTORY RESERVE (As per Section 29C of the National Housing Bank Act, 1987)			
Opening Balance	**3,129.42**		2,278.93
Add : Transfer from Statement of Profit and Loss [Refer Note 3.3]	**150.00**		900.00
	3,279.42		3,178.93
Less : Utilised during the Year [Refer Note 3.4] [(Net of Deferred Tax of ₹ **Nil**) (Previous Year ₹ 25.49 crore)]	**-**		49.51
		3,279.42	3,129.42
SECURITIES PREMIUM			
Opening Balance	**9,990.42**		9,721.17
Add : Received during the year	**681.45**		626.42
	10,671.87		10,347.59
Less : Utilised during the year (Net) [Refer Note 3.5] [(Net of tax effect of ₹ **213.72 crore**) (Previous Year ₹ 183.91 crore)]	**415.06**		357.17
		10,256.81	9,990.42
SHELTER ASSISTANCE RESERVE			
Opening Balance	**100.61**		53.63
Add : Transfer from Statement of Profit and Loss	**-**		60.00
	100.61		113.63
Less : Utilised during the year [Refer Notes 3.6 & 29.1]	**10.83**		13.02
		89.78	100.61

	₹ in Crore	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
CAPITAL RESERVE		**0.04**	0.04
FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT (Debit Balance) [Refer Note 3.7]			
Opening Balance (Debit)	**(142.34)**		(169.79)
Add / (Less) : Effect of foreign exchange rate variations during the year	**35.33**		80.48
Add / (Less) : Amortisation for the year [Refer Note 3.8]	**73.26**		(53.03)
Closing balance - (Debit)		**(33.75)**	(142.34)
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:			
Profit for the year	**5,990.14**		5,440.24
Amount available for appropriations	**5,990.14**		5,440.24
Appropriations:			
Special Reserve No. II [Refer Note 3.3]	**1,054.00**		890.00
General Reserve	**2,003.33**		1,037.98
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987) [Refer Note 3.3]	**150.00**		900.00
Shelter Assistance Reserve	**-**		60.00
Interim Dividend Paid [Refer Note 3.9]	**314.94**		-
Tax on Interim Dividend	**12.10**		-
Proposed Dividend [Dividend ₹ **13.00** per equity share of ₹ 2 each (Previous Year ₹ 14.00 per equity share of ₹ 2 each)]	**2,047.11**		2,184.75
Additional Tax on Proposed Dividend	**416.74**		371.30
Additional Tax on Dividend [Refer Note 3.10]	**(18.59)**		(15.18)
Dividend including tax of ₹ **1.53 crore** (Previous Year ₹ 1.66 crore) pertaining to Previous Year paid during the year [Refer Note 3.11]	**10.51**		11.39
		-	-
		30,655.03	27,643.09

3.1 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 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 has created 25 percent of deferred tax liability of ₹ **559.54 crore** (Previous Year ₹ Nil) on opening balance of accumulated Special Reserve. [Refer Note 14].

3.3 As per Section 29C of the 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, is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **1,054 crore** (Previous Year ₹ 890 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **150 crore** (Previous Year ₹ 900 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under Section 29C of the NHB Act is provided:

₹ in Crore

	Particulars	Current Year	Previous Year
	Balance at the beginning of the year		
a)	Statutory Reserve under Section 29C of The NHB Act	**3,129.42**	2,278.93
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		
	Special Reserve No. II	**6,113.95**	5,223.95
c)	Total	**9,243.37**	7,502.88
	Addition/Appropriation/Withdrawal during the year		
	Add:		
a)	Amount transferred under Section 29C of the NHB Act	**150.00**	900.00
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	**1,054.00**	890.00
	Less:		
a)	Amount appropriated from Statutory Reserve under Section 29C of the NHB Act [Net of Deferred Tax of ₹ **Nil** (Previous Year ₹ 25.49 crore)]	**-**	49.51
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	**-**	-
		10,447.37	9,243.37
	Balance at the end of the year		
a)	Statutory Reserve under Section 29C of the NHB Act	**3,279.42**	3,129.42
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		
	Special Reserve No. II	**7,167.95**	6,113.95
c)	Total	**10,447.37**	9,243.37

3.4 During the year, in addition to the charge of ₹ **165 crore** (Previous Year ₹ 100 crore) to the Statement of Profit and Loss, an amount of ₹ **Nil** (net of Deferred Tax ₹ **Nil**) [Previous Year ₹ 49.51 crore (net of Deferred Tax ₹ 25.49 crore)], has been transferred from Statutory Reserve (as per Section 29C of the NHB Act) pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 as under:

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
To Provision for Contingencies Account (Net) [Refer Note 6.2]	**202.44**	58.20
To Provision for Sub-Standard & Doubtful Loans [Refer Note 15.6]	**(37.44)**	116.80
	165.00	175.00

3.5 During the year, the Corporation utilised ₹ **415.06 crore** (net of tax effect of ₹ **213.72 crore**) [Previous Year ₹ 357.17 crore (net of tax effect of ₹ 183.91 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.

3.6 Miscellaneous Expenses under Note 29.1 exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve during the year.

3.7 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 ₹ **33.75 crore** (without considering future tax benefit of ₹ **11.47 crore**) [Previous Year ₹ 142.34 crore (without considering future tax benefits of ₹ 48.38 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2015. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

3.8 During the year, there was a net reduction of ₹ **108.59 crore** (Previous Year ₹ 27.45 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

₹ in Crore

Particulars	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	**128.54**	(117.20)
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	**(93.21)**	197.68
Net amortisation Debit/(Credit) during the year	**73.26**	(53.03)
Net reduction during the year	**108.59**	27.45

3.9 The Board of Directors of the Corporation at its meeting held on March 19, 2015, *inter alia*, has approved the payment of an interim dividend of ₹ **2** per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2014-15.

3.10 Additional Tax on dividend FY 2013-14 credit taken, ₹ **18.59 crore** (Previous Year ₹ 15.18 crore for FY 2012-13), pertains to 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.

3.11 In respect of equity shares issued pursuant to Employee Stock Option Schemes, the Corporation paid dividend of ₹ **8.98 crore** for the year 2013-14 (₹ 9.73 crore for the year 2012-13) and tax on dividend of ₹ **1.53 crore** (Previous Year ₹ 1.66 crore) as approved by the shareholders at the Annual General Meeting held on July 21, 2014.

4. LONG-TERM BORROWINGS

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Bonds and Debentures [Refer Notes 4.3 & 4.10]	**60,192.20**		58,192.85
Term Loans :			
- Banks [Refer Note 4.10]	**6,378.01**		5,605.21
- External Commercial Borrowing - Low Cost Affordable Housing [Refer Notes 4.5 & 4.10]	**1,884.00**		1,805.10
- Others [Refer Note 4.10]	**1,300.15**		1,492.06
		69,754.36	67,095.22
Deposits [Refer Note 4.3]		**27,847.98**	19,785.82
Total		**97,602.34**	86,881.04

4.1 Long-term borrowings are further sub-classified as follows :

₹ in Crore

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
	Secured : [Refer Note 4.2]		
a)	**Bonds and Debentures**		
	- Bonds	**46.50**	52.25
	- Non Convertible Debentures	**54,170.70**	54,665.60
	Sub-Total	**54,217.20**	54,717.85
b)	**Term Loans from Banks**		
	- Scheduled Banks	**4,899.81**	4,823.00
	Sub-Total	**4,899.81**	4,823.00
c)	**Term Loans from other parties**		
	- Asian Development Bank [Refer Note 4.4]	**232.09**	257.52
	- National Housing Bank	**1,065.06**	1,217.10
		1,297.15	1,474.62
	Total Secured	**60,414.16**	61,015.47
	Unsecured:		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures [Refer Note 4.9]	**5,975.00**	3,475.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,478.20**	782.21
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**1,884.00**	1,805.10
d)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**3.00**	17.44
e)	**Deposits** [Refer Note 4.8]	**27,847.98**	19,785.82
	Total Unsecured:	**37,188.18**	25,865.57
	Total	**97,602.34**	86,881.04

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 ₹ **785.00 crore** (Previous Year ₹ 735.00 crore) and Deposits includes ₹ **2.38 crore** (Previous Year ₹ 0.88 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 a financial institution overseas 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.

4.5 The Corporation has availed an External Commercial Borrowing of **USD 300 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. 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.

4.6 As on March 31, 2015, the Corporation has foreign currency borrowings of **USD 1,013.01 million equivalent** (Previous Year USD 740.63 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 495.81 million equivalent** (Previous Year USD 513 million equivalent) to hedge the foreign currency risk. As on March 31, 2015, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 330 million equivalent** (Previous Year USD 83 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 interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **15,240 crore** (Previous Year ₹ 19,040 crore) as on March 31, 2015 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 408.69 million equivalent** (Previous Year USD 409.49 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.

4.7 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end. Monetary items represented by currency swap contracts are restated at closing rate.

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **Nil** (Previous Year ₹ 6.77 crore).

4.8 Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge 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, 2015, the Corporation's outstanding subordinated debt is ₹ **6,475 crore** (Previous Year ₹ 3,475 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, 2015, **84.86%** (Previous Year 80.29%) 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					
6.03% - 8%		**800.00**	**-**	**-**	**800.00**
		(1,380.60)	*(500.00)*	-	*(1,880.60)*
8.01% - 10%		**24,206.00**	**8,174.70**	**10,795.00**	**43,175.70**
		(24,474.00)	*(10,666.00)*	*(8,145.00)*	*(43,285.00)*
10.01% - 11.95%		**2,205.00**	**4,200.00**	**-**	**6,405.00**
		(1,085.00)	*(5,320.00)*	-	*(6,405.00)*
Zero Coupon		**2,990.00**	**800.00**	**-**	**3,790.00**
		(2,630.00)	*(360.00)*	-	*(2,990.00)*
Variable Rate					
- Linked to G Sec		**12.30**	**14.10**	**20.10**	**46.50**
		(116.75)	*(13.15)*	*(27.35)*	*(157.25)*
TOTAL SECURED	**A**	**30,213.30**	**13,188.80**	**10,815.10**	**54,217.20**
	A	*(29,686.35)*	*(16,859.15)*	*(8,172.35)*	*(54,717.85)*
Bonds & Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
7.62% - 9.6%		**475.00**	**500.00**	**5,000.00**	**5,975.00**
		(975.00)	-	*(2,500.00)*	*(3,475.00)*
TOTAL UNSECURED	**B**	**475.00**	**500.00**	**5,000.00**	**5,975.00**
	B	*(975.00)*	-	*(2,500.00)*	*(3,475.00)*
TOTAL (SECURED & UNSECURED)	**A+B**	**30,688.30**	**13,688.80**	**15,815.10**	**60,192.20**
	A+B	*(30,661.35)*	*(16,859.15)*	*(10,672.35)*	*(58,192.85)*

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%	- *(323.00)*	- *(-)*	- *(-)*	- *(323.00)*
9.01% - 10.75%	**3,400.00** *(1,000.00)*	**100.00** *(2,400.00)*	**1,000.00** *(1,100.00)*	**4,500.00** *(4,500.00)*
Term Loans from Scheduled Banks-Foreign Currency				
USD LIBOR +150- 200 bps	**399.81** *(-)*	- *(-)*	- *(-)*	**399.81** *(-)*
TOTAL SECURED **A** *A*	**3,799.81** *(1,323.00)*	**100.00** *(2,400.00)*	**1,000.00** *(1,100.00)*	**4,899.81** *(4,823.00)*
Term Loans from Banks - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
9.01% -10.25%	**285.00** *(-)*	- *(-)*	- *(-)*	**285.00** *(-)*
Term Loans from Scheduled Banks - Foreign Currency				
USD LIBOR + 325 bps	**1,193.20** *(782.21)*	- *(-)*	- *(-)*	**1,193.20** *(782.21)*
TOTAL UNSECURED **B** *B*	**1,478.20** *(782.21)*	- *(-)*	- *(-)*	**1,478.20** *(782.21)*
TOTAL (SECURED & UNSECURED) **A+B** *A+B*	**5,278.01** *(2,105.21)*	**100.00** *(2,400.00)*	**1,000.00** *(1,100.00)*	**6,378.01** *(5,605.21)*

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 + 175 bps	- *(-)*	**1,884.00** *(1,805.10)*	- *(-)*	**1,884.00** *(1,805.10)*
TOTAL UNSECURED	- *(-)*	**1,884.00** *(1,805.10)*	- *(-)*	**1,884.00** *(1,805.10)*

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)

₹ in Crore

Term Loans from Other parties - Secured					
Maturities -		1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest					
Asian Development Bank USD LIBOR + 40 bps		**15.57** *(14.03)*	**17.61** *(15.87)*	**25.28** *(32.92)*	**58.46** *(62.82)*
Variable linked to Bank PLR		**24.80** *(23.32)*	**28.04** *(26.37)*	**40.26** *(54.71)*	**93.10** *(104.40)*
Variable linked to G Sec		**21.45** *(20.17)*	**24.25** *(22.80)*	**34.83** *(47.33)*	**80.53** *(90.30)*
National Housing Bank 6% - 8%		**225.80** *(195.70)*	**112.81** *(121.39)*	**127.45** *(18.69)*	**466.06** *(335.78)*
8.01% - 10%		**422.87** *(510.10)*	**153.32** *(169.82)*	**22.81** *(91.22)*	**599.00** *(771.14)*
10.01% - 10.20%		**-** *(110.18)*	**-** *(-)*	**-** *(-)*	**-** *(110.18)*
TOTAL SECURED	**A** *A*	**710.49** *(873.50)*	**336.03** *(356.25)*	**250.63** *(244.87)*	**1,297.15** *(1,474.62)*
Term Loans from Other parties - Unsecured					
Maturities -		1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest					
Kreditanstalt für Wiederaufbau 6%		**3.00** *(17.44)*	**-** *(-)*	**-** *(-)*	**3.00** *(17.44)*
TOTAL UNSECURED	**B** *B*	**3.00** *(17.44)*	**-** *(-)*	**-** *(-)*	**3.00** *(17.44)*
TOTAL (SECURED & UNSECURED)	**A + B** *A + B*	**713.49** *(890.94)*	**336.03** *(356.25)*	**250.63** *(244.87)*	**1,300.15** *(1,492.06)*

5. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Amounts payable on swaps [Refer Note 4.7]	**397.09**	718.60
Interest accrued but not due on borrowings	**772.20**	741.83
Premium payable on redemption of Debentures	**1,160.26**	693.65
Security and other deposits received	**9.50**	12.55
Income received in advance	**81.78**	45.59
Accrued Redemption Loss on Investments	**15.98**	18.89
Total	**2,436.81**	2,231.11

6. LONG-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Provision for Employee Benefits [Refer Note 27.3]	**49.44**	37.96
Provision for Contingencies [Refer Notes 6.1 & 6.2]	**1,501.44**	1,309.04
Total	**1,550.88**	1,347.00

6.1 Provision for 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 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, 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 and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) 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 ₹ **1,170.92 crore** (Previous Year ₹ 1,012.03 crore) towards standard assets [Refer Note 30.1].

6.2 Movement in Provision for Contingencies Account during the year is as under: [Refer Note 32.1]

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**1,309.04**	1,265.24
Additions during the year (Net) [Refer Note 3.4]	**202.44**	58.20
Utilised during the year – towards Diminution in Value of Investments [Refer Note 30.2]	**(10.04)**	(14.40)
Closing Balance	**1,501.44**	1,309.04

7. SHORT-TERM BORROWINGS

₹ in Crore

Particulars		March 31, 2015	March 31, 2014
Loans repayable on demand:			
From Banks - Unsecured		**116.46**	6.12
Deposits - Unsecured [Refer Notes 7.2 & 4.8]		**2,822.05**	5,761.63
Other loans and advances:			
Scheduled Banks - Secured [Refer Note 7.1]	**4,660.00**		9,800.00
National Housing Bank - Secured [Refer Note 7.1]	**-**		-
Scheduled Banks - Unsecured	**-**		500.00
Commercial Papers - Unsecured [Refer Note 7.3]	**25,659.20**		9,250.10
		30,319.20	19,550.10
Total		**33,257.71**	25,317.85

7.1 All secured short-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.

7.2 Deposits includes ₹ **16.84 crore** (Previous Year ₹ 24.80 crore) from related parties [Refer Note 35].

7.3 Commercial papers of the Corporation have a maturity value of ₹ **26,665.00 crore** (Previous Year ₹ 9,575.00 crore).

8. TRADE PAYABLES

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Trade Payables	**87.80**	81.82
Total	**87.80**	81.82

8.1 Trade Payables include ₹ **0.07 crore** (Previous Year ₹ 0.10 crore) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/payable by the Corporation during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.

8.2 As required under Section 205C of the Companies Act, 1956, the Corporation has transferred ₹ **2.18 crore** (Previous Year ₹ 1.65 crore) to the Investor Education and Protection Fund (IEPF) during the year except to the extent ₹ 0.87 crore in the previous year in respect of claims that are disputed. As of March 31, 2015, no amount was due for transfer to the IEPF.

8.3 Trade Payables includes ₹ **23.08 crore** (Previous Year ₹ 19.57 crore) due to related parties [Refer Note 35].

9. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		March 31, 2015	March 31, 2014
Current maturities of long-term borrowings [Refer Note 9.3]		**77,738.98**	71,774.30
Interest accrued but due on borrowings	**5,409.65**		5,385.82
Premium payable on redemption of Debentures	**136.54**		167.17
Interest accrued and due on matured deposits	**78.70**		55.19
Income and other amounts received in advance	**271.60**		184.21
Unclaimed dividend	**16.94**		14.36
Interim Dividend Payable	**3.53**		-
Unclaimed matured deposits	**617.92**		442.56
Other payables			
- Statutory Remittances	**147.37**		152.75
- Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**		20.93
- Amounts payable - Securitised Loans	**567.73**		514.84
- Amounts payable on swaps [Refer Note 4.7]	**172.57**		167.24
- Accrued redemption loss on Investments	**-**		2.32
- Others	**37.27**		29.81
		7,467.60	7,137.20
Total		**85,206.58**	78,911.50

9.1 Current maturities of Long term borrowings are further sub-classified as under:

₹ in Crore

Sr. No.	Particulars	March 31, 2015	March 31, 2014
	Secured [Refer Note 9.2]		
(i)	**Bonds and Debentures**		
	- Bonds	**5.75**	5.25
	- Non-Convertible Debentures	**29,959.60**	26,995.00
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**9,230.40**	11,837.51
(iii)	**Term Loans from other parties**		
	- Asian Development Bank	**28.18**	26.22
	- Kreditanstalt für Wiederaufbau	**-**	12.74
	- National Housing Bank	**391.61**	494.18
	Total Secured	**39,615.54**	39,370.90
	Unsecured		
(i)	**Bonds and Debentures** [Refer Notes 4.9 & 9.3]	**500.00**	-
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**2,191.00**	1,355.92
(iii)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**14.44**	16.70
(iv)	**Deposits** [Refer Note 4.8]	**35,418.00**	31,030.78
	Total Unsecured	**38,123.44**	32,403.40
	Total	**77,738.98**	71,774.30

9.2 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.

9.3 Current maturities of Non-Convertible Debentures includes ₹ **116.00 crore** (Previous Year ₹ 40.00 crore) and Deposits includes ₹ **0.98 crore** (Previous Year ₹ 3.87 crore) from related parties [Refer Note 35].

10. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Provision for Employee benefits [Refer Note 27.3]	**110.52**	88.50
Provision for Tax (Net of Advance Tax)	**64.53**	62.43
Proposed Dividend	**2,047.11**	2,184.75
Additional Tax on Dividend	**416.74**	371.30
	2,638.90	2,706.98

11. TANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the Year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land:										
Freehold	15.70	-	-	15.70	-	-	-	-	15.70	15.70
	(15.70)	-	-	(15.70)	-	-	-	-	(15.70)	(15.70)
Leasehold	3.45	366.80	-	370.25	0.65	2.29	-	2.94	367.31	2.80
	(3.45)	-	-	(3.45)	(0.61)	(0.04)	-	(0.65)	(2.80)	(2.84)
Buildings:										
Own Use	205.78	59.40	37.02	228.16	44.41	3.08	8.14	39.35	188.81	161.37
	(211.08)	(2.11)	(7.41)	(205.78)	(42.44)	(3.35)	(1.38)	(44.41)	(161.37)	(168.64)
Leasehold Improvements	55.07	2.17	1.28	55.96	16.22	12.81	1.27	27.76	28.20	38.85
	(16.03)	(39.35)	(0.31)	(55.07)	(10.68)	(5.84)	(0.30)	(16.22)	(38.85)	(5.35)
Computer Hardware	66.91	12.99	2.01	77.89	56.43	4.21	2.01	58.63	19.26	10.48
	(61.23)	(7.83)	(2.15)	(66.91)	(51.79)	(6.79)	(2.15)	(56.43)	(10.48)	(9.44)
Furniture and Fittings:										
Own Use	61.11	2.49	4.33	59.27	42.81	(1.39)	4.17	37.25	22.02	18.30
	(52.62)	(13.05)	(4.56)	(61.11)	(42.15)	(4.61)	(3.95)	(42.81)	(18.30)	(10.47)
Under Operating Lease	0.71	-	0.71	-	0.63	0.06	0.69	-	-	0.08
	(0.71)	-	-	(0.71)	(0.62)	(0.01)	-	(0.63)	(0.08)	(0.09)
Office Equipment etc. :										
Own Use	57.11	3.22	3.65	56.68	33.57	2.54	3.30	32.81	23.87	23.54
	(46.36)	(13.15)	(2.40)	(57.11)	(30.42)	(4.85)	(1.70)	(33.57)	(23.54)	(15.94)
Under Operating Lease	0.79	-	0.79	-	0.67	0.12	0.79	-	-	0.12
	(0.79)	-	-	(0.79)	(0.65)	(0.02)	-	(0.67)	(0.12)	(0.14)
Vehicles	11.73	2.88	1.43	13.18	7.21	0.66	1.36	6.51	6.67	4.52
	(11.12)	(2.02)	(1.41)	(11.73)	(6.77)	(1.58)	(1.14)	(7.21)	(4.52)	(4.35)
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	623.91	449.95	51.22	1,022.64	348.15	24.38	21.73	350.80	671.84	275.76
Previous Year	(564.64)	(77.51)	(18.24)	(623.91)	(331.68)	(27.09)	(10.62)	(348.15)	(275.76)	(232.96)

* Assets held for disposal

11.1 The Corporation has reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, the straight line method was used for depreciating Buildings, Computers, Leased Assets and Leasehold Improvements while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than Computer Hardware and Vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

As a result of the change, the charge on account of Depreciation for year, is lower by ₹ **12.94 crore** compared to the method used and useful lives estimated in earlier periods.

11.2 Depreciation charge for the financial year above, excludes ₹ **3.98 crore** (Previous Year ₹ 2.27 crore) being depreciation charge on investment in Properties.

12. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	**Additions**	**Deductions**	**As at March 31, 2015**	As at March 31, 2014	**For the Year**	**Deductions**	**As at March 31, 2015**	**As at March 31, 2015**	As at March 31, 2014
Computer Software Licences	14.02	**1.82**	-	**15.84**	9.30	**1.42**	-	**10.72**	**5.12**	4.72
(Acquired)	*(11.77)*	*(2.25)*	-	*(14.02)*	*(6.79)*	*(2.51)*	-	*(9.30)*	*(4.72)*	*(4.98)*
Total	14.02	**1.82**	-	**15.84**	9.30	**1.42**	-	**10.72**	**5.12**	4.72
Previous Year	*(11.77)*	*(2.25)*	-	*(14.02)*	*(6.79)*	*(2.51)*	-	*(9.30)*	*(4.72)*	*(4.98)*

13. NON-CURRENT INVESTMENTS (AT COST)

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Trade Investments :		
Equity Shares - Subsidiaries and Associate Companies	**8,250.18**	8,242.05
Preference Shares - Convertible - Subsidiary Company	**67.00**	67.00
Debentures - Redeemable - Subsidiary Company	**79.00**	74.00
Venture Funds	**223.49**	182.80
Non-Trade Investments :		
Equity Shares	**552.70**	745.59
Preference Shares - Convertible	**0.50**	0.50
Preference Shares - Cumulative Redeemable	**5.99**	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	**63.33**	163.33
Debentures and Bonds - Redeemable - Others	**-**	20.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**37.10**	41.91
Security Receipts - Others	**8.11**	21.97
Government Securities	**4,087.64**	3,719.77
Mutual Funds	**10.00**	10.00
Venture Funds	**110.08**	54.22
Properties [Net of Depreciation of ₹ **15.11 crore** (Previous Year ₹ 13.13 crore)]	**270.93**	102.88
	13,766.05	13,452.01
Less: Provision for other than temporary Diminution in Value of Investments	**74.35**	81.72
	13,691.70	13,370.29

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**5,806.92**	**45,661.78**
Previous Year	*5,966.95*	*32,982.31*
Aggregate of Investments listed but not quoted	**4,150.97**	
Previous Year	*3,883.10*	
Aggregate of Investments in Unquoted Mutual Funds (Refer Note 2 below)	**10.00**	**10.20**
Previous Year	*10.00*	*10.06*
Aggregate of Unquoted Investments (Others)	**3,452.88**	
Previous Year	*3,407.36*	
Properties	**270.93**	
Previous Year	*102.88*	
	13,691.70	
Previous Year	*13,370.29*	

Trade Investments :

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Equity Shares - Subsidiaries and Associate Companies (fully paid)						
Subsidiaries						
Credila Financial Services Pvt. Ltd.	4,22,72,003	10	**47.97**	422,72,003	10	47.97
GRUH Finance Ltd.*	21,30,77,850	2	**60.74**	10,65,38,925	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	**235.88**	1,50,96,600	10	235.88
HDFC Developers Ltd.	30,50,000	10	**3.05**	50,000	10	0.05
HDFC Education and Development Services Pvt. Ltd.	1,51,00,000	10	**15.10**	1,01,00,000	10	10.10
HDFC ERGO General Insurance Co. Ltd.	39,66,08,250	10	**644.96**	39,07,32,250	10	597.96
HDFC Holdings Ltd.	18,00,070	10	**102.40**	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	**66.15**	2,66,70,500	10	66.15
HDFC Property Ventures Ltd.	10,00,000	10	**1.00**	10,00,000	10	1.00
HDFC Realty Ltd.	77,50,070	10	**7.31**	77,50,070	10	7.31
HDFC Sales Pvt. Ltd.	40,10,000	10	**4.02**	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	140,92,99,334	10	**1,508.78**	144,37,33,842	10	1,545.64
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
H T Parekh Foundation	-	-	**-**	1,00,09,990	10	10.01
			2,697.91			2,689.78
Associate Companies						
HDFC Bank Ltd.*	39,32,11,100	2	**5,549.74**	39,32,11,100	2	5,549.74
India Value Fund Advisors Pvt. Ltd.	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
			8,250.18			8,242.05

* listed shares

		Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Preference Shares - Convertible							
- Subsidiary Company (fully paid)							
0.01%	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

		Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
Debentures - Redeemable							
- Subsidiary Company (fully paid)							
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	90	10,00,000	**9.00**	90	10,00,000	9.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	50	10,00,000	**5.00**	50	10,00,000	5.00
12.75%	Credila Financial Services Pvt. Ltd.	50	10,00,000	**5.00**	-	-	-
				79.00			74.00

	2015	2014
Venture Funds		
HDFC Investment Trust	**172.35**	182.80
HDFC Investment Trust II	**51.14**	-
	223.49	182.80

Non - Trade Investments:

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Equity Shares (fully paid)						
Unlisted :						
AEC Cements and Constructions Ltd.	2,80,000	10	**0.28**	2,80,000	10	0.28
Avantha Power & Infrastructure Ltd.			-	145,35,188	10	45.00
Asset Reconstruction Co. (India) Ltd.	75,41,137	10	**46.37**	75,41,137	10	46.37
Career Launcher Education Infrastructure & Services Ltd.			-	9,38,028	10	21.18
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**	9,28,414	10	27.49
CL Educate Ltd.	5,94,233	10	**35.08**	-	-	-
Feedback Ventures Pvt. Ltd.	18,10,515	10	**8.97**	18,10,515	10	8.97
GVFL Ltd.	1,50,000	10	**0.27**	1,50,000	10	0.27
Goods & Services Tax Network	10,00,000	10	**1.00**	97,143	10	0.10
Idhasoft Ltd.	4,71,06,525	1	**8.21**	4,71,06,525	1	8.21
INCAB Industries Ltd.	76,188	10	**0.23**	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	**0.15**	1,50,000	10	0.15

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Infrastructure Leasing & Financial Services Ltd.	1,15,87,194	10	**78.11**	1,15,87,194	10	78.11
IVF Advisors Pvt. Ltd.	2,000	10	**0.01**	2,000	10	0.01
Kesoram Textile Mills Ltd.	22,258	2	-	22,258	2	-
(received on demerger in 1999-2000)						
Mahindra First Choice Wheels Ltd.	31,82,000	10	**4.84**	31,82,000	10	4.84
MIEL e-Security Pvt. Ltd.	1,11,112	10	**4.11**	1,11,112	10	4.11
National Stock Exchange of India Ltd.	73,750	10	**21.45**	73,750	10	21.45
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 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	-
The Ratnakar Bank Ltd.	88,04,680	10	**58.99**	88,04,680	10	58.99
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**	2,63,626	10	8.46
Vayana Enterprises Pvt. Ltd.	10,44,776	10	**3.47**	10,44,776	10	3.47
			329.25			355.23
Listed :						
Axis Bank Ltd.	-	-	-	1,31,377	10	16.52
Andhra Cements Ltd.	2,59,57,055	10	**49.82**	2,59,57,055	10	49.82
BASF India Ltd.	-	-	-	1,89,635	10	12.74
Bharat Bijlee Ltd.	1,22,480	10	**2.65**	1,22,480	10	2.65
Credit Analysis and Research Ltd.	-	-	-	2,422	10	0.18
Castrol India Ltd.	-	-	-	1,87,483	10	3.14
Coromandel International Ltd.	2,69,330	2	-	2,69,330	2	-
(received under Scheme of Arrangement in 2003-04)						
Crompton Greaves Ltd.	-	-	-	1,68,750	2	4.27
DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	40,47,926	10	**16.89**	40,47,926	10	16.89
Engineers India Ltd.	-	-	-	3,11,992	5	10.86
Grasim Industries Ltd.	-	-	-	37,300	10	11.50
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	**105.50**	1,48,26,303	10	105.50
Indian Oil Corporation Ltd.	-	-	-	1,51,000	10	4.94
ICICI Bank Ltd.	-	-	-	48,000	10	4.98
Indraprastha Medical Corporation Ltd.	90,00,000	10	**38.65**	90,00,000	10	38.65
Infosys Technologies Ltd.	-	-	-	33,000	5	9.69
IDFC Ltd.	27,94,319	10	**2.79**	27,94,319	10	2.79
ITC Ltd.	-	-	-	2,51,000	1	4.07
Larsen & Toubro Ltd.	-	-	-	52,500	2	4.88
Mahindra & Mahindra Ltd.	-	-	-	3,15,000	5	5.87

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Nestle India Ltd.	-	-	-	8,200	10	3.49
Nirlon Ltd.	-	-	-	9,09,000	10	5.00
NMDC Ltd.	-	-	-	1,66,660	1	5.00
Oil & Natural Gas Corporation Ltd.	-	-	-	2,10,000	5	6.97
Reliance Industries Ltd.	-	-	-	1,41,169	10	14.36
Shipping Corporation of India Ltd.	-	-	-	1,28,439	10	1.80
Siemens Ltd.	2,02,707	2	**7.15**	7,87,707	2	27.81
State Bank of India	-	-	-	40,000	10	8.09
Tata Steel Ltd.	-	-	-	1,36,448	10	7.90
			223.45			390.36
* Amount less than ₹ 50,000			**552.70**			745.59

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Preference Shares - Convertible (fully paid)						
0.02% Ziqitza Healthcare Ltd. (Compulsorily Fully Convertible Preference Shares)	2,350	10	**0.50**	2,350	10	0.50
			0.50			0.50
Preference Shares - Cumulative Redeemable (fully paid)						
0.001% BPL Ltd.	5,99,014	100	**5.99**	5,99,014	100	5.99
			5.99			5.99

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
Debentures and Bonds - Redeemable						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
NHB Sumeru Zero Coupon Bonds (Refer Note 3 below) (yield to maturity - 9%)	1,50,000	10,000	**63.33**	1,50,000	10,000	63.33
Trent Ltd. (yield to maturity - 10%)	-	-	-	1,000	10,00,000	100.00
			63.33			163.33
Debentures and Bonds - Redeemable - Others (fully paid)						
- Unlisted						
3% Feedback Infra Private Ltd. (yield to maturity -13%)	-	-	-	2,00,000	1,000	20.00
			-			20.00

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	**17.13**	21.94
Security Receipts	**19.97**	19.97
	37.10	41.91
- Others		
Security Receipts	**8.11**	21.97
	8.11	21.97
Government Securities		
Government of India Loans	**4,087.64**	3,719.77
Schemes of Mutual Funds		
HDFC Mutual Fund	**10.00**	10.00
	10.00	10.00
Venture Funds		
Faering Capital India Evolving Fund	**27.11**	17.06
Gaja Capital India Fund	**-**	8.40
India Value Fund	**47.24**	12.98
India Venture Trust	**5.00**	5.00
Kaizen Domestic Scheme 1	**7.29**	5.50
Tata Capital Growth Fund	**6.72**	5.28
Tamil Nadu Urban Development Fund	**16.72**	-
	110.08	54.22

Notes :

1) Unquoted investments include ₹ **Nil** (Previous Year ₹ 6.08 crore) in respect of equity shares, which are subject to a lock-in period and include ₹ **40.17 crore** (Previous Year ₹ 35.96 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ **60.74 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.

14. DEFERRED TAX ASSET/LIABILITY

In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), the Corporation has taken debit of ₹ **271.00 crore** (Previous Year ₹ 27.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2015 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **559.54 crore** (Previous Year ₹ Nil) has been adjusted against utilisation from the General Reserve (as per Note 3.2) and ₹ **Nil** (Previous Year ₹ 25.49 crore) has been adjusted against the utilisation from Statutory Reserve (As per Section 29C of National Housing Bank Act, 1987) as per Note 3.4.

The major components of deferred tax assets and liabilities are :

₹ in Crore

Particulars	Assets		Liabilities	
	Current Year	Previous Year	Current Year	Previous Year
a) Depreciation	**-**	-	**61.92**	50.66
b) Special Reserve I & II	**-**	-	**924.31**	-
c) Provision for Contingencies	**726.81**	669.62	**-**	-
d) Provision for Employee Benefits	**43.48**	31.16	**-**	-
e) Accrued Redemption Loss (net)	**5.53**	7.21	**-**	-
f) Others (net)	**9.74**	-	**-**	27.46
Total	**785.56**	707.99	**986.23**	78.12
Net Deferred Tax Asset/Liability		629.87	**200.67**	

15. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Loans: [Refer Notes 15.3, 15.4 & 15.5]			
- Individuals		**1,46,668.23**	1,25,768.44
- Corporate Bodies		**52,768.61**	48,785.08
- Others		**2,724.33**	1,738.52
		2,02,161.17	1,76,292.04
Less: Provision for Sub-Standard and Doubtful loans [Refer Notes 15.6 & 30.1] (including additional provision made by the Corporation in the previous year)		**(480.74)**	(545.96)
		2,01,680.43	1,75,746.08
Others:			
Corporate Deposits - Unsecured; Considered doubtful	**2.00**		2.00
Capital Advances - Unsecured; Considered good	**10.70**		3.99
Advance against Investment in Properties	**0.59**		184.82
Security Deposits - Unsecured; Considered good	**18.69**		311.35
Instalments due from borrowers - Secured; Considered doubtful	**99.39**		83.92
Others - Unsecured; Considered doubtful	**49.71**		49.71
Other Long-term Loans and Advances:			
- Staff Loans Others - Secured; Considered good [Refer Note 15.1]	**17.53**		14.95
- Prepaid Expenses - Unsecured; Considered good	**91.16**		61.54
- Advance Tax (Net of Provision)	**2,326.66**		1,979.75
	2,616.43		2,692.03
Less : Provision for Doubtful Corporate Deposit & Other Receivables [Refer Note 32.1]	**51.71**		51.71
		2,564.72	2,640.32
Total		**2,04,245.15**	1,78,386.40

15.1 Loans includes amounts due from the directors ₹ **0.08 crore** (Previous Year ₹ 0.13 crore) [Refer Note 35].

15.2 Investments in Debentures, Pass Through Certificates and Security Receipts amounting to ₹ **100.44 crore** (Previous Year ₹ 205.24 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected in Note 13.

15.3 Loans granted by the Corporation aggregating to ₹ **1,99,935.60 crore** (Previous Year ₹ 1,74,277.73 crore) are secured or partly secured by:

(a) Equitable mortgage of property and/or
(b) Pledge of shares, units, other securities, assignment of life insurance policies and/or
(c) Hypothecation of assets and/or
(d) Bank guarantees, company guarantees or personal guarantees and/or
(e) Negative lien and/or
(f) Assignment of hire purchase receivables and/or
(g) Undertaking to create a security.

15.4 Loans include ₹ **198.33 crore** (Previous Year ₹ 35.31 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

15.5 Long term loans and advances includes Sub-Standard and Doubtful Loans of ₹ **1,542.36 crore** (Previous Year ₹ 1,413.12 crore) [Refer Note 30.1].

15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 32.1]

₹ in Crore

Particulars	**As at March 31, 2015**	As at March 31, 2014
Opening Balance	**545.96**	475.33
Additions/(Reversal) during the year (Net) [Refer Note 3.4]	**(37.44)**	116.80
Utilised during the year – towards Loans written off	**(27.78)**	(46.17)
Closing Balance	**480.74**	545.96

16. OTHER NON-CURRENT ASSETS

₹ in Crore

	As at March 31, 2015	As at March 31, 2014
Unamortised discount on Non-Convertible Debentures	**-**	2.24
Receivables on Securitised Loans	**353.19**	331.57
Forward Receivable	**104.00**	104.00
Interest accrued but not due on Loans	**373.24**	356.99
Interest accrued but not due on Bank Deposits	**26.16**	0.02
Income accrued but not due on Investments	**42.93**	56.31
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	**1,863.59**	62.95
Total	**2,763.11**	914.08

16.1 Bank deposits, with maturities beyond twelve months from the Balance Sheet date, includes earmarked balances ₹ **58.46 crore** (Previous Year ₹ 62.82 crore) against foreign currency loans [Refer Note 4.4] and ₹ **0.13 crore** (Previous Year ₹ 0.13 crore) towards letter of credit issued by Bank.

17. CURRENT INVESTMENTS

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Held as current Investments		
(At lower of cost and fair value unless stated otherwise)		
Trade		
Equity Shares - Subsidiary Companies	**108.67**	108.67
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable [Refer Note 20.5]	**265.18**	265.18
Non Trade		
Equity Shares - Unlisted	**45.00**	-
Debentures and Bonds - Redeemable	**10.00**	20.00
Current portion of Long-Term Investments (at cost)		
Debentures and Bonds - Redeemable - for Financing Real Estate Projects [Refer Note 20.5]	**100.00**	-
Debentures and Bonds - Redeemable - Others	**20.00**	19.99
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**13.11**	-
Government Securities	**-**	42.60
Venture Funds & Other Funds	**44.77**	86.07
	606.73	542.51
Less: Provision for Diminution in Value of Investments	**4.09**	0.15
	602.64	542.36

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**-**	-
Previous Year	*10.00*	*9.85*
Aggregate of Investments listed but not quoted	**110.00**	
Previous Year	*52.60*	
Aggregate of Unquoted Investments (Others)	**492.64**	
Previous Year	*479.76*	
	602.64	
Previous Year	*542.36*	

	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Held as Current Investments						
Trade Investments :						
Equity Shares - Subsidiary Companies (fully paid) *						
Grandeur Properties Pvt. Ltd.	10,000	10	**49.80**	10,000	10	49.80
Windermere Properties Pvt. Ltd.	10,000	10	**56.68**	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	**2.19**	10,000	10	2.19
Pentagram Properties Pvt. Ltd.	10,000	10	**-**	10,000	10	-
Haddock Properties Pvt. Ltd.	10,000	10	**-**	10,000	10	-
			108.67			108.67

Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable (fully paid)*

		Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
6.40%	Haddock Properties Pvt. Ltd.	6,981	1,00,000	**56.39**	6,981	1,00,000	56.39
9.00%	Pentagram Properties Pvt. Ltd.	5,532	1,00,000	**54.47**	5,532	1,00,000	54.47
6.50%	Winchester Properties Pvt. Ltd.	3,912	1,00,000	**39.12**	3,912	1,00,000	39.12
7.70%	Windermere Properties Pvt. Ltd.	11,520	1,00,000	**115.20**	11,520	1,00,000	115.20
				265.18			265.18

* received in specie distribution

Non-Trade Investments :

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Equity Shares - Unlisted						
Avantha Power & Infrastructure Ltd.	145,35,188	10	**45.00**	-	-	-
			45.00			

Debentures and Bonds - Redeemable (fully paid)

		Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
- Listed Unquoted							
11.25%	DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	100	10,00,000	**10.00**	100	10,00,000	10.00
- Listed Quoted							
12.15%	Religare Finvest Ltd.	-	-	**-**	1,00,000	1,000	10.00
				10.00			20.00
Currect portion of Long Term Investments							
Debentures and Bonds - Redeemable							
- for financing Real Estate Projects (fully paid)							
- Zero Coupon Bonds							
- Listed Unquoted					-	-	-
Trent Ltd. (yield to maturity - 10%)		1,000	10,00,000	**100.00**			
				100.00			
Debentures and Bonds - Redeemable - Others (fully paid)							
- Unlisted							
5.64%	Mandava Holdings Private Limited (yield to maturity - 14.10%)	-	-	**-**	4	**5,00,00,000**	19.99
3.00%	Feedback Infra Pvt. Ltd. (yield to maturity -13%)	2,00,000	1,000	**20.00**	-	-	-
				20.00			19.99

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	**1.59**	-
Security Receipts	**11.52**	-
	13.11	-
Government Securities		
Government of India Loans	-	42.60
Venture Funds and Other Funds		
India Value Fund	**8.99**	41.98
Gaja Capital India Fund	**8.40**	-
Tamil Nadu Urban Development Fund	**-**	16.71
HDFC Property Fund - Scheme HDFC India Real Estate Fund	**27.38**	27.38
	44.77	86.07

18. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Receivables - Unsecured; Considered good, less than six months	**46.18**	84.52
Total	**46.18**	84.52

18.1 Trade Receivables includes amounts due from the related parties ₹ **45.14 crore** (Previous Year ₹ 71.60 crore) [Refer Note 35].

19. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash and cash equivalents		
(i) Balances with banks:		
In Current Accounts	**61.50**	2,083.40
In Deposit accounts with original maturity less than 3 months	**2,600.00**	3,525.00
(ii) Cash on hand	**0.31**	0.50
(iii) Cheques on hand	**95.12**	25.82
	2,756.93	5,634.72
(b) Other Bank balances		
(i) Earmarked balances with banks		
- Unclaimed Dividend Account	**20.47**	14.36
- Towards Guarantees Issued by Banks	**0.13**	0.14
- Other - Against Foreign Currency Loans [Refer Note 4.4]	**7.10**	6.40
(ii) Short-term bank deposits	**580.02**	2,059.90
Total	**3,364.65**	7,715.52

20. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Loans: [Refer Note 20.1]			
Current maturities of long-term loans and advances	**23,569.97**		18,310.72
Corporate Bodies	**2,449.72**		2,497.59
		26,019.69	20,808.31
Others:			
Current maturities of Staff Loans - others - Secured; Considered good [Refer Note 20.6]	**4.35**		3.75
Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]	**921.34**		1,403.01
Instalments due from borrowers - Secured; Considered good	**900.88**		763.72
Other Advances - Unsecured; Considered good [Refer Note 20.4]	**33.26**		24.97
Prepaid Expenses - Unsecured; Considered good	**99.22**		96.46
Security Deposits - Unsecured; Considered good	**7.23**		11.45
Sub Total		**1,966.28**	2,303.36
Total		**27,985.97**	23,111.67

20.1 Loans granted by the Corporation, aggregating ₹ **22,922.81 crore** (Previous Year ₹ 19,343.97 crore) are secured and considered good [Refer Note 15.3].

20.2 Out of the Corporate Deposits, amounts aggregating to ₹ **253.40 crore** (Previous Year ₹ 601.65 crore) are secured and considered good [Refer Note 15.3].

20.3 Corporate Deposits includes amounts due from the related parties ₹ **23.58 crore** (Previous Year ₹ 25.00 crore) [Refer Note 35].

20.4 Other Advances includes amounts due from the related parties ₹ **9.48 crore** (Previous Year ₹ 9.51 crore) [Refer Note 35].

20.5 Investments in Debentures and Corporate Deposits amounting to ₹ **604.77 crore** (Previous Year ₹ 547.93 crore) are towards financing Real Estate Projects. The Debentures are reflected in Note 17.

20.6 Current maturities of staff loans includes amounts due from the directors ₹ **0.05 crore** (Previous Year ₹ 0.02 crore) [Refer Note 35].

21. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Receivables on Securitised Loans	**53.30**	30.11
Interest accrued but not due on Loans	**343.13**	206.31
Interest accrued and due on Loans	**0.22**	5.65
Income accrued but not due on Investments	**166.81**	105.41
Interest accrued but not due on Corporate Deposits	**11.12**	38.53
Interest accrued and due on Corporate Deposits	**0.72**	10.39
Application money - Investments	**–**	0.90
Total	**575.30**	397.30

22. CONTINGENT LIABILITIES AND COMMITMENTS

The Company has certain matters in appellate, judicial and arbitration proceedings (including those described below) arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees and undertakings. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

22.1 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 ₹ **1,103.51 crore** (Previous Year ₹ 919.19 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).

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.

22.2 Contingent liability in respect of guarantees and undertakings comprise of the following;

a) Guarantees ₹ **361.68 crore** (Previous Year ₹ 435.26 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,919.65 crore** (Previous Year ₹ 1,943.05 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.

22.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **252.82 crore** (Previous Year ₹ 59.30 crore).

23. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**24,713.80**	21,870.87
- Other Interest [Refer Note 23.1]	**891.79**	822.30
- Net Gain on foreign currency transactions and translation	**0.18**	1.78
Income from Leases	**10.38**	10.92
Dividends [Refer Note 23.2]	**688.28**	555.59
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 23.3]	**364.55**	337.38
Fees and Other Charges [Refer Note 23.4]	**290.90**	295.19
Total	**26,959.88**	23,894.03

23.1 a) Other Interest includes interest on investments amounting to ₹ **387.05 crore** (Previous Year ₹ 372.38 crore), including ₹ **43.03 crore** (Previous Year ₹ 8.18 crore) in respect of investments classified as current investments.

b) Other Interest includes interest on income tax refund ₹ **44.31 crore** (Previous Year ₹ 33.78 crore).

23.2 Dividend income includes ₹ **400.02 crore** (Previous Year ₹ 308.86 crore) received from subsidiary companies [Refer Note 35].

23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **364.55 crore** (Previous Year ₹ 337.38 crore) is in respect of investments held as current investments.

23.4 Fees and Other Charges is net of the amounts paid to Direct Selling Agents ₹ **354.75 crore** (Previous Year ₹ 307.82 crore).

24. Profit on sale of investments includes profit of ₹ **260.47 crore** (Previous Year ₹ Nil) on account of sale of shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company) and is net of loss of ₹ **Nil** (Previous Year ₹ 0.01 crore) on account of sale of IPF Online Ltd. (Associate Company).

25. Other Income includes rent of ₹ **12.56 crore** (Previous Year ₹ 9.19 crore).

25.1 Earnings in foreign currency:

₹ in Crore

Particulars	Current Year	Previous Year
Interest on Bank Deposits	**2.43**	2.87
Consultancy and other fees	**5.32**	9.71

25.2 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **4.01 crore** (Previous Year ₹ 4.71 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	**3.37**	4.11
Later than one year but not later than five years	**2.19**	5.02
Later than five years	**-**	-

25.3 Other Income includes brokerage of ₹ **0.08 crore** (Previous Year ₹ 0.06 crore) received in respect of insurance/ agency business undertaken by the Corporation.

26. FINANCE COST

₹ in Crore

Particulars		Current Year	Previous Year
Interest			
- Loans	**2,332.01**		2,060.83
- Deposits	**6,139.40**		5,274.26
- Bonds and Debentures	**7,646.40**		7,567.45
- Commercial Paper	**1,746.90**		884.84
		17,864.71	15,787.38
Net (Gain)/Loss on foreign currency transactions and translation [Refer Note 26.2]		**(19.77)**	137.39
Other charges [Refer Note 26.1]		**130.15**	104.60
Total		**17,975.09**	16,029.37

26.1 Other Charges is net of exchange loss ₹ **0.32 crore** (Previous Year includes exchange gain of ₹ 0.66 crore).

26.2 A net gain of ₹ **19.95 crore** (Previous Year loss of ₹ 135.61 crore) has been recognised in the Statement of Profit and Loss being net gain 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 [Refer Note 3.7]	**(34.72)**	(198.80)
- Cross Currency Interest Rate Swaps [Refer Note 4.7]	**107.98**	145.77
Net Exchange (Gain)/Loss on Translation [Refer Note 3.7]	**73.26**	(53.03)
Realised (Gain)/Loss	**(93.03)**	190.42
Net (Gain)/Loss on foreign currency transactions and translation recognised in Finance Cost	**(19.77)**	137.39
- Realised (Gain)/Loss recognised in Revenue from operations [Refer Note 23]	**(0.18)**	(1.78)
- Net (Gain)/Loss recognised in Statement of Profit and Loss	**(19.95)**	135.61

26.3 Expenditure in foreign currency:

₹ in Crore

Particulars	Current Year	Previous Year
Interest and Other Charges on Loans	**41.01**	7.39
Others	**16.17**	22.91

27. STAFF EXPENSES [Refer Note 27.3]

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 27.1 & 27.2]	**263.87**	225.96
Contribution to Provident Fund and Other Funds	**51.34**	40.68
Staff Training and Welfare Expenses	**13.25**	12.54
Total	**328.46**	279.18

27.1 Salaries and Bonus include ₹ **22.02 crore** (Previous Year ₹ 12.49 crore) towards provision made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard on Employee Benefits (AS 15).

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ **3.53 crore** (Previous Year ₹ 2.68 crore).

27.3 **Employee Benefits**

(a) **Defined contribution plans**

The Corporation makes Provident Fund and 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 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, if any, 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 ₹ **245.40 crore** and ₹ **244.59 crore** respectively (Previous Year ₹ 207.38 crore and ₹ 207.04 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 8.75%. The actuarial assumptions include discount rate of **7.96%** (Previous Year 9.31%) and an average expected future period of **21.75 years** (Previous Year 22 years).

The Corporation recognised ₹ **12.55 crore** (Previous Year ₹ 11.88 crore) for provident fund contributions and ₹ **10.17 crore** (Previous Year ₹ 8.69 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**

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:

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**146.36**	128.13
Current Service Cost	**5.09**	4.94
Interest Cost	**13.63**	10.53
Benefits Paid	**(8.37)**	(7.74)
Actuarial loss	**23.67**	10.50
Liability at the end of the year*	**180.38**	146.36
* The Liability at the end of the year ₹ **180.38 crore** (Previous Year ₹ 146.36 crore) includes ₹ **44.12 crore** (Previous Year ₹ 37.12 crore) in respect of an un-funded plan.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**108.14**	87.51
Expected Return on Plan Assets	**9.41**	7.53
Contributions	**13.50**	16.11
Actuarial loss on Plan Assets	**(0.58)**	(3.01)
Fair Value of Plan Assets at the end of the year	**130.47**	108.14
Total Actuarial loss to be recognised	**(24.25)**	(13.51)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**9.41**	7.53
Actuarial loss on Plan Assets	**(0.58)**	(3.01)
Actual Return on Plan Assets	**8.83**	4.52
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**38.22**	40.62
Expense recognised	**33.56**	21.45
Contribution by the Corporation	**(13.50)**	(16.11)
Benefits paid by the Corporation / Insurance Companies	**(8.37)**	(7.74)
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" ₹ **49.38 crore** (Previous Year ₹ 37.69 crore) and under "Short term Provision for Employee Benefits" ₹ **0.53 crore** (Previous Year ₹ 0.53 crore).	**49.91**	38.22
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**5.09**	4.94
Interest Cost	**13.63**	10.53
Expected Return on Plan Assets	**(9.41)**	(7.53)
Net Actuarial loss to be recognised	**24.25**	13.51
Expense recognised in the Statement of Profit and Loss under "Staff Expenses"	**33.56**	21.45

₹ in Crore

Particulars	**2014-15**	2013-14	2012-13	2011-12	2010-11
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**180.38**	146.36	128.13	107.69	94.24
Fair Value of Plan Assets at the end of the year	**130.47**	108.14	87.51	75.56	60.17
Amount recognised in the Balance Sheet under “Long-term Provision for Employee Benefits” and “Short-term Provision for Employee Benefits”	**49.91**	38.22	40.62	32.13	34.07
Experience Adjustment :					
On Plan Liabilities	**23.67**	20.44	17.25	10.58	7.13
On Plan Assets	**(0.58)**	(3.01)	(6.16)	(4.61)	(3.36)
Estimated Contribution for next year	**10.49**	6.19	8.03	6.79	5.79

Investment Pattern:

Particulars	**% Invested Current Year**	% Invested Previous Year
Central Government securities	**26.91**	17.37
State Government securities / Securities guaranteed by State / Central Government	**17.05**	12.00
Public Sector / Financial Institutional Bonds	**12.10**	23.75
Private Sector Bonds	**19.98**	16.90
Special Deposit Scheme	**1.69**	2.04
Certificate of Deposits	**-**	1.31
Deposits with Banks and Financial Institutions	**1.02**	3.07
Equity Shares	**17.76**	19.37
Others (including bank balances)	**3.49**	4.19
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.

Principal Assumptions:

Particulars	**Current Year**	Previous Year
	%	%
Discount Rate	**7.96**	9.31
Return on Plan Assets	**7.96**	8.70
Salary Escalation	**5.00**	5.00

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

28. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	**Current Year**	Previous Year
Rent [Refer Note 28.1]	**59.68**	60.54
Rates and Taxes	**2.72**	3.54
Repairs and Maintenance - Buildings	**6.26**	5.80
General Office Expenses	**2.36**	2.58
Electricity Charges	**13.95**	13.80
Insurance Charges	**0.79**	0.72
Total	**85.76**	86.98

28.1 In accordance with the Accounting Standard on 'Leases' (AS 19), 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 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **23.50 crore** (Previous Year ₹ 32.72 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ **14.09 crore** (Previous Year ₹ 18.79 crore) have been netted off from rent expenses. The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.17**	31.39
Later than one year but not later than five years	**-**	75.26
Later than five years	**-**	-

29. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**16.73**	17.03
Printing and Stationery	**8.89**	8.06
Postage, Telephone and Fax	**23.67**	21.28
Advertising	**27.42**	35.07
Repairs and Maintenance - Other than Buildings	**7.89**	7.07
Office Maintenance	**22.16**	19.56
Legal Expenses	**12.49**	9.63
Computer Expenses	**14.91**	12.60
Directors' Fees and Commission	**3.90**	3.34
Miscellaneous Expenses [Refer Notes 29.1, 29.2 & 29.3]	**120.61**	93.08
Auditors' Remuneration [Refer Note 29.4]	**3.96**	3.31
Total	**262.63**	230.03

29.1 Miscellaneous Expenses exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve during the year.

29.2 Miscellaneous Expenses include Provision for Wealth Tax amounting to ₹ **2.51 crore** (Previous Year ₹ 0.60 crore) and Securities Transaction Tax amounting to ₹ **0.29 crore** (Previous Year ₹ 0.26 crore).

29.3 Miscellaneous Expenses includes ₹ **18.07 crore** (Previous Year ₹ Nil) towards Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013.

29.4 **Auditors' Remuneration:**

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**1.23**	1.05
Tax Matters	**0.96**	0.79
Other Matters	**1.76**	1.43
Reimbursement of Expenses	**0.01**	0.04
Service Tax	**0.48**	0.42
Less: Service tax input credit availed / to be availed	**(0.24)**	(0.21)
Less: Service tax input credit expensed	**(0.24)**	(0.21)
Total	**3.96**	3.31

Audit Fees include ₹ **0.04 crore** (Previous Year ₹ 0.03 crore) paid to Branch Auditors.

30. PROVISION FOR NON-PERFORMING LOANS

30.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC. DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC. DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Notes 6.1 & 15]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	**Current Year**	Previous Year
Standard Assets				
- Principal Outstanding	**1,64,249.91**	1,44,698.29	**65,728.85**	53,232.96
- Provisions	**756.66**	670.84	**414.26**	341.19
Sub-Standard Assets				
- Principal Outstanding	**411.83**	410.56	**335.54**	603.01
- Provisions	**64.50**	61.58	**50.33**	90.45
Doubtful Assets				
- Principal Outstanding	**406.71**	319.25	**439.99**	132.01
- Provisions	**229.27**	195.95	**188.35**	100.24
Total				
- Principal Outstanding	**1,65,068.45**	1,45,428.10	**66,504.38**	53,967.98
- Provisions	**1,050.43**	928.37	**652.94**	531.88

30.2 Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in the Value of Investments amounting to ₹ **10.04 crore** (Previous Year ₹ 14.40 crore). The balance of the Provision represents provision made against non-performing assets and other contingencies [Refer Note 6.2].

31. In accordance with the Accounting Standard on ‘Earnings Per Share’ (AS 20):

(i) In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **5,990.14 crore** (Previous Year ₹ 5,440.24 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **10.83 crore** (Previous Year ₹ 13.02 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ **5,979.31 crore** (Previous Year ₹ 5,427.22 crore) and the weighted average number of shares during the year of **156.82 crore** (Previous Year 155.54 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	**38.13**	34.89
Effect of outstanding Stock Options	**(0.35)**	(0.27)
Diluted Earnings Per Share	**37.78**	34.62

(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	**156.82**	155.54
Diluted effect of outstanding Stock Options	**1.45**	1.23
Weighted average number of shares for computation of Diluted Earnings Per Share	**158.27**	156.77

32. SUMMARY OF TOTAL BORROWINGS, LOANS AND INVESTMENTS

Borrowings

₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term borrowings	**97,602.34**	86,881.04
Short-term borrowings	**33,257.71**	25,317.85
Current maturities of long-term borrowings	**77,738.98**	71,774.30
Unclaimed matured deposits	**617.92**	442.56
Total Borrowings	**2,09,216.95**	1,84,415.75
Category-wise Break-up		
Bonds and Debentures	**90,657.55**	85,193.10
Term Loans:		
- Banks	**22,575.87**	29,104.76
- External Commercial Borrowing	**1,884.00**	1,805.10
- Others	**1,734.37**	2,041.90
Commercial Papers	**25,659.20**	9,250.10
Deposits	**66,705.96**	57,020.79
Total Borrowings	**2,09,216.95**	1,84,415.75

Loans

₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term loans	**2,02,161.17**	1,76,292.04
Current maturities of long-term loans	**23,569.97**	18,310.72
Short-term loans	**2,449.72**	2,497.59
	2,28,180.86	1,97,100.35
Less: Provision for Sub-Standard and Doubtful loans	**(480.74)**	(545.96)
Net Loan Book	**2,27,700.12**	1,96,554.39
Category-wise Break-up		
Individual	**1,55,689.71**	1,33,281.08
Corporate Bodies	**69,144.76**	61,624.77
Others	**3,346.39**	2,194.50
	2,28,180.86	1,97,100.35
Less: Provision for Sub-Standard and Doubtful loans	**(480.74)**	(545.96)
Net Loan Book	**2,27,700.12**	1,96,554.39

Investments

₹ in Crore

Particulars	Current Year	Previous Year
Non-Current Investments	**13,691.70**	13,370.29
Current Investments	**602.64**	542.36
Total Investments	**14,294.34**	13,912.65

32.1 Summary of total Provision for Contingencies:

₹ in Crore

Particulars	Current Year	Previous Year
Provision for Contingencies Account [Refer Note 6.2]	**1,501.44**	1,309.04
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	**480.74**	545.96
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	**51.71**	51.71
	2,033.89	1,906.71

33. DISCLOSURES REQUIRED BY NATIONAL HOUSING BANK

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

(a) Capital to Risk Assets Ratio (CRAR)

Particulars	Current Year	Previous Year
1) CRAR (%)	**16.11**	14.55
2) CRAR – Tier I Capital (%)	**12.47**	12.10
3) CRAR – Tier II Capital (%)	**3.64**	2.45

(b) Exposure to Real Estate Sector

₹ in Crore

	Particulars	Current Year	Previous Year
1.	Direct Exposure		
A	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: ₹ **23,132.28 crore** (Previous Year ₹ 22,557.61 crore)	**1,50,587.27**	1,29,128.39
B	Commercial Real Estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, muti-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**52,038.26**	44,785.78
C	Investments in Mortgage Backed Securities (MBS) and other securitised exposures – (i) Residential (ii) Commercial Real Estate	 **18.73** **-**	 21.94 -
2.	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**165.88**	151.50

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2015:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Current Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,466.46	1,545.98	3,517.52	137.38
Over one month to 2 months	241.56	1,910.99	3,651.55	200.00
Over 2 to 3 months	942.93	3,635.48	5,271.02	1,196.43
Over 3 to 6 months	956.52	8,105.56	13,746.75	2,297.74
Over 6 months to 1 year	3,745.62	8,900.30	24,593.70	899.90
Over 1 to 3 years	8,870.14	34,029.98	71,215.10	256.21
Over 3 to 5 years	5,891.61	27,788.63	47,830.53	810.60
Over 5 to 7 years	2,345.03	21,895.63	22,699.28	8,444.94
Over 7 to 10 years	-	7,504.20	21,735.59	-
Over 10 years	-	1,000.00	13,439.08	51.14
Total	**24,459.87**	**1,16,316.75**	**2,27,700.12**	**14,294.34**

Maturity pattern of certain items of assets and liabilities as on March 31, 2014:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Previous Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	906.12	2,443.75	3,143.97	-
Over one month to 2 months	1,353.74	4,155.00	3,450.90	-
Over 2 to 3 months	1,361.51	2,715.00	3,259.93	1,883.84
Over 3 to 6 months	5,091.75	3,866.25	11,439.89	2,009.85
Over 6 months to 1 year	1,865.05	10,999.00	21,914.74	341.06
Over 1 to 3 years	10,287.45	32,048.23	62,540.57	619.63
Over 3 to 5 years	7,177.30	22,799.23	40,335.23	612.75
Over 5 to 7 years	1,866.94	9,734.24	22,266.28	8,423.72
Over 7 to 10 years	1,000.00	5,007.40	17,517.15	21.80
Over 10 years	-	1,000.00	10,685.73	-
Total	**30,909.86**	**94,768.10**	**1,96,554.39**	**13,912.65**

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

34. DIVIDEND PAYABLE TO NON-RESIDENT SHAREHOLDERS

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 Institutional Investors) are as under:

Particulars	Current Year		Previous Year
	Interim	Annual	Annual
Year to which the dividend relates	**2014-15**	**2013-14**	2012-13
Number of non-resident shareholders	**5,110**	**4,495**	4,442
Number of shares held by them of Face Value of ₹ 2 each	**126,10,53,766**	**122,23,33,357**	115,22,95,895
Gross amount of dividend (in ₹)	**252,21,07,532**	**1711,26,66,998**	1440,36,99,371

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 Developers Ltd.
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.
H T Parekh Foundation (Up to 30th March, 2015)
Windermere Properties Pvt. Ltd.
Winchester Properties Pvt. Ltd.
HDFC Investments Ltd.
HDFC Asset Management Company Ltd.
HDFC Realty Ltd.
HDFC ERGO General Insurance Company Ltd.
HDFC Sales Pvt. Ltd.
HDFC Property Ventures Ltd.
Credila Financial Services Pvt. Ltd.
Griha Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)
HDFC Pension Management Company Ltd.
(subsidiary of HDFC Standard Life Insurance Company Ltd.)
Grandeur Properties Pvt. Ltd.
Pentagram Properties Pvt. Ltd.
Haddock Properties Pvt. Ltd.

B) Associate Companies

HDFC Bank Ltd.
India Value Fund Advisors Pvt. Ltd.
RuralShores Business Services Pvt. Ltd.

C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II) (with effect from 24th June, 2014)
HDFC Property Fund - Scheme - HDFC IT Corridor Fund (Up to 28th March, 2014)

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 Ashok Sud
Mr Ketan Karnad
Ms Abinaya S. Rangan
Mr Rishi R. Sud
Ms Riti Karnad
Ms Swarn Sud
Ms S. Anuradha

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 Co. Ltd.	**98.13**	75.48	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**269.35**	216.27	-	-	-	-	-	-
- HDFC Holdings Ltd.	**1.62**	9.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**101.06**	72.19	-	-	-	-	-	-	-	-
- HDFC Investments Ltd.	**94.68**	89.35	-	-	-	-	-	-	-	-
- Others	**104.53**	62.84	**0.16**	0.27	**0.05**	0.05	-	-	-	-
Interest Income										
- Credila Financial Services Pvt. Ltd.	**9.92**	10.92	-	-	-	-	-	-	-	-
- Windermere Properties Pvt. Ltd.	**10.98**	0.10	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**7.51**	8.83	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	**5.54**	0.12	-	-	-	-	-	-	-	-
- HDFC Property Fund - Scheme - HDFC IT Corridor Fund	-	-	-	-	-	76.26	-	-	-	-
- Others	**14.42**	2.48	-	0.08	**5.46**	-	-	-	**0.03**	0.03
Consultancy & Other Fees Income										
- HDFC Asset Management Co. Ltd.	**42.36**	59.01	-	-	-	-	-	-	-	-
- Others	**0.26**	2.17	-	-	-	-	-	-	-	-
Rent Income										
- HDFC Asset Management Co. Ltd.	**10.03**	11.17	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**6.49**	6.49	-	-	-	-	-	-	-	-
- Others	**4.78**	4.00	**2.01**	1.74	-	-	-	-	-	0.01
Support Cost Recovered										
- HDFC Asset Management Co. Ltd.	**1.86**	1.45	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**2.04**	1.37	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**1.19**	0.81	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**0.35**	0.32	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	**0.84**	0.80	-	-	-	-	-	-	-	-
- Others	**0.78**	0.45	**0.37**	0.25	-	-	-	-	-	-
Other Income										
- HDFC Bank Ltd.	-	-	**116.77**	80.46	-	-	-	-	-	-
- Others	**3.65**	1.20	-	-	-	-	-	-	-	-
Interest Expense										
- HDFC ERGO General Insurance Co. Ltd.	**12.39**	10.58	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**54.28**	44.02	-	-	-	-	-	-	-	-
- Others	**1.76**	2.18	**2.45**	4.57	-	-	**0.48**	0.53	-	0.02
Bank & Other Charges										
- HDFC Bank Ltd.	-	-	**0.53**	0.68	-	-	-	-	-	-
Remuneration										
- Mr. Keki M. Mistry	-	-	-	-	-	-	**8.12**	7.78	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**7.39**	7.16	-	-
- Mr. V. S. Rangan	-	-	-	-	-	-	**4.85**	4.54	-	-
Donations										
- H T Parekh Foundation	**13.87**	-	-	-	-	-	-	-	-	-
Other Expenses										
- HDFC Sales Pvt. Ltd.	**165.89**	150.80		-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**143.52**	130.07	-	-	-	-	-	-
- Others	**9.23**	8.71	**0.10**	0.15	-	-	-	-	**0.09**	0.09

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
Investments made										
- HIT- II	-	-	-	-	**51.14**	-	-	-	-	-
- Windermere Properties Pvt. Ltd.	-	171.88	-	-	-	-	-	-	-	-
- Haddock Properties Pvt. Ltd.	-	56.39	-	-	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	-	54.47	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd.	**5.00**	51.00	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	-	49.80	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**47.01**	0.66	-	-	-	-	-	-	-	-
- Others	**8.00**	46.32	-	-	**4.00**	20.57	-	-	-	-
Investments sold / redeemed										
- HIT	-	-	-	-	**14.45**	-	-	-	-	-
- HDFC Property Fund - Scheme - HDFC IT Corridor Fund	-	-	-	-	-	423.85	-	-	-	-
- Others	-	-	-	6.31	-	-	-	-	-	-
Investments										
- HDFC Bank Ltd.	-	-	**5,549.74**	5,549.74	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**1,508.77**	1,545.64	-	-	-	-	-	-	-	-
- Others	**1,708.97**	1,658.98	**2.53**	2.53	**223.49**	182.80	-	-	-	-
Loans given										
- HDFC Property Ventures Pvt. Ltd.	**113.00**	-								
- HDFC Sales Pvt. Ltd.	**16.85**	-								
- Pentagram Properties Pvt. Ltd.	**3.85**	1.00	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	**1.19**	8.00	-	-	-	-	-	-	-	-
- Winchester Properties Pvt. Ltd.	**2.73**	3.54	-	-	-	-	-	-	-	-
- Haddock Properties Pvt. Ltd.	**3.46**	1.86	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd.	-	392.00								
- Others	**4.00**	1.00	-	-	-	-	-	-	-	-
Loans repaid										
- GRUH Finance Ltd.	**1.02**	0.95	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd.	-	392.00	-	-	-	-	-	-	-	-
- Others	-	1.00	-	-	-	-	**0.02**	0.02	**0.01**	0.01
Loans sold										
- HDFC Bank Ltd.	-	-	**8,249.21**	5,556.07	-	-	-	-	-	-
Loans										
- HDFC Property Ventures Pvt. Ltd.	**113.00**	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**16.85**	-	-	-	-	-	-	-	-	-
- GRUH Finance Ltd.	**11.31**	12.32	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	**9.19**	8.00	-	-	-	-	-	-	-	-
- Winchester Properties Pvt. Ltd.	**6.27**	3.54	-	-	-	-	-	-	-	-
- Haddock Properties Pvt. Ltd.	**5.32**	1.86	-	-	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	**4.85**	1.00	-	-	-	-	-	-	-	-
- Others	**4.00**	-	-	-	-	-	**0.13**	0.15	**0.30**	0.31
Bank Deposits placed										
- HDFC Bank Ltd.	-	-	**1,070.00**	3,234.92	-	-	-	-	-	-
Bank Deposits repaid / matured										
- HDFC Bank Ltd.	-	-	**2,559.90**	1,734.90	-	-	-	-	-	-
Bank balance and Deposits										
- HDFC Bank Ltd.	-	-	**975.25**	4,610.46	-	-	-	-	-	-
Corporate Deposits placed					-					
- Grandeur Properties Pvt. Ltd.	-	95.00	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	**22.58**	20.50	-	-	-	-	-	-	-	-
- Others	**2.00**	9.50	-	-	-	-	-	-	-	-

₹ 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
Corporate Deposits repaid / matured										
- Grandeur Properties Pvt. Ltd.	-	95.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	-	12.00	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	**20.50**	-	-	-	-	-	-	-	-	-
- Others	**5.50**	-	-	3.00	-	-	-	-	-	-
Corporate Deposits										
- HDFC Venture Capital Ltd	**22.58**	20.50	-	-	-	-	-	-	-	-
- Others	**1.00**	4.50	-	-	-	-	-	-	-	-
Trade Receivable										
- HDFC Asset Management Co. Ltd.	**39.53**	57.12	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**5.07**	13.11	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**0.01**	0.01	-	-	-	-	-	-	-	-
- Others	**0.53**	1.36	-	-	-	-	-	-	-	-
Other Advances / Receivables										
- HDFC ERGO General Insurance Co. Ltd.	**1.56**	1.58	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**7.60**	7.60	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**4.26**	3.28	-	-	-	-	-	-
- Others	**0.87**	0.37	-	-	-	-	-	-	**0.06**	0.06
Deposits placed										
- HDFC Holdings Ltd.	**16.84**	23.22	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	-	5.40	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**2.51**	2.82	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	**1.05**	16.10	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**2.38**	0.02	-	-
- Others	**0.20**	2.20	-	-	-	-	-	1.75	**0.01**	-
Deposits repaid / matured										
- HDFC Holdings Ltd.	**19.22**	25.03	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	**4.13**	13.02	-	-	-	-	-	-
- Others	**5.21**	8.42	-	-	-	-	**3.75**	2.42	**0.03**	0.29
Deposits										
- HDFC Holdings Ltd.	**16.84**	19.22	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	-	3.08	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**2.40**	2.02	-	-
- Mr. Keki M. Mistry	-	-	-	-	-	-	**0.87**	2.61	-	-
- Others	-	2.50	-	-	-	-	-	-	**0.09**	0.12
Non-Convertible Debentures										
- HDFC ERGO General Insurance Co. Ltd.	**125.00**	110.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**776.00**	665.00	-	-	-	-	-	-	-	-
Other Liabilities / Payables										
- HDFC Bank Ltd.	-	-	**15.73**	14.44	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**7.49**	6.57	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**6.02**	5.87	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**30.51**	27.03	-	-	-	-	-	-	-	-
- Others	**1.36**	1.50	-	0.04	-	-	**0.33**	0.48	-	0.01

36. 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 on 'Segment Reporting' (AS 17).

37. INTEREST IN JOINT VENTURES

In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27), the Corporation has interests in the following jointly controlled entities, which are incorporated in India.

Names of Companies	HDFC Standard Life Insurance Co. Ltd.		HDFC ERGO General Insurance Co. Ltd.	
	Current Year	Previous Year	**Current Year**	Previous Year
Percentage of Shareholding	**70.65**	72.37	**73.63**	73.82
Amount of Interest based on the last Audited Accounts				₹ in Crore
Assets	**49,017.54**	37,903.85	**3,335.42**	2,940.07
Liabilities	**47,186.48**	36,471.84	**2,581.67**	2,276.35
Income	**19,280.48**	12,593.20	**1,465.80**	1,366.35
Expenditure	**18,712.08**	12,128.20	**1,362.10**	1,200.76
Capital Commitment	**411.97**	365.94	**6.59**	9.59
Contingent Liability	**124.37**	105.36	**0.01**	-

38. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(As on / for the period / year ended March 31, 2015)

₹ in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Share Capital	Reserves	Total Assets*	Total Liabilities	Investments included in Total Assets*	Total Income#	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of Share holding
1	HDFC Standard Life Insurance Co. Ltd.	INR	-	1,994.88	597.01	69,384.92	66,793.03	67,025.03	27,291.75	804.57	19.07	785.51	-	70.65
2	HDFC Asset Management Co. Ltd.	INR	-	25.24	1,094.65	1,311.75	191.86	650.52	1,064.28	622.60	207.10	415.50	-	59.81
3	HDFC Trustee Co. Ltd.	INR	-	0.10	0.08	6.01	5.83	-	2.00	0.01	-	0.01	-	100
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	538.62	473.20	4,529.72	3,517.90	3,766.69	1,990.66	140.83	36.83	104.00	-	73.63
5	GRUH Finance Ltd.	INR	-	72.68	638.81	9,181.52	8,470.03	79.82	1,060.32	300.84	97.04	203.80	72.68	58.64
6	HDFC Developers Ltd.	INR	-	3.05	(2.53)	3.30	2.78	-	8.17	(4.47)	0.07	(4.55)	-	100
7	HDFC Venture Capital Ltd.	INR	-	0.50	10.45	67.48	56.53	0.02	89.97	84.01	29.25	54.76	-	80.5
8	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	0.86	0.93	0.03	0.03	0.40	0.32	0.10	0.22	-	100
9	HDFC Property Venture Ltd.	INR	-	1.00	3.69	127.05	122.36	32.61	26.63	9.13	3.10	6.03	-	100
10	HDFC Realty Ltd.	INR	-	7.75	(1.66)	11.61	5.52	-	26.29	(4.04)	0.03	(4.07)	-	100
11	HDFC Investments Ltd.	INR	-	26.67	96.04	122.82	0.11	115.90	109.24	107.74	1.52	106.22	-	100
12	HDFC Holdings Ltd.	INR	-	1.80	163.72	173.00	7.48	120.32	23.14	21.20	4.15	17.05	-	100
13	HDFC Sales Pvt. Ltd.	INR	-	4.01	9.47	53.71	40.23	-	172.26	(8.99)	-	(8.99)	-	100
14	Credila Financial Services Pvt. Ltd.	INR	-	120.74	33.88	1,737.87	1,583.24	-	215.19	40.50	12.70	27.80	-	78.66
15	HDFC Pension Fund Management Co. Ltd.	INR	-	28.00	(0.54)	27.99	0.53	26.50	2.38	0.03	0.01	0.02	-	70.65
16	HDFC Education and Development Services Pvt. Ltd.	INR	-	15.10	(9.96)	5.32	0.18	-	0.07	(2.01)	0.01	(2.02)	-	100
17	Griha Investments	USD	62.59	0.20	101.42	102.01	0.40	-	62.88	45.11	1.28	43.82	-	100
18	Griha Pte. Ltd.	SGD	49.50	5.21	0.54	8.54	2.79	-	7.26	1.60	0.11	1.49	-	100
19	Grandeur Properties Pvt. Ltd.	INR	-	0.01	18.35	27.61	9.25	-	-	(9.81)	0.57	(10.38)	-	100
20	Haddock Properties Pvt. Ltd.	INR	-	0.01	(46.75)	32.67	79.40	-	3.09	(18.08)	0.79	(18.87)	-	100
21	Pentagram Properties Pvt. Ltd.	INR	-	0.01	(40.69)	34.30	74.97	-	6.12	(12.64)	-	(12.64)	-	100
22	Winchester Properties Pvt. Ltd.	INR	-	0.01	(24.17)	22.33	46.49	-	0.96	(12.23)	0.01	(12.25)	-	100
23	Windermere Properties Pvt. Ltd.	INR	-	0.01	(51.13)	75.26	126.37	-	12.67	(23.77)	0.01	(23.78)	-	100

NOTE:

H T Parekh Foundation ceases to be the subsidiary of HDFC Ltd. w.e.f. March 31, 2015.

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability.

Includes Net Premium Income, Investment Income and other Income.

Part “B” : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(As on/for the period/year ended March 31, 2015)

Sr. No.	Name of Associates/Joint Ventures	HDFC Bank Limited	India Value Fund Advisors Pvt. Ltd.	Rural Shore Business Services Pvt. Ltd.	Magnum Foundations Pvt. Ltd.
1	Latest audited Balance Sheet Date	31st March 2015	31st March 2015	31st March 2015	31st March 2014
2	Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end				
	Number	393,211,100	975,002	476,351	500,000
	Amount of investment in Associates/Joint Venture (₹ in crore)	5,623.06	0.03	2.50	23.25
	Extend of Holding %	21.67	21.51	27.47	50.00
3	Description of how there is significant influence	% age holding more than 20% and representation on the board.	% age holding more than 20%	% age holding more than 20%	% age holding more than 20%
4	Reason why Associate/Joint Venture is not consolidated	NA	NA	Share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.	Exclusively held with a view to their subsequent disposal in the near future
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crore)	18,011.08	1.54	-	-
6	Consolidated Profit/(Loss) for the year (₹ in crore)	10,259.27	0.22	(12.80)	0.23
i.	Considered in Consolidation (₹ in crore)	2,294.37	0.05	-	-
ii.	Not Considered in Consolidation (₹ in crore)	7,964.90	0.17	(12.80)	0.23

Independent Auditor's 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** (hereinafter referred to as the "Holding Company"), 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 March 31, 2015, 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 preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 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) 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, 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, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 5.2 to the consolidated financial statements, which 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 April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹ 80,203.40 crore as at March 31, 2015, total revenues of ₹ 19,178.93 crore and net cash flows amounting to ₹ 125.03 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information 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 sub-sections (3) and (11) 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) The consolidated financial statements also include the Group's share of net profit of ₹ 0.34 crore for the year ended March 31, 2015, as considered in the consolidated financial statements, in respect of one associate of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and 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 this associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

(c) Claims paid and pertaining to Insurance business have been adjusted for the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, 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. These liabilities have been duly certified by the subsidiaries' appointed actuaries, and in their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of those subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their conclusion on the financial result 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:

i. the work done and the reports of the other auditors,

ii. the financial statements / financial information certified by the Management and

iii. the actuarial valuation for the life insurance policies in force and for the policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of IBNR and IBNER.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order"), issued by the Central

Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company, Subsidiary Companies and Associate Company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, 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 Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 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 is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

f) 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:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates– Refer Note 25.1 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, where necessary, on long-term contracts including derivative contracts – Refer (a) Note 5.10, 5.11 and 33 to the consolidated financial statements in respect of such items as it relates to the Group and (b) the Group's share of net profit in respect of its associates.

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 Company incorporated in India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Annexure to the Independent Auditor's Report
ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order does not includes 6 subsidiary companies / controlled entities and 1 associate company to which the Order is not applicable but includes 3 subsidiary companies, incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

i. In respect of the fixed assets of the Holding Company, subsidiary companies and associate company incorporated in India:

a. The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. Some of the fixed assets were physically verified during the year by the Managements of the respective entities and by the appointed firm of chartered accountants in accordance with a programme of verification, which in our opinion and the opinion of the other auditors provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us and the other auditors, no material discrepancies were noticed on such verification.

ii. According to the information and explanations given to us, the nature of business of Holding Company, subsidiary companies and associate company is such that it is not required to hold any inventories except in the case of one subsidiary where the other auditor have reported as follows:

a. The stock of acquired and/ or developed properties of one subsidiary have been physically verified during the year by its management. In the opinion of other auditor, the frequency of verification is reasonable.

b. The procedures of physical verification of stock of acquired and/ or developed properties followed by the management are reasonable and adequate in relation to the size of that subsidiary company and the nature of its business.

c. The subsidiary company is maintaining proper records of acquired and developed properties. No discrepancy was noticed on verification between the physical properties and the book records.

iii. According to the information and explanations given to us, the Holding Company, subsidiary companies and associate company incorporated in India have granted loans, to the extent included in the consolidated financial statements, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities. In respect of such loans:

a. The receipts of principal amounts and interest have been regular/as per stipulations.

b. There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.

iv. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is an adequate internal control system in the Holding Company, subsidiary companies and associate companies incorporated in India, commensurate with the size of the respective entities and the nature of their business for acquisition of properties and purchase of fixed assets and for the sale of properties and services and during the course of our and the other auditors audit no major weaknesses in such internal control system has been observed.

v. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company and one subsidiary company incorporated in India have complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014, as amended and the Housing Finance Companies (NHB) Directions, 2010, with regard to the deposits accepted. Other subsidiary companies and associate company incorporated in India have not accepted any deposit during the year. According to the information and explanations given to us and the other auditors, no order has been passed by the Company Law Board or the National Company Law Tribunal or the National Housing Bank or the Reserve Bank of India or any Court or any other Tribunal in respect of any of the respective entities.

vi. The provisions of clause (3)(vi) of the Order are not applicable to the Holding Company, subsidiary companies and associate company incorporated in India as the services rendered by them are not covered by the Companies (Cost Records and Audit) Rules, 2014.

vii. According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary companies and associate company incorporated in India:

a. The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.

b. There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

c. Details of dues of Wealth Tax, Interest on Lease Tax, Employees' State Insurance and Income Tax which have not been deposited as on 31st March, 2015 on account of disputes by the aforesaid entities are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in crore
Holding Company				
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	Financial Year 1998-1999	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	Financial Year 1999-2000	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant / Deputy Director - ESIC	Financial Year 2010-2011	0.01
Subsidiary Companies				
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2007-2008	0.24
Income Tax Act, 1961	Income Tax	High Court of Bombay	Financial Year 2007-2008	0.15
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2008-2009	0.52
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2009-2010	0.19
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2010-2011	1.60
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2011-2012	0.98
Associate				
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2007-08	0.44
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2009-10	0.20
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2010-11	0.15
Income Tax Act, 1961	Income Tax	Assessing Officer	Financial Year 2012-13	0.19

d. The aforesaid entities have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

viii. The Group and its associate does not have consolidated accumulated losses at the end of the financial year and the Group and its associate have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

ix. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies and associate company incorporated in India have not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

x. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, subsidiary companies and associate company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions. The terms and conditions of the guarantees given by the Holding Company for loans taken by others outside of the Group and its associates from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Group and its associates.

xi. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company, subsidiary companies and associate company incorporated in India during the year for the purposes for which they were obtained, other than temporary deployment pending application.

xii. To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, its subsidiary companies and associate company incorporated in India and no material fraud on the Holding Company, its subsidiary companies and associate company incorporated in India has been noticed or reported during the year. Although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amount whereof are not material in the context of the size of the Group and its associate Company and the nature of its business and which have been provided for.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Housing Development Finance Corporation Limited

Consolidated Balance Sheet as at March 31, 2015

	Notes	₹ in Crore	₹ in Crore	March 31, 2014 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	314.94		312.10
Reserves and Surplus	5	44,756.69		37,262.51
			45,071.63	37,574.61
MINORITY INTEREST			1,820.08	1,423.88
NON-CURRENT LIABILITIES				
Policy Liabilities (Policyholder's Fund)		54,924.28		45,003.25
Long-term borrowings	7	104,545.72		91,757.78
Deferred tax liabilities (net)	17	231.32		15.82
Other Long-term liabilities	8	2,546.12		2,288.20
Long-term provisions	9	1,998.04		1,682.20
			164,245.48	140,747.25
CURRENT LIABILITIES				
Short-term borrowings	10	34,420.05		26,012.51
Trade Payables	11	2,984.85		2,371.99
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		10,531.68		4,300.42
- Borrowings		78,390.95		72,831.68
- Others		7,864.17		7,559.93
Short-term provisions	13	4,196.29		4,082.38
			138,387.99	117,158.91
			349,525.18	296,904.65
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	14	1,203.17		746.16
(ii) Intangible assets	15	79.25		70.49
(iii) Capital work in Progress		5.60		21.01
(iv) Intangible assets under Development		3.38		0.03
GOODWILL ON CONSOLIDATION		187.81		185.59
Non-current investments	16	86,887.59		65,377.26
Deferred tax asset (net)	17	18.55		663.34
Long-term loans and advances	18			
- Loans		211,531.09		183,423.95
- Others		3,150.97		3,084.79
Other non-current assets	19	2,799.52		930.61
			305,866.93	254,503.23
CURRENT ASSETS				
Current investments	20	6,894.83		7,536.95
Trade receivables	21	457.79		376.79
Cash and bank balances	22	4,261.92		8,588.11
Short-term loans and advances	23			
- Loans		26,674.83		21,324.43
- Others		3,679.28		3,259.49
Other current assets	24	1,689.60		1,315.65
			43,658.25	42,401.42
			349,525.18	296,904.65

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

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)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

R. S. Tarneja
(DIN: 00009395)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2015

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	**26**	**29,075.78**	25,583.15
Profit on sale of Investments	**27**	**510.87**	294.03
Other Income	**26.6**	**74.34**	61.39
Premium from Insurance Business		**16,427.35**	13,539.59
Other Operating Income from Insurance Business		**2,301.69**	1,336.40
Total Revenue		**48,390.03**	40,814.56
EXPENSES			
Finance Cost	**28**	**18,710.29**	16,607.89
Employee Benefits Expenses	**29**	**699.14**	597.24
Establishment Expenses	**30**	**136.95**	143.14
Other Expenses	**31**	**584.13**	465.07
Claims paid pertaining to Insurance Business		**9,551.25**	5,969.83
Commission and operating expenses pertaining to Insurance Business		**2,112.45**	1,924.34
Other expenses pertaining to Insurance Business		**6,244.53**	6,103.93
Depreciation and Amortisation	**14 & 15**	**46.63**	46.85
Provision for Contingencies		**188.04**	110.42
Total Expenses		**38,273.41**	31,968.71
PROFIT BEFORE TAX		**10,116.62**	8,845.85
Tax Expense			
Current Tax		**2,883.62**	2,317.05
Deferred Tax	**17**	**282.08**	41.29
PROFIT FOR THE YEAR		**6,950.92**	6,487.51
Share of profit of Minority Interest		**(482.72)**	(454.89)
Net share of Profit from Associates		**2,294.42**	1,915.20
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	**5.1**	**8,762.62**	7,947.82
EARNINGS PER SHARE (Face Value ₹ 2)	**36**		
Basic (₹)		**55.81**	51.01
Diluted (₹)		**55.30**	50.61

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

Deepak S. Parekh
Chairman
(DIN: 00009078)

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(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2015

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit After tax Attributable to the Group		**8,762.62**	7,947.82
	Add: Provision for Taxation		**3,165.70**	2,358.34
	Profit Before Tax		**11,928.32**	10,306.16
	Adjustments for:			
	Depreciation and Amortisation*	**14 & 15**	**130.73**	108.87
	Provision for Contingencies	**5.3**	**188.04**	110.20
	Interest Expense	**28**	**18,589.83**	16,357.10
	Net (Gain) / Loss on translation of foreign currency monetary assets and liabilities		**(16.28)**	138.76
	Interest Income	**26**	**(26,994.73)**	(23,774.91)
	Premium paid on redemption of Debentures		**(192.80)**	(398.20)
	Shelter Assistance Reserve - utilisation	**5.10**	**(10.83)**	(13.02)
	Corporate Social Responsibility Account - utilisation	**5.10**	**-**	(0.46)
	Reserve for Unexpired Risk		**104.41**	180.83
	Policy Liabilities (net)		**16,152.28**	9,979.18
	Surplus from Deployment in Cash Management Schemes of Mutual Funds	**26**	**(369.48)**	(344.01)
	Profit on Sale of Investments		**(510.87)**	(294.03)
	Dividend Income	**26**	**(41.16)**	(47.64)
	Provision for Diminution in Value of Investments		**5.06**	(0.38)
	Bad debts written off		**4.60**	1.89
	(Profit) / Loss on Sale of Fixed Assets (Net)		**(27.64)**	(22.41)
	Operating Profit before Working Capital changes		**18,939.48**	12,287.93
	Adjustments for:			
	Current and Non Current Assets		**(978.49)**	266.46
	Current and Non Current Liabilities		**759.49**	14.08
	Cash generated from operations		**18,720.48**	12,568.47
	Interest Received		**26,682.39**	23,271.11
	Interest Paid		**(18,519.42)**	(15,418.73)
	Dividend Received		**41.16**	47.64
	Taxes Paid		**(3,227.77)**	(2,910.84)
	Net cash from operation		**23,696.84**	17,557.65
	Loans disbursed (Net)		**(33,281.47)**	(28,586.35)
	Corporate Deposits (Net)		**466.44**	293.80
	Net cash used in operating activities [A]		**(9,118.19)**	(10,734.90)
	* Includes depreciation included under Other expenses pertaining to Insurance Business			
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(616.32)**	(255.13)
	Sale of Fixed Assets		**57.81**	31.21
	Goodwill (net)		**(2.22)**	(0.51)
	Investments (net)		**(17,994.19)**	(12,766.59)
	Net cash used in investing activities [B]		**(18,554.92)**	(12,991.02)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**4.1**	**2.84**	2.83
	Utilisation of Reserves for Buy back of Equity Shares by one of the Subsidiary Company		**-**	(20.92)
	Securities Premium	**5**	**726.52**	651.41
	Deposits, CPs and other Short Term Borrowings (Net)		**27,136.33**	5,377.93
	Proceeds from long-term borrowings		**64,672.33**	71,905.16
	Repayment of long-term borrowings		**(65,098.31)**	(50,231.75)
	Dividend paid		**(2,505.94)**	(1,939.91)
	Tax paid on Dividend		**(485.43)**	(385.73)
	Bonus and Securities Issue Expenses		**(22.01)**	(0.30)
	Increase in Minority Interest		**394.05**	359.81
	Net cash from financing activities [C]		**24,820.38**	25,718.53
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		**(2,852.73)**	1,992.61
	Add: Cash and cash equivalents as at the beginning of the year	**22**	**6,397.65**	4,397.46
	Add: Exchange difference on bank balance		**2.80**	7.58
	Cash and cash equivalents as at the end of the year	**22**	**3,547.72**	6,397.65
	Earmarked balances with banks:			
	- Unclaimed dividend account		**21.52**	15.26
	- Other against Foreign Currency Loans		**7.20**	6.39
	- Guarantees issued by banks		**0.13**	0.24
	- Others		**2.59**	2.59
	Short - term bank deposits		**682.76**	2,165.98
	Cash and Bank balances at the end of the year	**22**	**4,261.92**	8,588.11

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

Deepak S. Parekh
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S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Notes forming part of the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

OTHER THAN INSURANCE COMPANIES

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank and Reserve Bank of India to the extent applicable.

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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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.

1.2 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.

1.3 SYSTEM OF ACCOUNTING

The Group adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

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 acquisition), 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 unearned income. Loans are carried net of the allowances for credit losses.

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"). 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.

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 computed either on an annual rest or 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 actual receipt.

1.11 DIVIDEND

Dividend income is recognised when the right to receive has been established.

1.12 FEES AND OTHER REVENUE

Fees, charges and other revenue 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) 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 cancellations 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 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.

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**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis.

Interest income on investments is accounted for on accrual basis.

Amortisation of premium or accretion of discount at the time of purchase of debt securities is amortised over the remaining period of maturity/holding on a straight line 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 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 holds these instruments till maturity. At each reporting date, these liabilities are restated at the closing rate.

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 of certain securities are charged to the securities premium.

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, where not covered by forward contracts. 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. Monetary items represented by currency swap contracts are recorded at the closing rate.

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 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

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 value of such investments. Current investments are carried individually, at the lower of cost and fair value. 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. 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) are capitalised at cost inclusive of legal and/or installation expenses.

1.23 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, 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 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 technical advice, 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.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

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

Investment in Properties

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

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.

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 retirement 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 **PROVISION FOR CONTINGENCIES AND NON-PERFORMING ASSETS**

The Group's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the interest and/or instalments are overdue, for specified number of days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank, the Reserve Bank of India and the IRDA Regulations. The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Group covers the minimum provisioning required as per the NHB, the Reserve Bank of India and the IRDA Regulations.

1.29 **STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)**

Provisions are established on a collective basis against loan assets classified as “Standard” to absorb credit losses on the aggregate exposures in each of the Corporation’s loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon statistical analysis of past performance, level of allowance already in place and Management’s judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation’s management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.30 **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

The Corporation’s contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation’s Provident Fund administered by a Trust require that if the Board of Trustees are 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 Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

Defined benefit plans

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.

Except in case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

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.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

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.

1.31 **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 of 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 (IBMER) 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.

1.32 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.

1.33 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.

1.34 **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.

WEALTH TAX

Provision for wealth tax is made at the appropriate rates, as per the applicable provisions of the Wealth Tax Act, 1957.

1.35 **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.36 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation 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.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

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.

1.37 **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.

1.38 **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, 2015 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, 2015.

(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 and Griha Pte. Ltd. which has been incorporated in Singapore.

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	**100.00**	100.00
HDFC Investments Ltd.	**100.00**	100.00
HDFC Holdings Ltd.	**100.00**	100.00
HDFC Asset Management Co. Ltd.	**59.81**	59.81
HDFC Trustee Co. Ltd.	**100.00**	100.00
HDFC Realty Ltd.	**100.00**	100.00
GRUH Finance Ltd.	**58.64**	59.15
HDFC Venture Capital Ltd.	**80.50**	80.50
HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00
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 (w.e.f. June 24, 2014)	**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
Credila Financial Services Pvt. Ltd.	**78.66**	78.66
HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00

2.2 During the previous year, the Corporation acquired the undermentioned companies, all incorporated in India, as an inspecie distribution from HDFC Property Fund - Scheme HDFC IT Corridor Fund. As per the Accounting Standard on Consolidated Financial Statements, (AS 21), those companies have been excluded from consolidation, since they are held exclusively with a view to their subsequent disposal in the near future.

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
Grandeur Properties Pvt. Ltd.	**100.00**	100.00
Haddock Properties Pvt. Ltd.	**100.00**	100.00
Pentagram Properties Pvt. Ltd.	**100.00**	100.00
Windermere Properties Pvt. Ltd.	**100.00**	100.00
Winchester Properties Pvt. Ltd.	**100.00**	100.00

2.3 The financial statements of the following subsidiary companies, all incorporated in India, which are in the nature of jointly controlled entities, have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21).

Name of Subsidiary (Jointly Controlled Entity)	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Standard Life Insurance Co. Ltd.	**70.65**	72.37
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**70.65**	72.37
HDFC ERGO General Insurance Co. Ltd.	**73.63**	73.82

2.4 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'.

2.5 H. T. Parekh Foundation, a Section 8 Company under the Companies Act, 2013, wherein the profits were applied for promoting its objects. The Accounts of H. T. Parekh Foundation were not consolidated in financial statements, since the Corporation would not derive any economic benefits from its investments in H. T. Parekh Foundation. During the current year, the Corporation sold its investment in 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	**21.67**	22.64
India Value Fund Advisors Pvt. Ltd.	Venture Capital	**21.51**	21.51
RuralShores Business Services Pvt. Ltd.#	BPO	**27.47**	27.47
Magnum Foundations Pvt. Ltd.*	Real Estate	**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 accounts of HDFC Ltd.

* During the current year, Magnum Foundations Pvt. Ltd. was acquired as an associate by one of the subsidiary company. As per the Accounting Standard on Consolidated Financial Statements (AS 23), the same 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, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
AUTHORISED		
162,50,00,000 Equity Shares of ₹ 2 each (Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)	**325.00**	325.00
	325.00	325.00
ISSUED, SUBSCRIBED AND PAID-UP		
157,46,97,670 Equity Shares of ₹ 2 each (Previous Year 156,05,32,605 Equity Shares of ₹ 2 each)	**314.94**	312.10
	314.94	312.10

4.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**156,05,32,605**	**312.10**	154,63,47,255	309.27
Shares allotted pursuant to exercise of stock options	**1,41,65,065**	**2.84**	1,41,85,350	2.83
Shares allotted pursuant to exchange of warrants	**-**	**-**	-	-
Equity shares outstanding as at the end of the year	**157,46,97,670**	**314.94**	156,05,32,605	312.10

4.2 The details of each shareholder holding more than 5 percent shares in the Corporation:

Particulars	Outstanding as on March 31, 2015		Outstanding as on March 31, 2014	
	Number	Percentage of shares held to total Shares (%)	Number	Percentage of shares held to total Shares (%)
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	**8,00,17,312**	**5.08**	11,10,21,121	7.11

4.3 **5,05,74,170** shares of ₹ 2 each (Previous Year 3,35,28,585 shares of ₹ 2 each) were reserved for issuance towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 4.4].

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.

At the 37th Annual General Meeting (AGM) held on July 21, 2014, the shareholders had approved the issue of 62,42,130 stock options representing 3,12,10,650 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 on October 8, 2014, approved the grant of 62,73,064 new stock options, representing 3,13,65,320 equity shares of ₹ 2 each under ESOS-2014, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the AGM held on July 21, 2014 plus 41,810 options lapsed under previous schemes (ESOS-05 : 12,285 options, ESOS-07 : 29,267 options, and ESOS-08 : 258 options), net of 10,876 options reserved. The options were granted at an exercise price of ₹ 5,073.25 per option (i.e. ₹ 1,014.65 per equity share of ₹ 2 each) 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-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, 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.

4.4 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, during the year **1,80,438 options** (Previous Year 58,26,953 options) were vested. In the current year **13,263 options** (Previous Year 28,787 options) were 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 **97 options** (Previous Year 146 options) were lapsed after vesting. 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. In the current year **882 options** (Previous Year 28,742 options) were lapsed after vesting. 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 account 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-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	**ESOS-14**	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	-	-
Granted during the year	**62,73,064**	-
Vested during the year	-	-
Exercised during the year	-	-
Lapsed during the year	**49,045**	-
Outstanding at the end of the year	**62,24,019**	-
Unvested at the end of the year	**62,24,019**	-
Exercisable at the end of the year	-	-
Weighted average price per option	**₹ 5,073.25**	

Particulars	ESOS – 11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**54,06,415**	60,71,275
Granted during the year	**-**	-
Vested during the year	**1,80,438**	58,26,953
Exercised during the year	**16,47,566**	6,36,073
Lapsed during the year	**13,263**	28,787
Outstanding at the end of the year	**37,45,586**	54,06,415
Unvested at the end of the year	**36,043**	2,25,182
Exercisable at the end of the year	**37,09,543**	51,81,233
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS – 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**11,82,357**	17,56,739
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**11,77,158**	5,74,236
Lapsed during the year	**97**	146
Outstanding at the end of the year	**5,102**	11,82,357
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,102**	11,82,357
Weighted average price per option	**₹ 1,350.60**	

Particulars	ESOS – 07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**15,148**	16,70,651
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**8,289**	16,26,761
Lapsed during the year	**882**	28,742
Outstanding at the end of the year	**5,977**	15,148
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,977**	15,148
Weighted average price per option	**₹ 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. Accordingly, each options exercised after August 21, 2010 is entitled to 5 equity shares 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-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows:

Particulars	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under 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 under ESOS-14 and ESOS-11 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)	**8,762.62**	7,947.82
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **300.92 crore** (Previous Year ₹ 52.98 crore)] (pro-forma)	**198.64**	34.97
Net Profit (pro-forma)	**8,563.98**	7,912.85
Less : Amounts utilised out of Shelter Assistance Reserve	**10.83**	13.02
Less : Proportionate share of amounts utilised out of Corporate Social Responsibility Fund of HDFC Asset Management Company Limited.	**-**	0.46
Net Profit considered for computing EPS (pro-forma)	**8,553.15**	7,899.37

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**55.81**	51.01
Basic earnings per share (pro-forma)	**54.54**	50.79
Diluted earnings per share (as reported)	**55.30**	50.61
Diluted earnings per share (pro-forma)	**54.04**	50.39

4.4 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, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Special Reserve No. I [Refer Note 5.2]	**51.23**	51.23
Special Reserve No. II [Refer Note 5.2]	**7,637.70**	6,551.53
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934	**40.86**	33.04
General Reserve	**13,552.92**	10,246.11
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987) [Refer Note 5.3]	**3,295.69**	3,145.83
Revaluation Reserve [Refer Note 5.4]	**35.36**	36.22
Securities Premium [Refer Note 5.5]	**10,315.44**	10,047.34
Capital Redemption Reserve [Refer Note 5.6]	**27.11**	27.11
Shelter Assistance Reserve [Refer Note 5.9]	**89.79**	100.61
Corporate Social Responsibility Account [Refer Note 5.9]	**1.55**	1.55
Foreign Currency Translation Reserve	**7.46**	3.47
Foreign Currency Monetory Item Translation Difference Account (Debit Balance) [Refer Notes 5.10 and 5.11]	**(33.75)**	(142.34)
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]	**9,686.99**	7,112.48
	44,756.69	37,262.51

5.1 SURPLUS IN THE STATEMENT OF PROFIT AND LOSS

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Opening Balance	**7,112.48**	4,729.09
Add: Opening Adjustment [Refer Note 2.4]	**1.41**	37.90
	7,113.89	4,766.99
Add: Profit after Tax for the year attributable to the Corporation	**8,762.62**	7,947.82
	15,876.51	12,714.81
APPROPRIATIONS:		
Special Reserve No. II [Refer Note 5.2]	**1,087.35**	916.62
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)	**7.81**	6.01
General Reserve	**2,051.64**	1,083.55
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987) [Refer Note 5.3]	**150.00**	908.87
Shelter Assistance Reserve	**-**	60.00
Capital Redemption Reserve [Refer Note 5.6]	**-**	0.08
Proposed Dividend [Dividend @ ₹ **13** per equity share of ₹ **2** each (Previous Year @ ₹ 14 per equity share of ₹ 2 each)]	**2,047.11**	2,184.75
Additional Tax on Dividend	**538.75**	446.07
Additional Tax on Dividend FY 2012-13 [Refer Note 5.7]	**(18.59)**	(15.18)
Interim Dividend Paid [Refer Note 5.12]	**314.93**	-
Dividend [including tax of ₹ **1.53 crore** (Previous Year ₹ 1.70 crore)] pertaining to previous year paid during the year [Refer Note 5.8]	**10.52**	11.56
	9,686.99	7,112.48

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 company has created 25 percent of deferred tax liability of ₹ **578.74 crore** (Previous Year ₹ Nil) on opening balance of accumulated Special Reserve.

5.3 During the year, in addition to the charge of ₹ **188.04 crore** (Previous Year ₹ 110.42 crore) to the Statement of Profit and Loss, an amount of ₹ **Nil** (net of deferred tax of ₹ **Nil**) [(Previous Year ₹ 56.77 crore) (net of Deferred Tax of ₹ 29.23 crore)], has been transferred from Statutory Reserve as per Section 29C of the National Housing Bank Act, 1987 by HDFC Ltd. and by one of the subsidiary company pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 as under:

₹ in Crore

Particulars	**As at March 31, 2015**	As at March 31, 2014
To Provision for Contingencies Account (Net) [Refer Note 9.2]	**216.56**	75.17
To Provision for Non-Performing Loans [Refer Note 18.3]	**(36.54)**	117.97
To Provision for Diminution in value of Investments	**4.14**	-
To Provision for Doubtful Receivables [Refer Note 21]	**3.88**	0.22
To Minority Interest	**-**	3.06
	188.04	196.42

5.4 During the previous year, one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.) had decided to use the investment property for use in service and administrative purpose. Consequently value of the property so used for own business ₹ **Nil** (Previous Year ₹ 41.37 crore) has been reclassified from investment property to fixed assets. Thus, the Revaluation Reserve has been adjusted for ₹ **Nil** (Previous Year ₹ 3.06 crore), being depreciation on revalued amount from date of its classification as investment in properties till its reclassification to fixed assets.

5.5 During the year, ₹ **437.07 crore** (Previous Year ₹ 374.85 crore) has been utilised out of the Securities Premium in accordance with Section 78 of the Companies Act, 1956. Out of the above, ₹ **22.01 crore** (Previous Year ₹ 0.28 crore) has been utilised by one of the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses, ₹ **Nil** (Previous Year ₹ 17.40 crore) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ **415.06 crore** (net of tax ₹ 213.72 crore) [(Previous Year ₹ 357.17 crore) (net of tax ₹ 183.91 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non Convertible Debentures.

5.6 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extra General Meeting and in accordance with the provisions of the Companies Act, 1956 (Act) and Private Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999, has bought back Nil equity shares during the year (Previous Year 1,41,500) at an aggregate value of ₹ **Nil** (Previous Year ₹ 35.13 crore). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ **Nil** (Previous Year ₹ 0.08 crore) has been transferred to Capital Redemption Reserve in terms of Section 77AA of the Act.

5.7 Additional Tax on dividend Financial Year (FY) 2013-14 credit taken, ₹ **18.59 crore** (Previous Year ₹ 15.18 crore for FY 2012-13), pertains to 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.

5.8 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ **8.98 crore** for the FY 2013-14 (₹ 9.73 crore for the FY 2012-13) and tax on dividend of ₹ **1.53 crore** (Previous Year ₹ 1.66 crore) as approved by the shareholders at the Annual General Meeting held on July 21, 2014 and GRUH Finance Ltd. paid dividend of ₹ **Nil** for the FY 2013-14 (₹ 0.13 crore for the FY 2012-13) and tax on dividend of ₹ **Nil** (Previous Year ₹ 0.04 crore) as approved by the shareholders at the Annual General Meeting held on May 28, 2014.

5.9 Miscellaneous Expenses under Note 31 exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve and ₹ **Nil** (Previous Year ₹ 0.46 crore) in respect of amounts utilised out of Corporate Social Responsibility Account during the year.

5.10 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 ₹ **33.75 crore** (without considering future tax benefit of ₹ **11.47 crore**) [(Previous Year ₹ 142.34 crore) (without considering future tax benefits of ₹ 48.38 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2015. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

5.11 During the year, there was a net reduction of ₹ **108.59 crore** (Previous Year ₹ 27.45 crore) in the Foreign Currency Monetary Items Translation Difference Account as under:

₹ in Crore

Particulars	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	**128.54**	(117.20)
Net (Debit) Credit to the Statement of Profit & Loss on account of repayments during the year	**(93.21)**	197.68
Net amortisation credit (debit) during the year	**73.26**	(53.03)
Net reduction during the year	**108.59**	27.45

5.12 The Board of Directors of the Company at its meeting held on March 19, 2015, *inter alia*, has approved the payment of an interim dividend of ₹ 2 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2014-15.

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, 2015	As at March 31, 2014
Bonds and Debentures [Refer Note 7.8]	**60,149.20**		57,480.85
Term Loans : [Refer Notes 7.5, 7.6 and 7.8]			
- Banks	**9,960.44**		7,900.92
- External Commercial Borrowing - Low Cost Affordable Housing	**1,884.00**		1,805.10
- Others	**3,678.77**	**75,672.41**	4,039.77
Deposits		**28,873.31**	20,531.13
Others (Finance Lease)		**-**	0.01
		104,545.72	91,757.78

7.1 Long-Term Borrowings are further sub classified as follows:

₹ in Crore

Sr.No.	Particulars		As at March 31, 2015	As at March 31, 2014
	Secured : [Refer Note 7.2]			
a)	**Bonds and Debentures**			
	- Bonds	**46.50**		52.25
	- Non Convertible Debentures	**54,004.70**		53,930.60
b)	**Term Loans from Banks**			
	- Scheduled Banks	**8,482.24**		7,118.71
c)	**Term Loans from other parties**			
	- Asian Development Bank [Refer Note 7.3]	**232.09**		257.52
	- National Housing Bank	**3,443.68**	**66,209.21**	3,764.81
d)	**Others (Finance Lease)**		**-**	0.01
	Total Secured		**66,209.21**	65,123.90
	Unsecured:			
a)	**Bonds and Debentures**			
	- Non Convertible Subordinated Debentures	**5,998.00**		3,498.00
	- Perpetual Debt Instrument	**100.00**		
b)	**Term Loans from Banks**			
	- Scheduled Banks	**1,478.20**		782.21
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**1,884.00**		1,805.10
d)	**Term Loans from other parties**			
	- Under a line from Kreditanstalt für Wiederaufbau	**3.00**		17.44
e)	**Deposits** [Refer Note 7.7]	**28,873.31**		20,531.13
	Total Unsecured		**38,336.51**	26,633.88
			104,545.72	91,757.78

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.

(iii) Encumbrance on leased vehicles of one of the subsidiary company, in respect of its finance lease arrangement.

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 a financial institution overseas 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.

7.4 The Corporation has availed an External Commercial Borrowing of USD 300 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. 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.

7.5 As on March 31, 2015, the Corporation has foreign currency borrowings of **USD 1,013.01 million equivalent** (Previous Year USD 740.63 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 495.81 million equivalent** (Previous Year USD 513 million equivalent) to hedge the foreign currency risk. As on March 31, 2015, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 330 million equivalent** (Previous Year USD 83 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 interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 15,240 crore** (Previous Year ₹ 19,040 crore) as on March 31, 2015 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 408.69 million equivalent** (Previous Year USD 409.49 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.

7.6 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end. Monetary items represented by currency swap contracts are restated at closing rate.

For forward contracts or instruments that are in substance, forward exchange contracts, the premiums on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **Nil** (Previous Year ₹ 6.77 crore).

7.7 Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge 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%	**800.00** *(1,380.60)*	**-** *(500.00)*	**-** -	**800.00** *(1,880.60)*
8.01% - 10%	**24,366.00** *(24,349.00)*	**8,353.70** *(10,511.00)*	**10,495.00** *(7,910.00)*	**43,214.70** *(42,770.00)*
10.01% - 11.95%	**2,195.00** *(1,085.00)*	**4,185.00** *(5,295.00)*	**-** -	**6,380.00** *(6,380.00)*
Zero Coupon	**2,810.00** *(2,435.00)*	**800.00** *(360.00)*	**-** -	**3,610.00** *(2,795.00)*
Variable Rate - Linked to G Sec	**12.30** *(116.75)*	**14.10** *(13.15)*	**20.10** *(27.35)*	**46.50** *(157.25)*
TOTAL-SECURED **A** *A*	**30,183.30** *(29,366.35)*	**13,352.80** *(16,679.15)*	**10,515.10** *(7,937.35)*	**54,051.20** *(53,982.85)*
Bonds & Debentures - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
7.62% - 10%	**475.00** *(975.00)*	**500.00** -	**5,023.00** *(2,523.00)*	**5,998.00** *(3,498.00)*
10.01% - 11.95%	**-** -	**-** -	**100.00** -	**100.00** -
TOTAL - UNSECURED **B** *B*	**475.00** *(975.00)*	**500.00** -	**5,123.00** *(2,523.00)*	**6,098.00** *(3,498.00)*
TOTAL - (SECURED & UNSECURED) **A+B** *A+B*	**30,658.30** *(30,341.35)*	**13,852.80** *(16,679.15)*	**15,638.10** *(10,460.35)*	**60,149.20** *(57,480.85)*

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%	**-** *(323.00)*	**-** -	**-** -	**-** *(323.00)*
9.01% - 12.00%	**4,354.85** *(1,620.24)*	**963.70** *(2,952.38)*	**2,763.88** *(2,223.09)*	**8,082.43** *(6,795.71)*
Term Loans from Scheduled Banks - Rupee				
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR +150-200 bps	**399.81** -	**-** -	**-** -	**399.81** -

TOTAL SECURED	**A**	**4,754.66**	**963.70**	**2,763.88**	**8,482.24**
	A	*(1,943.24)*	*(2,952.38)*	*(2,223.09)*	*(7,118.71)*
Term Loans from Banks - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
9.01% - 10.25%		**285.00**	**-**	**-**	**285.00**
		-	-	-	-
Term Loans from Scheduled Banks - Foreign Currency					
USD LIBOR + 325 bps		**1,193.20**	**-**	**-**	**1,193.20**
		(782.21)	-	-	*(782.21)*
TOTAL UNSECURED	**B**	**1,478.20**	**-**	**-**	**1,478.20**
	B	*(782.21)*	-	-	*(782.21)*
TOTAL (SECURED & UNSECURED)	**A+B**	**6,232.86**	**963.70**	**2,763.88**	**9,960.44**
	A+B	*(2,725.45)*	*(2,952.38)*	*(2,223.09)*	*(7,900.92)*

C) EXTERNAL COMMERCIAL BORROWING - LOW COST AFFORDABLE HOUSING - UNSECURED

Previous Year figures are in (brackets)
₹ in Crore

External Commercial Borrowing - Low Cost Affordable Housing - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
USD LIBOR + 175 bps	**-**	**1,884.00**	**-**	**1,884.00**
	-	*(1,805.10)*	-	*(1,805.10)*
TOTAL UNSECURED	**-**	**1,884.00**	**-**	**1,884.00**
	-	*(1,805.10)*	-	*(1,805.10)*

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Other parties - Secured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Asian Development Bank				
USD LIBOR + 40 bps	**15.57**	**17.61**	**25.28**	**58.46**
	(14.03)	*(15.87)*	*(32.92)*	*(62.82)*
Variable linked to Bank PLR	**24.80**	**28.04**	**40.26**	**93.10**
	(23.32)	*(26.37)*	*(54.71)*	*(104.40)*
Variable linked to G Sec	**21.45**	**24.25**	**34.82**	**80.52**
	(20.17)	*(22.81)*	*(47.32)*	*(90.30)*
Kreditanstalt für Wiederaufbau				
1.70%	**-**	**-**	**-**	**-**
	-	-	-	-

National Housing Bank				
5.50% - 8%	**399.01**	**189.51**	**183.47**	**771.99**
	(389.43)	*(216.49)*	*(31.38)*	*(637.30)*
8.01% - 10%	**931.11**	**585.33**	**1,155.26**	**2,671.70**
	(927.81)	*(535.27)*	*(879.34)*	*(2,342.42)*
10.01% -12%	**-**	**-**	**-**	**-**
	(217.62)	*(107.44)*	*(460.03)*	*(785.09)*
TOTAL SECURED A	**1,391.94**	**844.74**	**1,439.09**	**3,675.77**
A	*(1,592.38)*	*(924.25)*	*(1,505.70)*	*(4,022.33)*
Term Loans from Other parties - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Kreditanstalt für Wiederaufbau - 6%	**3.00**	**-**	**-**	**3.00**
	(17.44)	-	-	*(17.44)*
TOTAL - UNSECURED B	**3.00**	**-**	**-**	**3.00**
B	*(17.44)*	-	-	*(17.44)*
TOTAL - (SECURED & UNSECURED) A+B	**1,394.94**	**844.74**	**1,439.09**	**3,678.77**
A+B	*(1,609.82)*	*(924.25)*	*(1,505.70)*	*(4,039.77)*

8. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Amounts payable on swaps [Refer Notes 7.5 and 7.6]	**397.08**	718.60
Interest Accrued but not due on Borrowings	**807.62**	755.83
Premium payable on redemption of Debentures	**1,160.26**	693.65
Security and Other Deposits Received	**9.97**	14.05
Income Received in Advance	**82.24**	45.99
Trade Payables	**72.97**	41.19
Accrued Redemption Loss on Investments	**15.98**	18.89
	2,546.12	2,288.20

9. LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits [Refer Note 29.2]	**73.20**	43.64
Provision for Contingencies [Refer Notes 9.1 and 9.2]	**1,576.47**	1,370.14
Reserve for Unexpired Risk (Includes Insurance Reserve)	**348.37**	268.42
	1,998.04	1,682.20

9.1 Provision for 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 ₹ **1,210.03 crore** (Previous Year ₹ 1,042.85 crore) and ₹ **4.33 crore** (Previous Year ₹ 3.04 crore) respectively.

9.2 Movement in Provision for Contingencies Account during the year is as under:

₹ in Crore

Paticulars	Current Year	Previous Year
Opening Balance	**1,370.14**	1,315.40
Additions during the year (Net) [Refer Note 5.3]	**216.56**	75.17
Utilised during the year towards Diminution in Value of Investments, etc.	**(10.23)**	(20.43)
Closing Balance	**1,576.47**	1,370.14

10. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Loans repayable on demand:		
- from Banks - Unsecured	**291.46**	9.64
Deposits - Unsecured [Refer Note 7.7]	**2,853.39**	5,757.90
Other loans and advances		
- Scheduled Banks - Secured [Refer Note 10.1]	**4,668.26**	9,845.00
- Scheduled Banks - Unsecured	**-**	500.00
- Commercial Papers - Unsecured	**26,606.94**	9,899.97
	34,420.05	26,012.51

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 ₹ **27,615.00 crore** (Previous Year ₹ 10,230.00 crore).

11. TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables	**2,984.85**	2,371.99
	2,984.85	2,371.99

12. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Policy Liabilities (Policyholder's Fund)		**10,531.68**	4,300.42
Current maturities of long-term borrowings		**78,390.95**	72,831.68
Interest accrued but not due on borrowings	**5,393.38**		5,393.57
Interest accrued and due on borrowings	**2.67**		7.37
Premium payable on redemption of debentures	**136.54**		167.17
Interest accrued and due on matured deposits	**78.70**		55.19

Particulars		As at March 31, 2015	As at March 31, 2014
Income and other amounts received in advance	**295.30**		218.06
Interim Dividend Payable	**3.53**		-
Unclaimed dividend	**17.99**		15.26
Unclaimed matured deposits	**626.32**		446.13
Current Maturities of Finance Lease Obligations [Refer Note 12.3]	**0.01**		0.05
Other payables			
- Statutory Remittances	**220.94**		186.23
- Financial Assistance from Kreditanstalt für Wiederaufbau	**7.78**		20.93
- Amounts payable - Securitised Loans	**567.73**		514.84
- Amounts payable on swaps [Refer Notes 7.5 and 7.6]	**172.57**		167.24
- Accrued Redemption Loss on Investments	**-**		2.32
- Others	**340.71**		365.57
		7,864.17	7,559.93
		96,786.80	84,692.03

12.1 Current maturities of Long-Term Borrowings are further sub classified as follows:

₹ in Crore

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
	Secured [Refer Note 12.2]		
a)	**Bonds and Debentures**		
	- Bonds	**5.75**	5.25
	- Non-Convertible Debentures	**29,874.60**	26,955.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**9,358.62**	12,119.30
c)	**Term Loans from other parties**		
	- Asian Development Bank	**28.17**	26.22
	- Kreditanstalt für Wiederaufbau	**-**	12.74
	- National Housing Bank	**790.16**	893.06
	Unsecured		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures	**500.00**	80.70
b)	**Term Loans from Banks**		
	- Scheduled Banks	**2,191.00**	1,455.92
c)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**14.44**	16.70
d)	**Deposits** [Refer Note 7.7]	**35,628.21**	31,266.79
		78,390.95	72,831.68

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.

Notes forming part of the consolidated financial statements (Continued)

12.3 Current maturities of Finance lease obligation are secured by encumbrance on leased vehicles of one of the subsidiary company, in respect of its finance lease arrangement.

13. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee benefits [Refer Note 29.2]	**188.28**	163.66
Provision for Tax (net of Advance Tax)	**87.73**	75.00
Proposed Dividend	**2,047.12**	2,184.75
Additional Tax on Proposed Dividend	**431.54**	380.48
Claims Incurred but not reported (IBNR) and Incurred but not enough reported (IBNER)	**569.94**	431.28
Reserve for Unexpired Risk (Includes Insurance Reserve)	**871.68**	847.21
	4,196.29	4,082.38

14. TANGIBLE ASSETS

Previous Year figures are in (brackets)

₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the Year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land :										
Freehold	16.67	**-**	**-**	**16.67**	-	**-**	**-**	**-**	**16.67**	16.67
	(16.67)	-	-	(16.67)	-	-	-	-	(16.67)	(16.67)
Leasehold	3.44	**366.80**	**-**	**370.24**	0.66	**2.29**	**-**	**2.95**	**367.29**	2.78
	(3.44)	-	-	(3.44)	(0.62)	(0.04)	-	(0.66)	(2.78)	(2.82)
Buildings :										
Own Use	573.64	**119.90**	**37.03**	**656.51**	71.06	**3.25**	**-**	**74.31**	**582.20**	502.58
Under Operating Lease	-	**-**	**-**	-	-	-	-	-	-	-
	(519.37)	(61.90)	(7.63)	(573.64)	(58.40)	(3.54)	9.12	(71.06)	(502.58)	(460.97)
Leasehold Improvements	110.72	**11.81**	**2.93**	**119.60**	48.43	**18.81**	**(1.41)**	**68.65**	**50.95**	62.29
	(60.19)	(57.32)	(6.79)	(110.72)	(42.95)	(10.57)	(5.09)	(48.43)	(62.29)	(17.24)
Computer Hardware	215.61	**43.41**	**11.98**	**247.04**	151.25	**9.05**	**(14.43)**	**174.73**	**72.31**	64.36
	(210.69)	(39.96)	(38.24)	(212.41)	(160.91)	(10.48)	(22.84)	(148.55)	(63.86)	(49.78)
Furniture & Fittings:										
Own Use	155.00	**10.00**	**8.15**	**156.85**	117.61	**(1.00)**	**4.31**	**112.30**	**44.55**	37.39
	(138.89)	(27.46)	(11.35)	(155.00)	(118.75)	(5.72)	(6.86)	(117.61)	(37.39)	(20.14)
Under Operating Lease	0.71	**-**	**0.71**	-	0.63	**0.07**	**0.70**	-	-	0.08
	(0.71)	-	-	(0.71)	(0.62)	(0.01)	-	(0.63)	(0.08)	(0.09)
Office Equipment etc.:										
Own Use	155.04	**15.52**	**9.11**	**161.45**	107.03	**4.94**	**1.11**	**110.86**	**50.59**	48.01
	(138.80)	(27.58)	(11.34)	(155.04)	(106.40)	(6.84)	(6.21)	(107.03)	(48.01)	(32.40)
Under Operating Lease	0.80	-	**0.80**	-	0.67	**0.12**	**0.79**	-	-	0.13
	(0.80)	-	-	(0.80)	(0.65)	(0.02)	-	(0.67)	(0.13)	(0.15)
Vehicles :										
Owned	24.85	**10.54**	**2.32**	**33.07**	12.53	**1.35**	**(0.60)**	**14.48**	**18.59**	12.32
	(20.76)	(5.82)	(1.73)	(24.85)	(10.04)	(2.21)	0.28	(12.53)	(12.32)	(10.72)
Under Finance Lease	0.29	**-**	**0.17**	**0.12**	0.24	-	**0.14**	**0.10**	**0.02**	0.05
	(0.66)	-	(0.37)	(0.29)	(0.53)	-	(0.29)	(0.24)	(0.05)	(0.13)

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	**As at March 31, 2015**	As at March 31, 2014	For the Year	Deductions	**As at March 31, 2015**	**As at March 31, 2015**	As at March 31, 2014
Leased Assets :										
Plant & Machinery*	129.18	-	-	**129.18**	129.18	-	-	**129.18**	-	-
	(130.65)	-	*(1.47)*	*(129.18)*	*(130.65)*	-	*(1.47)*	*(129.18)*	-	-
Vehicles*	16.37	-	-	**16.37**	16.37	-	-	**16.37**	-	-
	(16.37)	-	-	*(16.37)*	*(16.37)*	-	-	*(16.37)*	-	-
Computers*	-	-	-	-	-	-	-	-	-	-
	(0.20)	-	*(0.20)*	-	*(0.20)*	-	*(0.20)*	-	-	-
Total	1,402.32	**577.98**	**73.20**	**1,907.10**	655.66	[2]**38.88**	[1]**(9.39)**	**703.93**	**1,203.17**	746.66
Previous Year	*(1,258.20)*	*(220.04)*	*(79.12)*	*(1,399.12)*	*(647.09)*	*(39.43)*	*(33.56)*	*(652.96)*	*(746.16)*	*(611.11)*

(*) Assets held for disposal

14.1 The Corporation has reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, the straight line method was used for depreciating Buildings, Computers, Leased Assets and Leasehold Improvements while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than Computer Hardware and Vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

As a result of the change, the charge on account of Depreciation for year, is lower by ₹ **18.78 crore** compared to the method used and useful lives estimated in earlier periods.

Notes

(1) Net of depreciation for the year amounting to ₹ **52.49 crore** (Previous Year ₹ 36.76 crore) included in Other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **3.98 crore** (Previous Year ₹ 2.27 crore) being depreciation charge on Investment in Properties.

15. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	**As at March 31, 2015**	As at March 31, 2014	For the Year	Deductions	**As at March 31, 2015**	**As at March 31, 2015**	As at March 31, 2014
Computer Software										
Owned	185.05	**36.14**	-	**221.19**	115.13	**3.09**	**(31.68)**	**149.90**	**71.29**	69.92
	(141.79)	*(46.46)*	-	*(188.25)*	*(87.57)*	*(4.98)*	*25.28*	*(117.83)*	*(70.42)*	*(54.22)*
Goodwill	149.41	**8.33**	-	**157.74**	149.36	**0.63**	-	**149.99**	**7.75**	0.05
	(149.41)	-	-	*(149.41)*	*(149.36)*	-	-	*(149.36)*	*(0.05)*	*(0.05)*
Website Development	2.52	**0.22**	-	**2.74**	2.50	**0.03**	-	**2.53**	**0.21**	0.02
	(2.45)	*(0.07)*	-	*(2.52)*	*(2.33)*	*(0.17)*	-	*(2.50)*	*(0.02)*	*(0.12)*
Total	336.98	**44.69**	-	**381.67**	266.99	[1]**3.75**	**(31.68)**	**302.42**	**79.25**	69.99
Previous Year	*(293.65)*	*(46.53)*	-	*(340.18)*	*(239.26)*	*(5.15)*	*25.28*	*(269.69)*	*(70.49)*	*(54.39)*

Notes

(1) Net of depreciation for the year amounting to ₹ **31.61 crore** (Previous Year ₹ 25.26 crore) included in Other expenses pertaining to Insurance Business.

16. NON-CURRENT INVESTMENTS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
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 losses)	**3,891.12**	3,891.12
	5,433.41	5,433.41
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	**12,581.71**	8,833.19
	18,015.12	14,266.60
Less: Provision for Diminution in Value of Investments	**(2.50)**	(2.50)
(A)	**18,012.62**	14,264.10
Other Investments		
Insurance Companies		
Equity Shares - Other Companies	**32,201.78**	23,124.73
Preference Shares	**69.36**	55.19
Non-Convertible Debentures and Bonds	**12,275.45**	10,523.37
Pass Through Certificates & Security Receipts	**3.70**	37.37
Government Securities	**18,548.00**	11,929.09
Mutual Funds and Other Funds	**3.18**	14.04
Fixed Deposits	**227.15**	199.25
	63,328.62	45,883.04
Add: Fair Value Adjustment	**(23.71)**	(7.93)
(B)	**63,304.91**	45,875.11
Investments related to Policy Holders	**18,290.85**	12,561.57
Investments to cover linked liabilities	**4,869.85**	30,020.18
Investments related to Shareholders	**40,144.21**	3,293.36
	63,304.91	45,875.11

16.1 Encumbrances

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2015, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/margin with exchange and collateral securities issued.

Particulars	As at March 31, 2015	As at March 31, 2014
(i) issued in India	**88.50**	88.01
(ii) issued outside India	**0.09**	0.08
Total	**88.59**	88.09

Particulars	As at March 31, 2015	As at March 31, 2014
Other Investments		
Other Than Insurance Companies		
Equity Shares - Subsidiary and Associate	-	10.01
Equity Shares - Other Companies	**613.69**	810.66
Preference Shares	**97.98**	97.75
Debentures and Bonds	**313.94**	394.41
Pass Through Securities & Security Receipts	**45.22**	63.88

Particulars		As at March 31, 2015	As at March 31, 2014
Government Securities		**4,140.95**	3,765.29
Mutual Funds and Other Funds		**166.70**	77.09
Properties (Net of Depreciation)		**270.93**	102.88
		5,649.41	5,321.97
Less: Provision for Diminution in Value of Investments		**(79.35)**	(83.92)
	(C)	**5,570.06**	5,238.05
Total	**(A) + (B) + (C)**	**86,887.59**	65,377.26

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**286.10**	**443.65**
Previous Year	*443.09*	*572.79*
Aggregate book value of Investments listed but not quoted	**4,248.97**	
Previous Year	*3,926.38*	
Aggregate book value of Investments in Unquoted Mutual Funds	**34.54**	***32.50**
Previous Year	*10.00*	*10.06*
Aggregate book value of Unquoted Investments (Others)	**729.52**	
Previous Year	*755.70*	
Properties	**270.93**	
Previous Year	*102.88*	
	5,570.06	
	5,238.05	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

Note:

Unquoted investments include ₹ **Nil** (Previous Year ₹ 6.08 crore) in respect of equity shares, which are subject to a lock-in period and include ₹ **40.17 crore** (Previous Year ₹ 35.96 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), debit has been taken for ₹ **282.08 crore** (Previous Year debit had been taken ₹ 41.29 crore) in the Statement of Profit and Loss for the year ended March 31, 2015 towards deferred tax asset (net) for the year, arising on account of timing differences, ₹ **578.74 crore** (Previous Year ₹ Nil) has been adjusted against utilisation from the General Reserve (as per Note 5.2) and ₹ **Nil** (Previous Year ₹ 29.23) has been adjusted against the utilisation from Statutory Reserve u/s 29C of National Housing Bank Act, 1987 as per Note 5.3.

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	**(76.25)**	(17.15)	**8.65**	(42.86)
(b) Preliminary Expenses	**-**	-	**0.01**	0.02
(c) Special Reserve II	**(924.31)**	-	**-**	-
(d) Provision for Contingencies	**748.63**	-	**6.77**	691.88
(e) Provision for Employee Benefits	**46.04**	1.03	**3.19**	34.82
(f) Accrued Redemption Loss (net)	**5.93**	-	**-**	8.11
(g) Others (net)	**(31.36)**	0.30	**(0.07)**	(28.63)
Total	**(231.32)**	(15.82)	**18.55**	663.34

17.1 In the previous year, in respect of HDFC ERGO General Insurance Company Limited, in view of the existence of unabsorbed depreciation and carried forward business loss, the recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which is virtually certain.

17.2 In respect of Credila Financial Services Pvt. Ltd., the deferred tax assets are recognised only to the extent that there are timing differences and there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

17.3 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ **138.40 crore** (Previous Year ₹ 68.83 crore), ₹ **119.34 crore** charged to the Revenue Account (Previous Year ₹ 151.60 crore) and ₹ **19.07 crore** charged/(credited) in the Profit and Loss Account (Previous Year (₹ 82.77) 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, 2015**	As at March 31, 2014
Loans: [Refer Notes 18.1, 18.2 & 18.4]			
- Individuals		**156,462.80**	133,374.31
- Corporate Bodies		**52,653.39**	48,786.76
- Others		**2,904.35**	1,816.65
		212,020.54	183,977.72
Less: Provision for Sub-Standard and Doubtful Loans [Refer Note 18.3]		**489.45**	553.77
(Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.)			
		211,531.09	183,423.95
Others:			
Corporate Deposits - Unsecured; Considered doubtful	**2.00**		2.00
Capital Advances - Unsecured; Considered good	**17.64**		6.75
Advance against Investment in Properties	**0.59**		184.82
Security Deposits - Unsecured; Considered good	**66.18**		366.56
Instalment due from Borrowers - Secured; Considered doubtful	**99.39**		83.92
Other Long-Term Loans and Advances			
- Staff Loan others - Secured, Considered good	**17.53**		15.04
- Prepaid Expenses - Unsecured, Considered good	**241.11**		158.78
- Advance Tax (Net of Provision)	**2,587.88**		2,231.01
- Others - Unsecured, Considered good	**120.65**		37.91
- Others - Unsecured, Considered doubfful	**49.71**		49.71
	3,202.68		3,136.50
Less : Provision for Doubtful Receivables	**51.71**		51.71
		3,150.97	3,084.79
		214,682.06	186,508.74

18.1 Out of Loans, amounts aggregating to ₹ **2,09,268.48 crore** (Previous Year ₹ 1,81,512.35 crore) are secured or partly secured by:

(a) Equitable mortgage of property and/or

(b) Pledge of shares, units, other securities, fixed deposits, assignment of life insurance policies and/or

(c) Hypothecation of assets and/or

(d) Bank guarantees, company guarantees or personal guarantees and/or

(e) Negative lien and/or

(f) Assignment of hire purchase receivables and/or

(g) Undertaking to create a security.

18.2 Long-Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ **1,568.33 crore** (Previous Year ₹ 1,433.06 crore).

18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

₹ in Crore

Particulars	**As at March 31, 2015**	As at March 31, 2014
Opening Balance	**553.77**	481.98
Additions during the year [Refer Note 5.3]	**(36.54)**	117.97
Utilised during the year – towards Loans written off	**(27.78)**	(46.18)
Closing Balance	**489.45**	553.77

18.4 Loans include ₹ **198.33 crore** (Previous Year ₹ 35.31 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

19. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	**As at March 31, 2015**	As at March 31, 2014
Unamortised discount on Non Convertible Debentures	-	2.24
Receivable on Securitised Loans	**353.18**	331.57
Forward Receivable	**104.00**	104.00
Interest Accrued but not due on Loans	**373.24**	356.99
Interest accrued but not due on Bank Deposits	**31.08**	5.74
Income accrued but not due on Investments	**51.62**	61.84
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	**1,886.40**	68.23
	2,799.52	930.61

19.1 Bank deposits with maturities beyond twelve months includes earmarked balances ₹ **58.46 crore** (Previous Year ₹ 62.82 crore) against foreign currency loans, ₹ **0.13 crore** (Previous Year ₹ 0.13 crore) towards letter of credit issued by bank and ₹ **0.21 crore** (Previous Year ₹ 0.20 crore) against letter of guarantee issued by the bank to one of the subsidiary company.

20. CURRENT INVESTMENTS

Insurance Companies [Refer Note 16.1]

Particulars		As at March 31, 2015	As at March 31, 2014
Non Convertible Debentures and Bonds		**821.13**	905.88
Investment: Insurance Co - Preference Shares		**19.67**	-
Pass Through Certificates & Security Receipts		**31.21**	76.28
Government Securities		**943.04**	204.40
Investment: Insurance Co - Securities Receipts		**4.23**	-
Mutual Funds and Other Funds		**63.10**	3.32
Fixed Deposits		**328.00**	720.69
Commercial Papers		**83.34**	95.73
Certificate of Deposits		**844.30**	954.29
Treasury Bills		**762.52**	2,235.43
Repo Investments		**1,777.36**	1,128.02
Investment: Insurance Co - Less: Fair Value Change		**(2.09)**	-
		5,675.81	6,324.04
Add/(Less): Fair Value Adjustment			
Less: Provision for Diminution in Value of Investments		**-**	-
	(A)	**5,675.81**	6,324.04

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Investments related to Policy Holders	**1,266.10**	1,937.82
Investments to cover linked liabilities	**936.37**	3,058.72
Investments related to Shareholders	**3,473.34**	1,327.50
	5,675.81	6,324.04

Other Than Insurance Companies

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Held as Current Investments (At cost or market value whichever is lower unless stated otherwise)			
Equity Shares - Subsidiary Companies		**131.92**	108.67
Equity Shares - Unlisted Company		**45.00**	-
Debentures - Convertible - Subsidiary Companies		**265.18**	265.18
Non Convertible Debentures and Bonds		**9.25**	20.00
Mutual Funds		**554.58**	660.87
Current Maturities of Long-Term Investments (At cost)			
Security Receipts		**13.11**	-
Government Securities		**30.60**	52.70
Venture Funds and Other Funds		**44.77**	86.07
Non Convertible Debentures and Bonds		**130.00**	19.99
		1,224.41	1,213.48
Less: Provision for Diminution in Value of Investments		**(5.39)**	(0.57)
	(B)	**1,219.02**	1,212.91
Total	(A) + (B)	**6,894.83**	7,536.95

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**137.86**	**137.86**
Previous Year	*200.00*	*199.85*
Aggregate book value of Investments listed but not quoted	**139.32**	
Previous Year	*62.28*	
Aggregate book value of Investments in Unquoted Mutual Funds	**416.70**	***533.58**
Previous Year	*470.87*	*496.50*
Aggregate book value of Unquoted Investments (Others)	**525.14**	
Previous Year	*479.76*	
	1,219.02	
Previous Year	*1,212.91*	

*Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

21. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Receivables – Unsecured; Considered good, less than six months	**456.42**	369.99
Trade Receivables – Unsecured; Considered good, more than six months	**5.47**	7.02
	461.89	377.01
Less : Provision for Doubtful Receivables [Refer Note 5.3]	**4.10**	0.22
	457.79	376.79

22. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash and cash equivalents		
(i) Balances with banks:		
- In Current Accounts	**527.83**	2,506.77
- In Deposit Accounts with original maturity less than 3 months	**2,621.92**	3,532.61
(ii) Cash on Hand	**0.39**	0.57
(iii) Cheques on Hand	**397.58**	357.70
Sub total	**3,547.72**	6,397.65
(b) Other Bank balances:		
(i) Earmarked balances with banks		
- Unclaimed Dividend Account	**21.52**	15.26
- Against Foreign Currency Loans [Refer Note 7.3]	**7.20**	6.39
- Towards Guarantees Issued by Banks	**0.13**	0.24
- Others [Refer Note 22.1]	**2.59**	2.59
(ii) Short-term bank deposits [Refer Note 22.2]	**682.76**	2,165.98
	4,261.92	8,588.11

22.1 Earmarked balances with banks - Others include an amount of ₹ **2.59 crore** (Previous Year ₹ 2.59 crore) given by HDFC Asset Management Company Limited (HDFC AMC) to HDFC Trustee Company Limited and held in a designated account maintained by the latter. This is in terms of an interim order dated June 17, 2010 and letter dated July 5, 2011 received from Securities and Exchange Board of India, representing the estimated losses incurred by the schemes of HDFC Mutual Fund/clients of HDFC AMC on suspected "front running" of the orders of HDFC Mutual Fund by a dealer of HDFC AMC. The exact liability, if any, in this matter cannot be determined at this stage.

22.2 Bank Deposits of the subsidiary companies of ₹ **1.25 crore** (Previous Year ₹ 1.25 crore) are marked as lien for overdraft facility.

23. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Loans: [Refer Note 23.1]			
Current maturities of long-term loans and advances	**25,173.71**		18,826.84
Corporate Bodies	**1,501.12**		2,497.59
		26,674.83	21,324.43
Others:			
Current maturities of Staff Loans - Others - Secured; Considered good	**4.43**		3.75
Corporate Deposits [Refer Note 23.2]	**947.39**		1,403.01
Instalments due from borrowers - Secured, Considered good	**1,295.76**		1,184.38
Prepaid Expenses - Unsecured; Considered good	**99.35**		209.66
Sundry Deposits - Unsecured, Considered good	**16.70**		17.11
Other Advances - Unsecured, Considered good	**1,284.15**		441.58
Loans and Advances to Related parties	**31.50**		-
		3,679.28	3,259.49
		30,354.11	24,583.92

23.1 Out of Loans, amounts aggregating to ₹ **22,844.03 crore** (Previous Year ₹ 19,812.80 crore) are secured and considered good [Refer Note 18.1].

23.2 Out of Corporate deposits, amounts aggregating to ₹ **299.30 crore** (Previous Year ₹ 601.65 crore) are secured and considered good [Refer Note 18.1].

24. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Receivables on Securitised Loans	**53.30**	30.11
Interest Accrued but not due on Loans	**350.83**	211.64
Interest Accrued and due on Loans	**0.22**	5.65
Income Accrued but not due on Investments	**1,208.37**	953.96
Income Accrued and due on Investments	**48.93**	39.22
Interest Accrued but not due on Corporate Deposits	**25.23**	63.78
Interest Accrued and due on Corporate Deposits	**0.72**	10.39
Application Money - Investments	**2.00**	0.90
	1,689.60	1,315.65

25. CONTINGENT LIABILITIES AND COMMITMENTS

The Group is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

25.1 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 ₹ **1,129.72 crore** (Previous Year ₹ 944.28 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ **1,119.09 crore** (Previous Year ₹ 933.67 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. and one of the subsidiary company amounts to ₹ **0.15 crore** (Previous Year ₹ 5.05 crore).

c) Contingent liability in respect of Interest tax demands, net of amount provided for and disputed in respect of one subsidiary company amounts to ₹ **0.07 crore** (Previous Year ₹ 0.07 crore). The matter in dispute is under appeal. The subsidiary expects to succeed in the proceedings and hence no additional provision is considered necessary.

d) The subsidiary companies have received show cause cum demand notices, amounting to ₹ **189.75 crore** (Previous Year ₹ 133.21 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.

e) During the current year, one of the subsidiary company has received show cause notice in respect of a Service tax matter amounting to ₹ **21.69 crore** (Previous Year ₹ Nil)]. 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.

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.

25.2 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **361.89 crore** (Previous Year ₹ 435.35 crore).

b) Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ **1,919.65 crore** (Previous Year ₹ 1,943.05 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.

25.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ **556.82 crore** (Previous Year ₹ 673.34 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **0.86 crore** (Previous Year ₹ 0.39 crore).

25.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **426.84 crore** (Previous Year ₹ 160.61 crore).

26. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**25,919.84**	22,797.42
- Other Interest [Refer Note 26.1]	**1,074.89**	977.49
Net Gain on foreign currency transactions and translation	**0.18**	1.78
Dividends [Refer Note 26.2]	**41.16**	47.64
Management & Trusteeship Fees	**1,181.96**	961.34
Income from Leases [Refer Note 26.4]	**10.38**	15.03
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 26.3]	**369.48**	344.01
Fees and Other Charges [Refer Note 26.5]	**477.89**	438.44
	29,075.78	25,583.15

26.1 a) Other Interest includes interest on investments amounting to ₹ **420.04 crore** (Previous Year ₹ 400.94 crore).

b) Other Interest includes interest on investments amounting to ₹ **43.03 crore** (Previous Year ₹ 9.21 crore) in respect of current investments.

c) Other Interest includes Interest on Income Tax Refund ₹ **44.31 crore** (Previous Year ₹ 34.65 crore).

26.2 Dividend income includes ₹ **11.17 crore** (Previous Year ₹ 14.16 crore) in respect of current investments.

26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **369.48 crore** (Previous Year ₹ 344.01 crore) is in respect of investments held as current investments.

26.4 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures are made in respect of Operating Leases:

Income from Leases includes ₹ **4.01 crore** (Previous Year ₹ 4.71 crore) in respect of properties and certain assets leased out 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	**3.37**	4.11
Later than one year but not later than five years	**2.19**	5.02

26.5 Fees and other charges is net off the amounts paid to Direct Selling Agent ₹ **362.85 crore** (Previous Year ₹ 315.85 crore).

27. Profit on sale of investments includes ₹ **19.35 crore** (Previous Year ₹ 18.10 crore) in respect of current investments.

28. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
INTEREST		
- Loans	**2,768.54**	2,434.95
- Deposits	**6,255.58**	5,353.34
- Bonds and Debentures	**7,597.80**	7,541.42
- Commercial Paper	**1,967.91**	1,027.39
	18,589.83	16,357.10
Net Loss on foreign currency transactions and translation [Refer Note 28.1]	**(20.09)**	137.02
OTHER CHARGES [Refer Note 28.2]	**140.55**	113.77
	18,710.29	16,607.89

28.1 ₹ **20.27 crore** (Previous Year loss ₹ 135.24 crore) has been recognised in the Statement of Profit and Loss being net gain 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	**(34.72)**	(198.80)
- Cross Currency Interest Rate Swaps [Refer Note 7.6]	**107.98**	145.77
Net Exchange (Gain)/Loss on Translation [Refer Note 5.11]	**73.26**	(53.03)
Realised (Gain)/Loss	**(93.35)**	190.05
Net (Gain)/Loss on translation and transactions recognised in Finance cost	**(20.09)**	137.02
Realised (Gain)/Loss recognised in Revenue from Operations [Refer Note 26]	**(0.18)**	(1.78)
Net (Gain)/Loss recognised in Statement of Profit and Loss	**(20.27)**	135.24

28.2 Other Charges is net of Exchange gain ₹ **0.32 crore** (Previous Year includes exchange loss of ₹ 0.66 crore).

29. EMPLOYEE BENEFITS EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 29.1 & 29.2]	**612.43**	529.49
Contribution to Provident Fund and Other Funds [Refer Note 29.3]	**68.02**	52.27
Gratuity Expenses	**2.55**	0.42
Staff Training and Welfare Expenses	**16.13**	15.06
	699.14	597.24

29.1 Salaries and Bonus include ₹ **25.90 crore** (Previous Year ₹ 15.77 crore) and other expenses pertaining to Insurance Business include ₹ **15.80 crore** (Previous Year ₹ 12.96 crore) towards provision made in respect of accumulated leave salary and leave travel assistance and has been actuarially determined as per the Accounting Standard 15 on Employee Benefits (AS 15).

29.2 **Employee Benefits**

In accordance with the Accounting Standard 15 on Employee Benefits (AS 15), the following disclosures have been made:

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 [Refer Note 29.3]	**22.57**	20.96	**26.25**	24.97
Superannuation Fund [Refer Note 29.3]	**10.85**	9.30	**0.42**	0.34
Employees' Pension Scheme-1995	**2.75**	1.60	**-**	-
Employees' State Insurance Corporation	**2.04**	1.84	**(2.62)**	17.66
Labour Welfare Fund	**0.01**	0.01	**0.05**	0.07

29.3 The Corporation makes Provident Fund and Superannuation 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, if any, 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 ₹ **245.40 crore** and ₹ **244.59 crore** respectively (Previous Year ₹ 207.38 crore and ₹ 207.04 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 8.75%. The actuarial assumptions include discount rate of **7.96%** (Previous Year 9.31%) and an average expected future period of **21.75 years** (Previous Year 22 years).

The Corporation recognised ₹ **12.55 crore** (Previous Year ₹ 11.88 crore) for provident fund contributions and ₹ **10.17 crore** (Previous Year ₹ 8.69 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.

29.4 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	**190.67**	165.02
Current Service Cost	**13.39**	12.44
Interest Cost	**17.74**	13.44
Benefits Paid	**(13.18)**	(11.25)
Actuarial loss	**35.80**	11.02
Liability at the end of the year*	**244.42**	190.67
* The Liability at the end of the year ₹ **244.42 crore** (Previous Year ₹ 190.67 crore) includes ₹ **50.20 crore** (Previous Year ₹ 41.43 crore) in respect of un-funded plans.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**141.56**	110.02
Expected Return on Plan Assets	**12.43**	9.36

₹ in Crore

Particulars	Current Year	Previous Year
Contributions	**24.55**	28.41
Benefits Paid	**(4.43)**	(3.14)
Actuarial loss on Plan Assets	**1.59**	(3.09)
Fair Value of Plan Assets at the end of the year	**175.70**	141.56
Total Actuarial loss to be recognised	**(34.21)**	(14.11)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**12.43**	9.36
Actuarial loss on Plan Assets	**1.59**	(3.09)
Actual Return on Plan Assets	**14.02**	6.27
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**13.39**	12.44
Interest Cost	**17.74**	13.44
Expected Return on Plan Assets	**(12.43)**	(9.36)
Net Actuarial loss to be recognised	**34.21**	14.11
Expense recognised in the Statement of Profit and Loss		
included under Contribution to Provident Fund and Other Funds	**41.75**	23.43
included under Other expenses pertaining to Insurance Business	**11.16**	7.20
	52.91	30.63
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**49.11**	55.00
Expense recognised	**52.91**	30.63
Contribution by the Corporation	**(24.55)**	(28.41)
Benefits paid in respect of unfunded plans	**(8.75)**	(8.11)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" and "Other Current Liabilities"	**68.72**	49.11

₹ in Crore

Amount Recognised in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the end of the year	**244.42**	190.67	165.02	133.13	114.30
Fair Value of Plan Assets at the end of the year	**175.70**	141.56	110.02	94.08	74.13
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" and "Other Current Liabilities"	**68.72**	49.11	55.00	39.05	40.17
Experience Adjustment:					
On Plan Liabilities	**26.81**	22.14	21.16	10.09	7.39
On Plan Assets	**1.59**	(3.09)	(5.74)	(4.44)	(3.76)
Estimated Contribution for next year	**28.18**	19.54	22.55	13.09	9.37

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	**24.45**	17.81
State Government securities/securities guaranteed by State/Central Government	**1.80**	9.44
Public Sector/Financial Institutional Bonds	**16.23**	24.23
Private Sector Bonds	**0.61**	12.92
Special Deposit Scheme	**0.02**	1.54
Certificate of Deposits	**-**	0.98
Deposits with Banks and Financial Institutions	**2.64**	2.31
Investment in Insurance Companies	***31.31**	10.72
Investment in Equity Shares	**5.69**	16.15
Others (including bank balances)	**17.25**	3.90
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	**7.50 to 9.31**	9.00 to 9.36
Return on Plan Assets	**7.9 to 8**	7 to 9.36
Salary Escalation	**5 to 10**	5 to 10

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

30. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 30.1]	**101.11**	107.21
Rates and Taxes	**3.93**	4.65
Repairs and Maintenance - Buildings	**6.67**	6.52
General Office Expenses	**2.64**	2.84
Electricity Charges	**21.18**	20.55
Insurance Charges	**1.42**	1.37
	136.95	143.14

30.1 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 ₹ **176.76 crore** (Previous Year ₹ 141.48 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ **14.09 crore** (Previous Year ₹ 18.79 crore) have been netted off from rent expense.

The future lease payments in respect of the above are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**36.92**	74.89
Later than one year but not later than five years	**36.24**	123.10

(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 ₹ **1.08 crore** (Previous Year ₹ 0.86 crore) included under Other expenses pertaining to Insurance business. The minimum future lease rentals payable for specified duration in respect of such leases amount to the following:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.72**	1.16
Later than one year but not later than five years	**0.65**	1.78

(c) Certain motor cars have been acquired under Finance Lease by a subsidiary for an aggregate fair value of ₹ **0.01 crore** (Previous Year ₹ 0.06 crore). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

Current Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	**0.01**	-	**0.01**
Later than one year but not later than five years	-	-	-

Previous Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	0.05	-	0.05
Later than one year but not later than five years	0.01	-	0.01

31. OTHER EXPENSES

₹ in Crore

	Current Year	Previous Year
Travelling and Conveyance	**28.54**	27.80
Printing and Stationery	**22.42**	18.05
Postage, Telephone and Fax	**32.45**	29.07
Advertising	**104.15**	83.16
Repairs and Maintenance - Other than Buildings	**17.94**	17.40
Office Maintenance	**29.03**	25.40
Legal Expenses	**19.14**	14.01
Computer Expenses	**16.52**	13.38
Directors' Fees and Commission	**7.25**	5.27
Miscellaneous Expenses [Refer Notes 5.9 and 31.1]	**300.25**	226.25
Auditors' Remuneration [Refer Note 32]	**6.44**	5.29
	584.13	465.07

31.1 i) Miscellaneous Expenses includes ₹ **35.23 crore** (Previous Year ₹ Nil) towards Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013.

ii) Miscellaneous Expenses exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve and ₹ **Nil** (Previous Year ₹ 0.46 crore) in respect of amounts utilised out of Corporate Social Responsibility Account during the year.

32. AUDITOR'S REMUNERATION:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**3.90**	3.22
Tax Matters	**1.48**	1.19
Other Matters	**2.75**	2.24
Reimbursement of Expenses	**0.10**	0.08
Service Tax	**0.63**	0.56
Less: Service tax input credit availed	**(0.33)**	(0.30)
Less: Service tax input credit expensed	**(0.30)**	(0.26)
	8.23	6.73
Less: Included under commission and operating expenses pertaining to Insurance Business	**1.79**	1.44
	6.44	5.29

33 PROVISION FOR NON PERFORMING LOANS

33.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Note 18]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
- Principal Outstanding	**172,732.67**	151,311.99	**66,136.39**	53,609.43
- Provisions	**791.69**	697.90	**418.34**	344.95
Sub-Standard Assets				
- Principal Outstanding	**423.40**	417.67	**336.37**	603.32
- Provisions	**66.24**	62.65	**50.45**	90.50
Doubtful Assets				
- Principal Outstanding	**418.00**	329.95	**441.35**	132.76
- Provisions	**235.11**	202.12	**189.12**	100.55
Total				
- Principal Outstanding	**173,574.07**	152,059.61	**66,914.11**	54,345.51
- Provisions	**1,093.01**	962.67	**657.91**	536.00

Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in Value of Investments amounting to ₹ **12.19 crore** (Previous Year ₹ 21.51 crore).

34. 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	
	CY	PY	**CY**	PY	**CY**	PY	**CY**	PY	**CY**	PY	**CY**	PY	**CY**	PY	**CY**	PY
Segment Revenue	**28,476.86**	24,973.38	**17,037.52**	13,231.44	**1,990.66**	1,850.86	**1,254.57**	1,007.21	**236.41**	232.13	**(639.95)**	(520.90)	**33.96**	40.44	**48,390.03**	40,814.56
Segment Result	**8,694.04**	7,491.19	**923.91**	794.11	**140.84**	224.31	**754.77**	572.71	**6.37**	43.50	**(437.07)**	(320.33)	**33.76**	40.36	**10,116.62**	8,845.85
Income-tax (Current)													**2,883.62**	2,317.05	**2,883.62**	2,317.05
Deferred tax													**282.08**	41.29	**282.08**	41.29
Total Result	**8,694.04**	7,491.19	**923.91**	794.11	**140.84**	224.31	**754.77**	572.71	**6.37**	43.50	**(437.07)**	(320.33)	**(3,131.94)**	(2,317.98)	**6,950.92**	6,487.51
Capital Employed																
Segment Assets																
Assets	**254,021.78**	223,111.15	**69,387.43**	52,179.33	**4,521.80**	3,967.68	**1,223.93**	854.97	**261.79**	247.06	**(1,276.11)**	(1,026.27)	**21,384.54**	17,900.76	**3,49,525.16**	297,234.68
Liabilities	**232,742.52**	205,473.47	**66,997.34**	50,391.52	**3,505.58**	3,083.03	**368.55**	254.30	**49.22**	23.36	**(1,348.81)**	(1,080.31)	**319.05**	90.82	**3,02,633.45**	258,236.19
Net Assets	**21,279.26**	17,637.68	**2,390.09**	1,787.81	**1,016.22**	884.65	**855.38**	600.68	**212.57**	223.70	**72.70**	54.04	**21,065.49**	17,809.93	**46,891.71**	38,998.49
Other Information																
Capital Expenditure	**456.31**	82.08	**106.09**	81.89	**30.05**	67.44	**16.29**	18.84	**7.58**	4.88	**-**	-	**-**	-	**616.32**	255.13
Depreciation	**31.85**	34.76	***42.71**	*44.93	***41.39**	*17.09	**10.55**	8.80	**4.23**	3.29	**-**	-	**-**	-	**130.73**	108.87
Non-cash expenses other than Depreciation	**322.74**	115.76	**30.22**	29.90	**6.23**	5.01	**0.99**	0.07	**8.41**	2.50	**-**	-	**-**	-	**368.59**	153.24

a) Asset Management segment includes portfolio management, mutual fund and property investment management.

b) Others includes project management, investment consultancy and property related services.

c) 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

35. 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.

India Value Fund Advisors Pvt. Ltd.

RuralShores Business Services Pvt. Ltd.

Magnum Foundations Pvt. Ltd.

B) Investing Party and its Group Companies

Standard Life Investments Ltd.

Standard Life (Mauritius Holdings) 2006 Ltd.

ERGO International AG

Munich Re

C) Key Management Personnel

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. V. Srinivasa Rangan

D) Relatives of Key Management Personnel - *(Where there are transactions)*

Ms. Arnaaz K. Mistry, Mr. Rishi R. Sud, Mr. Ketan Karnad, Mr. Ashok Sud, Ms. Swarn Sud, Mr. Bharat Karnad, Ms. Tinaz Mistry, Ms. S. Anuradha, Ms. Abinaya S. Rangan

I) 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		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Dividend Income								
- HDFC Bank Ltd.	**372.10**	298.77	-	-	-	-	-	-
- Others	**0.16**	0.27	-	-	-	-	-	-
Interest Income								
- HDFC Bank Ltd.	**37.26**	33.81	-	-	-	-	-	-
- Others	-	0.08	-	-	-	-	**0.03**	0.03
Consultancy and Other Fees Income								
- Standard Life Investments Ltd.	-	-	**0.51**	0.32	-	-	-	-
- HDFC Bank Ltd.	**0.23**	0.04	-	-	-	-	-	-
Rent Income								
- HDFC Bank Ltd.	**2.01**	1.74	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	0.01
Reinsurance Income								
- Munich Re	-	-	**1.50**	0.14	-	-	-	-
Support Cost Recovered								
- HDFC Bank Ltd.	**0.37**	0.25	-	-	-	-	-	-
Miscellaneous Services rendered								
- HDFC Bank Ltd.	**152.95**	241.34	-	-	-	-	-	-
- Others	**0.10**	0.08	-	-	**0.01**	0.01	-	-
Interest Expense								
- HDFC Bank Ltd.	**2.40**	4.23	-	-	-	-	-	-
- Others	**0.05**	0.34	-	-	**0.48**	0.53	-	0.02
Bank and Other Charges								
- HDFC Bank Ltd.	**28.21**	24.65	-	-	-	-	-	-
Reinsurance Expense								
- Munich Re	-	-	**12.09**	3.51	-	-	-	-
Remuneration								
- Mr. Keki M. Mistry	-	-	-	-	**8.43**	7.87	-	-
- Ms. Renu Sud Karnad	-	-	-	-	**7.62**	7.23	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	**5.03**	4.57	-	-

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Dividend Payments								
- Standard Life (Mauritius Holdings) 2006 Ltd.	-	-	36.31	25.93	-	-	-	-
- Standard Life Investments Ltd.	-	-	65.42	50.32	-	-	-	-
- ERGO International AG	-	-	10.44	6.86	-	-	-	-
Other Expenses								
- HDFC Bank Ltd.	756.30	601.78	-	-	-	-	-	-
- Others	0.36	0.42	-	-	-	-	0.09	0.09
Investments made								
- HDFC Bank Ltd.	827.03	327.51	-	-	-	-	-	-
Investments sold								
- HDFC Bank Ltd.	-	-	-	-	-	-	-	-
- IPF Online Ltd.	-	6.31	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
Securities purchased								
- HDFC Bank Ltd.	337.67	374.16	-	-	-	-	-	-
Investments								
- HDFC Bank Ltd.	7,545.35	6,714.35	-	-	-	-	-	-
- Others	35.03	2.53	-	-	-	-	-	-
Bank Deposits placed								
- HDFC Bank Ltd.	1,492.69	4,088.82	-	-	-	-	-	-
Bank Deposits repaid/withdrawn								
- HDFC Bank Ltd.	2,969.81	2,605.26	-	-	-	-	-	-
Bank Balance and Deposits								
- HDFC Bank Ltd.	1,628.31	5,200.79	-	-	-	-	-	-
Corporate Deposits repaid/matured								
- RuralShores Business Services Pvt. Ltd.	-	3.00	-	-	-	-	-	-
Loans given								
- Magnum Foundations Pvt. Ltd.	31.50	-	-	-	-	-	-	-
Loans repaid								
- Ms. Renu Sud Karnad	-	-	-	-	0.01	0.01	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	0.01	0.01	-	-
- Ms. S. Anuradha	-	-	-	-	-	-	0.01	0.01
Loans sold								
- HDFC Bank Ltd.	8,249.21	5,556.07	-	-	-	-	-	-
Loans								
- Magnum Foundations Pvt. Ltd.	31.50	-	-	-	-	-	-	-
- Ms. Renu Sud Karnad	-	-	-	-	0.08	0.10	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	0.04	0.05	-	-
- Others	-	-	-	-	-	-	0.30	0.31
Trade Receivable								
- HDFC Bank Ltd.	5.07	13.11	-	-	-	-	-	-
Other Advances/Receivables								
- HDFC Bank Ltd.	10.74	5.88	-	-	-	-	-	-
- Others	-	-	0.17	0.05	0.02	-	0.06	0.06
Deposits placed								
- RuralShores Business Services Pvt. Ltd.	1.05	16.10	-	-	-	-	-	-
- Mr. Keki M. Mistry	-	-	-	-	-	1.75	-	-
- Ms. Renu Sud Karnad	-	-	-	-	2.38	0.02	-	-
- Others	-	-	-	-	-	-	0.01	-

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Deposits repaid/matured								
- RuralShores Business Services Pvt. Ltd.	**4.13**	13.02	**-**	-		-	**-**	-
- Mr. Keki M. Mistry	**-**	-	**-**	-	**1.75**	2.41	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.00**	0.01	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.03**	0.29
Deposits								
- Mr. Keki M. Mistry	**-**	-	**-**	-	**0.87**	2.61	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.40**	2.02	**-**	-
- RuralShores Business Services Pvt. Ltd.	**-**	3.08	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.09**	0.12
Other Liabilities/Payables								
- HDFC Bank Ltd.	**50.50**	64.40	**-**	-	**-**	-	**-**	-
- Munich Re	**-**	-	**6.21**	0.16	**-**	-	**-**	-
- Others	**0.01**	0.04	**-**	-	**0.33**	0.48	**-**	0.01

36. 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 ₹ **8,762.62 crore** (Previous Year ₹ 7,947.82 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) and for proportionate share of utilisation out of Corporate Social Responsibility Account of ₹ **Nil** (Previous Year ₹ 0.46 crore) of one of the subsidiary company.

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ **8,751.79 crore** (Previous Year ₹ 7,934.34 crore) and the weighted average number of shares during the year of **156.82 crore** (Previous Year 155.54 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	**55.81**	51.01
Effect of outstanding Stock Options	**(0.51)**	(0.40)
Diluted Earnings Per Share	**55.30**	50.61

(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	**156.82**	155.54
Diluted effect of outstanding Stock Options	**1.45**	1.23
Weighted average number of shares for computation of Diluted Earnings Per Share	**158.27**	156.77

Notes forming part of the consolidated financial statements (Continued)

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, 2015)

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		30,969.97		5,990.14
	Less: Inter Company eliminations		(7,663.39)		(537.64)
	Net of eliminations	**49.70%**	**23,306.58**	**62.22%**	**5,452.50**
Subsidiaries **Indian**					
1	GRUH Finance Ltd.	1.00%	471.10	2.33%	204.24
2	HDFC Standard Life Insurance Co. Ltd.	2.14%	999.10	8.41%	737.23
3	HDFC ERGO General Insurance Co. Ltd.	1.27%	597.60	1.19%	104.00
4	HDFC Asset Management Co. Ltd.	1.50%	703.08	5.28%	462.63
5	HDFC Trustee Co. Ltd.	0.01%	5.91	0.00%	0.01
6	HDFC Investment Trust	0.42%	198.81	0.34%	29.79
7	HDFC Investment Trust - II	0.11%	50.46	0.03%	2.33
8	HDFC Venture Capital Ltd.	0.07%	34.26	0.68%	60.34
9	HDFC Ventures Trustee Co. Ltd.	0.00%	0.91	0.00%	0.13
10	HDFC Property Ventures Ltd.	0.25%	115.50	-0.20%	(17.96)
11	HDFC Pension Management Co. Ltd.	0.06%	27.62	0.00%	0.02
12	HDFC Investments Ltd.	0.09%	44.21	0.04%	3.47
13	HDFC Holdings Ltd.	0.32%	147.42	0.02%	1.67
14	HDFC Developers Ltd.	0.00%	0.21	-0.08%	(6.82)
15	HDFC Sales Pvt. Ltd.	0.04%	19.00	-2.02%	(177.29)
16	HDFC Realty Ltd.	0.02%	9.68	-0.03%	(2.96)
17	Credila Financial Services Pvt. Ltd.	0.47%	214.92	0.43%	37.72
18	HDFC Education and Development Services Pvt. Ltd.	0.01%	5.13	-0.02%	(1.88)
Foreign					
1	Griha Investments	0.22%	101.62	0.68%	59.15
2	Griha Pte. Ltd.	0.01%	5.89	0.03%	2.60
	Share of Minorities	3.88%	1,820.08	-5.51%	(482.72)
Associates (Investment as per the equity method) **Indian**					
1	HDFC Bank Limited	38.41%	18,011.08	26.18%	2,294.37
2	India Value Fund Advisors Pvt Ltd.	0.00%	1.54	0.00%	0.05
Total		**100.00%**	**46,891.71**	**100.00%**	**8,762.62**

38. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company’s business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

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-Sd-
Mr. V. Srinivasa Rangan
Executive Director

Date: March 5, 2018 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 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:

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-Sd-
Mr. V. Srinivasa Rangan
Executive Director

We are severally authorised by the Committee of Directors, a committee of the Board of Directors of our Company, by way of resolution number 4 dated March 5, 2018, 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.

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-Sd-
Mr. V. Srinivasa Rangan
Executive Director

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-Sd-
Mr. Ajay Agarwal
Company Secretary and Compliance Officer

Date: March 5, 2018 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
Company Secretary and Compliance Officer
Address: Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020
Telephone: +91 22 6176 6000
Facsimile: +91 22 2281 1205
Email: ajaya@hdfc.com

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited	**Citigroup Global Markets India Private Limited**	**CLSA India Private Limited**	**Credit Suisse Securities (India) Private Limited**	**IIFL Holdings Limited**	**JM Financial Limited**	**Motilal Oswal Investment Advisors Limited**
1st Floor, 27 BKC, C-27, G Block Bandra Kurla Complex Bandra (East), Mumbai 400 051	1202, 12th Floor First International Financial Centre, G-Block Bandra Kurla Complex Bandra East Mumbai 400 098	8/F Dalamal House Nariman Point Mumbai 400 021	Ceejay House 10th Floor Plot F Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai 400 018 Maharashtra, India	10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013 Maharashtra, India	7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India	Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai 400 025 Maharashtra, India

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