Notes forming part of the standalone financial statements

1 Corporation Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation' or 'the Company') was incorporated in 1977 as the first specialised Mortgage Company domiciled in India as a limited company having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange.

2 Basis of Preparation and Presentation

2.1 Statement of Compliance and basis of preparation and presentation

The standalone financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS").

The financial statements have been prepared and presented on going concern basis and at historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data is presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 39.

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

2.2 Functional and Presentation Currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Corporation and all values are rounded to the nearest Crore with two decimals, except when otherwise indicated.

2.3 Basis of Measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Corporation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly

Notes forming part of the standalone financial statements (Continued)

observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 Share based Payment, leasing transactions that are within the scope of Ind AS 116 Leases.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement.

In particular, the estimation of the amount and timing of future cash flows based on Corporation's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Corporation's criteria for assessing if there has been a significant increase in credit risk. (Refer Note 3.2.3.2)
- Development of ECL models, including choice of inputs / assumptions used.

The various inputs used and process followed by the Corporation in measurement of ECL has been detailed in Note 3.2.3.1.

2.4.2 Fair Valuation of Investments (other than Investment in Subsidiaries and Associates)

Some of the Corporation's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly.

Notes forming part of the standalone financial statements (Continued)

However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 44.3.2.

2.4.3 **Income Taxes**

The Corporation's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.4 **Evaluation of Business Model**

Classification and measurement of financial instruments depends on the results of the Solely Payments of Principal and Interest on the principal amount outstanding ("SPPI") (refer note 3.2.2.1.5) and the business model test (refer note 3.2.2.1.4). The Corporation determines the business model at a level that reflects how the Corporation's financial instruments are managed together to achieve a particular business objective.

The Corporation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

2.4.5 **Share-Based Payments**

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 3.9.1.

2.4.6 **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3 **Significant Accounting Policies**

3.1 **Revenue Recognition**

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

Notes forming part of the standalone financial statements (Continued)

3.1.1 **Interest**

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at fair value through profit and loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

3.1.2 **Dividend Income**

Dividend income is recognised when the Corporation's right to receive dividend is established by the reporting date.

3.1.3 **Fee and Commission Income**

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

3.1.4 **Rental Income**

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

3.1.5 **Other Income**

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

3.2 **Financial Instruments**

3.2.1 **Recognition and Initial Measurement**

Financial assets and liabilities, (including financial instruments received in settlement of erstwhile loan assets) with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Corporation recognises debt securities, deposits and borrowings when funds are received by the Corporation.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of

Notes forming part of the standalone financial statements (Continued)

the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Corporation recognise for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to defer the difference between the fair value at initial recognition and the transaction price.

After initial recognition, the deferred gain or loss will be recognised in the statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.2 Classification and Subsequent Measurement of Financial Assets and Liabilities

3.2.2.1 *Financial Assets*

The Corporation classifies and measures all its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair Value through other comprehensive income
- Fair Value through Profit and Loss

3.2.2.1.1 Amortised Cost

The Corporation classifies and measures cash and bank balances, Loans, Trade receivable, certain debt investments and other financial assets at amortised cost if the following condition is met:

- Financial Assets that are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows, and that have contractual cash flows that are SPPI;

3.2.2.1.2 Fair Value through Other Comprehensive Income ("FVOCI")

The Corporation classifies and measures certain debt instruments at FVOCI when the investments are held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the SPPI test.

The Corporation measures all equity investments at fair value through profit or loss, unless the investments is not for trading and the Corporation's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.2.1.3 Fair Value through Profit and Loss ("FVTPL")

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; and/or
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

Notes forming part of the standalone financial statements (Continued)

- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in the statement of profit and loss.

3.2.2.1.4 **Business Model Test**

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Corporation determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Corporation's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Corporation considers all relevant information and evidence available when making the business model assessment such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Corporation's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Corporation determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Corporation reassesses it's business model at each reporting period to determine whether the business model has changed since the preceding period. For the current and prior reporting period the Corporation has not identified a change in its business model.

The Corporation recognises certain loans which are sourced by a third party and measured at amortised cost. The third party has the contractual right to acquire a fixed percentage of value of the loans at predetermined price. The loans assigned are substituted by newly sourced loans which approximate the contractual cash flows to be collected by the Corporation.

3.2.2.1.5 **Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding**

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that meet SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

3.2.2.1.6 **Subsequent Measurement and Gain and Losses**

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised

Notes forming part of the standalone financial statements (Continued)

cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Equity Instrument at FVOCI

Gains and losses on equity instruments at FVOCI are never recycled to the statement of profit and loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Corporation benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.2.2.1.7 **Reclassifications**

If the business model under which the Corporation holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Corporation's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Corporation holds financial assets and therefore no reclassifications were made.

3.2.2.2 **Financial Liabilities and Equity Instruments**

3.2.2.2.1 ***Classification as Debt or Equity***

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Corporation or a contract that will or may be settled in the Corporation's own equity instruments and is a non-derivative contract for which the Corporation is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Corporation's own equity instruments.

3.2.2.2.2 ***Equity Instruments***

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

3.2.2.2.3 ***Subsequent Measurement and Gain and Losses***

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

3.2.3 Impairment and Write-off

The Corporation recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Other financial assets;
- Debt instruments measured at amortised cost and at FVOCI;
- Loan commitments; and
- Financial guarantees.

Equity instruments are measured at fair value and not subject to impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Corporation has established a policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Based on the above process, the Corporation categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Corporation recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Corporation records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans are considered credit-impaired, the Corporation records an allowance for the life time expected credit losses.

For financial assets for which the Corporation has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3.2.3.1 *Measurement of Expected Credit Losses*

The Corporation calculates ECL based on probability-weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is the difference between the cash flows that are due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive.

Notes forming part of the standalone financial statements (Continued)

When estimating ECL for undrawn loan commitments, the Corporation estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Corporation's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

The Corporation measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities after considering the credit conversion factor (for Stage 1 and Stage 2 assets), and accrued interest from missed payments.

Probability of Default (PD) is the probability of whether borrowers will default on their obligations which is calculated based on historical default rate summary of past years using origination vintage analysis.

Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using the Corporation's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.2.3.2 ***Significant Increase in Credit Risk***

The Corporation monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Corporation measures the loss allowance based on lifetime rather than 12-month ECL. The Corporation's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Corporation monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in different recovery scenario. For individual loans the Corporation considers the expectation of forbearance, payment holidays and events such as unemployment, bankruptcy, divorce or death.

Notes forming part of the standalone financial statements (Continued)

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when a financial asset becomes 30 days past due, the Corporation considers that a significant increase in credit risk has occurred and the asset is classified in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

3.2.3.3 ***Credit-Impaired Financial Assets***

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- restructuring of loans due to financial difficulty of the borrowers;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead the combined effect of several events may have caused financial assets to become credit-impaired. The Corporation assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Corporation considers factors such as bond yields, credit ratings and the ability of the borrower to raise funds.

A loan is considered credit-impaired when a concession is granted to the borrower due to deterioration in the borrower's financial condition. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

3.2.3.4 ***Definition of Default***

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

The Corporation considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Corporation; or
- the borrower is unlikely to pay its credit obligations to the Corporation in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Corporation takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

3.2.3.5 ***Write-off***

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains.

Notes forming part of the standalone financial statements (Continued)

3.2.4 **Modification and Derecognition of Financial Assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Corporation renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

Qualitative factors, such as contractual cash flows after modification, are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants, if these do not clearly indicate a substantial modification, then; a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If there is a significant difference in present value, the Corporation deems the arrangement substantially different, leading to derecognition.

In the case where the financial asset is derecognised the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the revised terms may lead to a gain or loss on derecognition. The new financial asset may have a loss allowance measured based on 12-month ECL except where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance is continued to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Corporation calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit and loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the statement of profit and loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

3.2.5 Derecognition of Financial Liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.2.6 Collateral Valuation and Repossession

To mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI"). The Corporation provides fully secured, partially secured and unsecured loans to individuals and Corporates.

Notes forming part of the standalone financial statements (Continued)

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

3.2.7 Transfer and Servicing of Assets

The Corporation transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Corporation transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

The Corporation recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Corporation adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in Statement of Profit and Loss.

3.2.8 Derivative Financial Instruments

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Corporation designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

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

3.2.8.1 ***Hedge Accounting***

The Corporation makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Corporation applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Corporation's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Corporation would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Notes forming part of the standalone financial statements (Continued)

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

3.2.8.2 ***Fair Value Hedges***

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Corporation classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

3.2.8.3 ***Cash Flow Hedges***

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.2.9 **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

Notes forming part of the standalone financial statements (Continued)

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Corporation's revenue recognition policies.

The Corporation has not designated any financial guarantee contracts as FVTPL.

3.3 **Property, Plant and Equipment ("PPE")**

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Corporation and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

3.4 **Investment Property**

Investment properties are properties held to earn rentals and/or capital appreciation and are measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 **Intangible Assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in the statement of profit and loss when the asset is derecognised.

3.6 **Capital work-in-progress**

Capital work in progress includes assets not ready for the intended use and is carried at cost, comprising direct cost and related incidental expenses.

3.7 **Depreciation and Amortisation**

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is recognised on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease. The useful life of the property, plant and equipment held by the Corporation is as follows:

Class of assets	Useful life
Buildings	60 years
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Vehicles*	5 years
Computer Software*	4 years

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

Intangible assets are amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

3.8 Impairment of Assets other than Financial Instruments

As at the end of each accounting year, the Corporation reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 Employee Benefits

3.9.1 Share-based Payment Arrangements

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

3.9.2 Defined Contribution Plans

3.9.2.1 *Superannuation Fund*

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

Notes forming part of the standalone financial statements (Continued)

3.9.3 **Defined Benefit Plans**

3.9.3.1 ***Provident Fund***

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by the trust. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability, if any is recognised.

3.9.3.2 ***Gratuity and Other Post Retirement Benefits***

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

3.9.3.3 ***Short-term Employee Benefits***

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.9.3.4 ***Long-term Employee Benefits***

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

3.10 **Leases**

The Corporation as lessee

The Corporation's lease asset classes primarily consist of leases for office premises. The Corporation assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration to assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Corporation has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Corporation has the right to direct the use of the asset.

Notes forming part of the standalone financial statements (Continued)

At the date of commencement of the lease, the Corporation recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Corporation changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Corporation as Lessor

Leases for which the Corporation is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective April 1, 2019 the Corporation has adopted Ind AS 116 - Leases, which requires any lease arrangement to be recognised in the balance sheet of the lessee as a ‘right-of-use’ asset with a corresponding lease liability. Accordingly depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognised on lease liabilities under finance costs. As permitted by the standard, the Corporation has applied this standard w.e.f. April 1, 2019 and comparatives for the previous period/year have not been restated.

3.11 Dividends on Ordinary Shares

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

3.12 Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

Notes forming part of the standalone financial statements (Continued)

3.13 Securities Premium Account

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares and issue expenses of securities which qualify as equity instruments.

3.14 Borrowing Costs

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

3.15 Foreign Currencies

(i) Functional currency of the Corporation and foreign operations has been determined based on the primary economic environment in which the Corporation and its foreign operations operate considering the currency in which funds are generated, spent and retained.

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

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for Long Term Monetary Items outstanding as at March 31, 2018, for which differences are recognized in FCMITDA and amortised in Profit & Loss statement.

3.16 Segments

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate or certain other purposes, in India. All other activities of the Corporation revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

3.17 Investments in Subsidiaries, Joint Ventures and Associates

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

3.18 Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.19 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except when they relate to items that are recognized outside statement of profit and loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside statement of profit and loss.

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

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

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Corporation's tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the Corporation's view on settling with the tax authorities.

The Corporation provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable.

3.20 **Goods and Services Input Tax Credit**

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.21 **Provisions, Contingent Liabilities and Contingent Assets**

<u>Provisions are recognised only when:</u>

(i) The Corporation has a present obligation (legal or constructive) as a result of a past event; and

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

<u>Contingent liability is disclosed in case of:</u>

(i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or

(ii) A present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Notes forming part of the standalone financial statements (Continued)

Contingent Assets:

Contingent assets are not recognised in the financial statements.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

3.22 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Uncalled liability on shares and other investments partly paid;

c) Funding related commitment to associate and joint venture companies; and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.23 Non-Current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.24 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

4 COVID-19 Regulatory Package

On March 11, 2020, the World Health Organisation declared the novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world. In India, from March 25, 2020 to May 31, 2020, the central government declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020, the Corporation has offered a moratorium on the payment of instalments falling due between March 1, 2020 and May 31, 2020 (‘moratorium period’) to eligible borrowers.

There remains a high level of uncertainty about the duration of the lockdown and the time required for life and business operations to normalise. The extent to which the COVID-19 pandemic will impact the Corporation’s business and financial statement is at this juncture, dependent on future developments, which are highly uncertain.

Notes forming part of the standalone financial statements (Continued)

5. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Cash on hand	**0.14**	0.44
(ii) Balances with banks:		
- In Current Accounts	**3,110.38**	277.71
(iii) Cheques, drafts on hand	**31.36**	82.65
Total	**3,141.88**	**360.80**

5.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Corporation, and earn interest at the respective short-term deposit rates.

6. Bank Balances Other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) In other Deposit accounts		
- Original maturity more than 3 months	**167.14**	1,094.20
(ii) Earmarked balances with banks		
- Unclaimed Dividend Account	**24.60**	26.91
- Towards Guarantees Issued by Banks	**0.69**	0.59
- Other - Against Foreign Currency Loans [Refer Note 19.2]	**91.38**	113.76
Total	**283.81**	**1,235.46**

6.1 Fixed deposit placed with banks earns interest at fixed rate or floating rates.

Notes forming part of the standalone financial statements (Continued)

7. Derivative Financial Instruments

The Corporation enters into derivatives for risk management purposes. Derivatives held for risk management purposes as of these reporting dates, meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency derivatives:						
- Forwards	12,391.25	485.00	-	3,176.82	7.42	100.71
- Currency swaps	18,269.88	2,079.45	60.10	12,826.93	311.73	63.93
- Options purchased (net)	11,007.12	856.31	-	6,757.73	122.20	0.11
Subtotal (i)	**41,668.25**	**3,420.76**	**60.10**	**22,761.48**	**441.35**	**164.75**
(ii) Interest rate derivatives						
- INR Interest Rate Swaps	65,100.00	2,288.52	-	55,650.00	962.00	-
- USD Interest Swaps	12,750.40	-	260.57	-	-	-
- Others				-	-	-
Subtotal (ii)	**77,850.40**	**2,288.52**	**260.57**	**55,650.00**	**962.00**	**-**
Total Derivative Financial Instruments (i)+(ii)	**1,19,518.65**	**5,709.28**	**320.67**	**78,411.48**	**1,403.35**	**164.75**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
- Currency derivatives	-	-	-	-	-	-
- Interest rate derivatives	65,100.00	2,288.52	-	55,650.00	962.00	-
Subtotal (i)	**65,100.00**	**2,288.52**	**-**	**55,650.00**	**962.00**	**-**
(ii) Cash flow hedging:						
- Currency derivatives	41,668.25	3,420.76	60.10	22,761.48	441.35	164.75
- Interest rate derivatives	12,750.40	-	260.57	-	-	-
Subtotal (ii)	**54,418.65**	**3,420.76**	**320.67**	**22,761.48**	**441.35**	**164.75**
(iii) Undesignated Derivatives						
- Currency Swaps	-	-	-	-	-	-
- Forwards	-	-	-	-	-	-
Subtotal (iii)	**-**	**-**	**-**	**-**	**-**	**-**
Total Derivative Financial Instruments (i)+(ii)+(iii)	**1,19,518.65**	**5,709.28**	**320.67**	**78,411.48**	**1,403.35**	**164.75**

* Notional amounts of the respective currencies have been converted as at March 31, 2020 and March 31, 2019 exchange rate.

7.1 The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7.2 Refer Note 44.6.1 for Foreign currency risk.

Notes forming part of the standalone financial statements (Continued)

8. Trade Receivables

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Receivables considered good - Unsecured	**230.23**	186.87
Receivables which have significant increase in Credit Risk	**-**	-
	230.23	186.87
Less: Provision for Expected Credit Loss	**0.17**	0.01
Total	**230.06**	186.86

8.1 Trade Receivables includes amounts due from the related parties ₹ **118.22 Crore** (Previous Year ₹ 122.04 Crore) [Refer Note 43].

No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

9. Loans

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Loans (Amortised Cost)		
Individual Loans	**3,25,889.21**	2,88,788.92
Corporate Bodies	**1,18,165.46**	1,10,915.00
Others	**6,814.71**	6,873.17
Staff Loans	**33.38**	29.97
Total – Gross (A)	**4,50,902.76**	4,06,607.06
Less: Impairment loss allowance (Expected Credit Loss)	**10,959.48**	5,847.43
Total – Net (A)	**4,39,943.28**	4,00,759.63
(a) Secured by tangible assets	**4,28,031.07**	3,90,099.06
(b) Secured by intangible assets	**9,068.14**	9,079.19
(c) Covered by bank and government guarantee	**930.75**	1,169.59
(d) Unsecured	**12,872.80**	6,259.22
Total – Gross (B)	**4,50,902.76**	4,06,607.06
Less: Impairment loss allowance (Expected Credit Loss)	**10,959.48**	5,847.43
Total – Net (B)	**4,39,943.28**	4,00,759.63
(I) Loans in India		
(i) Public Sector	**1,142.63**	1,385.99
(ii) Other than Public Sector	**4,49,760.13**	4,05,221.07
Total – Gross (C)(I)	**4,50,902.76**	4,06,607.06
Less: Impairment loss allowance (Expected Credit Loss)	**10,959.48**	5,847.43
Total – Net (C)(I)	**4,39,943.28**	4,00,759.63
(II) Loans outside India	**-**	-
Less: Impairment loss allowance (Expected Credit Loss)	**-**	-
Total – Net (C)(II)	**-**	-
Total (C) (I) and (II)	**4,39,943.28**	4,00,759.63

Notes forming part of the standalone financial statements (Continued)

9 (a) **Loans details**

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at 31 March 2020				
Individual Loans	3,22,593.17	1,847.74	1,448.29	**3,25,889.21**
Corporate Bodies	1,16,260.68	2,549.59	(644.80)	**1,18,165.47**
Others	6,597.82	216.89	-	**6,814.71**
Staff Loans	33.38	-	-	**33.38**
Total	**4,45,485.05**	**4,614.22**	**803.49**	**4,50,902.76**
As at 31 March 2019				
Individual Loans	2,86,073.48	1,477.04	1,238.40	**2,88,788.92**
Corporate Bodies	1,09,768.46	1,743.51	(596.97)	**1,10,915.00**
Others	6,746.49	126.68	-	**6,873.17**
Staff Loans	29.97	-	-	**29.97**
Total	**4,02,618.40**	**3,347.23**	**641.43**	**4,06,607.06**

9 (b) Loans granted by the Corporation are secured or partly secured by one or a combination of the following securities;

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

9 (c) Loans including Installment and Interest outstanding due from the directors amounts to ₹ **0.02 Crore** (Previous Year ₹ 0.04 Crore) and other related parties ₹ **4.63 Crore** (Previous Year ₹ 112.79 Crore) [Refer Note 43].

9 (d) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is **Nil** (Previous Year Nil).

9 (e) Loans including Installment and Interest outstanding amounts to ₹ **467.16 Crore** (Previous Year ₹ 447.20 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Notes forming part of the standalone financial statements (Continued)

9 (f) **Expected Credit Loss**

Expected Credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are:

- Probability of Default (PD): represents the likelihood of default over a defined time horizon.
- Exposure at Default (EAD): represents the gross exposure at the time of default.
- Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others. Delinquency buckets have been considered as the basis for the staging of all loans with:

- 0-30 days past due loans
- 31-90 days past due loans classified as stage 2 and
- > 90 days past due loans classified as stage 3

EAD is the total amount outstanding including accrued interest as on the reporting date. The ECL is computed as a product of PD, LGD and EAD.

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, Inflation, Housing price index, Lending rate (repo rate) and the equity indices were analysed for their correlations. The correlation was minimal and consequently the same was not considered in the ECL framework.

COVID-19 - Further, the Corporation has also evaluated its individual and non-individual portfolio to determine any specific category of customers which may reflect higher credit losses (e.g. based on specific sectors) or where the recoveries may be affected due to potential reduction in valuation of the collaterals (e.g. type of collateral, customers where recoveries were expected through realisation of collaterals only etc.). Basis such determination, the Corporation has recognised provisions as management overlay for specific categories of customers identified or recognised additional provisions for specific customers where provisions were originally recognised based on recoverable value of underlying collaterals, as applicable.

Ageing of accounts opting for moratorium and moving into Stage 3 (based on days past due status as of March 31, 2020) has been determined with reference to position as of February 29, 2020.

9.1 **Individual Loans**

9.1.1 **Credit quality of assets**

For the purpose of computing Probability of Default (PD), the Corporation classifies all individual loans at amortized cost and has assessed it at the collective pool level.

Notes forming part of the standalone financial statements (Continued)

The individual loan book has been divided into the following segments –

- housing and non-housing

- salaried and self employed

- geographical location (north, east, west and south)

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans).

The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The Individual Loans portfolio has been considered together for the LGD computation.

9.2 **Corporate Lending**

9.2.1 **Credit quality of assets**

Measurement of ECL for stage 1 and certain stage 2 non individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into: i) Corporate Finance ii) Construction Finance iii) Lease Rental Discounting iv) Inter-Corporate Deposits. Certain loans classified as stage 2 and all the loans classified as stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The 12-month PD has been applied on stage 1 loans. The PD term structure i.e. Lifetime PD has been applied on the stage 2 loans according to the repayment schedule for stage 2 loans and PD is considered to be 100% for stage 3 loans. PD has been separately calculated for each segment as described above.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Corporation has identified certain non individual accounts as Watch List under Stage 2 based on the following criteria.

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments.
- Security cover is insufficient for repayment of loans.

Notes forming part of the standalone financial statements (Continued)

- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

9.3 ECL Provision

In addition to the management overlays described above in relation to the impact of COVID-19, during the year, the management has recognised additional provisions towards overlay in relation to specific categories of individual customers e.g. customers associated with incomplete projects, impact of reduction in collateral value associated with specific Stage 3 customers, customers associated with projects covered by subvention schemes etc.

Further, during the year, the Corporation has also applied point in time method for determining probability of default in relation to computation of provision under expected credit loss model for non-individual customers.

9.4 An analysis of changes in the gross carrying amount of loans and the corresponding ECL allowances in relation to loans are, as follows:

₹ in Crore

Particulars	2019-20				2018-19			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,83,260.55	17,638.23	5,708.28	**4,06,607.06**	3,41,842.52	16,273.85	4,695.04	**3,62,811.41**
Increase in EAD - new assets originated or purchased / further increase in existing assets [Net]	1,38,929.94	1,342.74	564.02	**1,40,836.70**	1,36,924.98	675.82	444.92	**1,38,045.72**
Assets repaid in part or full (excluding write offs) [Net]	(66,288.21)	(2,607.16)	(2,523.76)	**(71,419.13)**	(63,966.62)	(2,919.41)	(1,556.59)	**(68,442.62)**
Assets Derecognised (Loans Assigned)	(24,127.25)	-	-	**(24,127.25)**	(25,150.00)	-	-	**(25,150.00)**
Assets written off	-	-	(994.62)	**(994.62)**	-	-	(657.45)	**(657.45)**
Transfers to Stage 1	2,028.23	(1,736.57)	(291.66)	-	3,854.84	(3,632.75)	(222.09)	-
Transfers to Stage 2	(16,131.88)	16,310.36	(178.48)	-	(9,136.67)	9,673.65	(536.98)	-
Transfers to Stage 3	(1,806.95)	(6,153.14)	7,960.09	-	(1,108.50)	(2,432.93)	3,541.43	-
Gross carrying amount closing balance	**4,15,864.43**	**24,794.46**	**10,243.87**	**4,50,902.76**	**3,83,260.55**	**17,638.23**	**5,708.28**	**4,06,607.06**

Notes forming part of the standalone financial statements (Continued)

9.5 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2019-20				2018-19			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	240.89	3,134.84	2,471.70	**5,847.43**	181.10	3,293.73	1,955.72	**5,430.55**
ECL Remeasurements due to changes in EAD / assumptions [Net]	844.70	3,345.10	1,916.87	**6,106.67**	(147.25)	866.86	354.72	**1,074.33**
Assets written off	-	-	(994.62)	**(994.62)**	-	-	(657.45)	**(657.45)**
Transfers to Stage 1	131.06	(104.28)	(26.78)	-	832.30	(808.96)	(23.34)	-
Transfers to Stage 2	(821.90)	840.44	(18.54)	-	(621.73)	705.72	(83.99)	-
Transfers to Stage 3	(48.63)	(1,465.81)	1,514.44	-	(3.53)	(922.51)	926.04	-
ECL closing balance	**346.12**	**5,750.29**	**4,863.07**	**10,959.48**	**240.89**	**3,134.84**	**2,471.70**	**5,847.43**

The Expected Credit Loss (ECL) shown above is computed on the Exposure At Default (EAD) which comprises of the Gross Carrying Amount adjusted for the following amounts:

₹ in Crore

Particulars	**As on March 31, 2020**	As on March 31, 2019
EMI / Interest Amounts Received in Advance	**(195.51)**	(180.58)
Undisbursed Loan Component (after applying Credit Conversion Factor)	**20,211.37**	19,695.60
Financial Guarantees	**384.86**	534.98

9.6 Summary of Impairment loss allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2020	346.12	5,750.29	4,863.07	10,959.48
March 31, 2019	240.89	3,134.84	2,471.70	5,847.43

Stage 1 - Loss allowance measured at 12 month expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

9.7 Concentration of Exposure

₹ in Crore

Particulars	**As on March 31, 2020**	As on March 31, 2019
Total Loans to twenty largest borrowers *	**52,099.32**	41,041.96
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**11.05%**	9.59%

* Loans (principal outstanding, accrued interest, undrawn loan commitment, financial guarantees and inter corporate deposits) outstanding as on date has been considered for the computation of concentration of exposure.

Notes forming part of the standalone financial statements (Continued)

10. INVESTMENTS

₹ in Crore

Investments	As at March 31, 2020						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at FVTPL			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Fund	-	-	24,038.19	-	24,038.19	-	24,038.19
Government securities $	14,268.27	-	-	-	-	-	14,268.27
Equity Shares	-	4,952.21	603.76	-	5,555.97	-	5,555.97
Preference Shares	3.18	-	0.78	-	0.78	-	3.96
Debentures	423.62	101.30	34.58	-	135.88	-	559.50
Subsidiaries - Equity Shares	-	-	-	-	-	4,910.17	4,910.17
Subsidiaries - Debentures	-	-	96.33	-	96.33	-	96.33
Subsidiaries - Venture Fund	-	-	-	-	-	332.48	332.48
Associates - Equity Shares	-	-	-	-	-	14,206.21	14,206.21
Pass-through Certificates	22.57	-	-	-	-	-	22.57
Security Receipts	-	-	176.13	-	176.13	-	176.13
Investment in Units of Venture Capital Fund	-	-	775.21	-	775.21	-	775.21
Total – Gross (A)	**14,717.64**	**5,053.51**	**25,724.98**	**-**	**30,778.49**	**19,448.86**	**64,944.99**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	14,717.64	5,053.51	25,724.98	-	30,778.49	19,448.86	64,944.99
Total (B)	**14,717.64**	**5,053.51**	**25,724.98**	**-**	**30,778.49**	**19,448.86**	**64,944.99**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.62	-	-	-	-	-	0.62
Total – Net (D) = (A)-(C)	**14,717.02**	**5,053.51**	**25,724.98**	**-**	**30,778.49**	**19,448.86**	**64,944.37**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

* Others includes Investment in subsidiaries and associates which have been carried at cost.

₹ in Crore

Investments	As at March 31, 2019						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at FVTPL			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	15,425.81	-	15,425.81	-	15,425.81
Government Securities$	10,457.45	-	-	-	-	-	10,457.45
Equity Shares	-	221.93	1,145.99	-	1,367.92	-	1,367.92
Preference Shares	-	-	0.45	-	0.45	-	0.45
Debentures	396.31	356.98	19.96	-	376.94	-	773.25
Subsidiaries - Equity Shares	-	-	-	-	-	2,745.12	2,745.12
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Venture Fund	-	-	-	-	-	323.95	323.95

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Investments	As at March 31, 2019						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at FVTPL			
Associates - Equity Shares	-	-	-	-	-	14,119.50	14,119.50
Pass-through Certificates	27.32	-	-	-	-	-	27.32
Security Receipts	-	-	221.69	-	221.69	-	221.69
Investment in Units of Venture Capital Fund	-	-	711.42	-	711.42	-	711.42
Total – Gross (A)	**10,881.08**	**578.91**	**17,525.32**	**-**	**18,104.23**	**17,255.57**	**46,240.88**
(i) Investments outside India	-	-	-		-		-
(ii) Investments in India	10,881.08	578.91	17,525.32	-	18,104.23	17,255.57	46,240.88
Total (B)	**10,881.08**	**578.91**	**17,525.32**	**-**	**18,104.23**	**17,255.57**	**46,240.88**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.53	-	-	-	-	-	0.53
Total – Net (D) = (A)-(C)	**10,880.55**	**578.91**	**17,525.32**	**-**	**18,104.23**	**17,255.57**	**46,240.35**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

* Others includes Investment in subsidiaries and associates which have been carried at cost.

Note 10.1 GRUH Finance Limited

In view of the scheme of amalgamation filed by GRUH Finance Limited ("GRUH"), a Subsidiary of the Corporation, and Bandhan Bank Limited ("Bandhan") and the subsequent directive by the Reserve Bank of India to the Corporation to hold not more than 9.9% of the share capital of Bandhan post merger, the Corporation sold the shares of the GRUH during the period, and the Corporation's shareholding in GRUH was reduced to 38% on August 30,2019, accordingly the same was classified as an associate company. The effective date of the merger of GRUH into and with Bandhan Bank Limited (Bandhan Bank) was October 17, 2019. The Corporation was allotted 15,93,63,149 shares aggregating 9.90% of the total issued share capital of Bandhan. On derecognition of investment in GRUH, the Corporation has recorded a fair value gain of ₹ 9,019.81 Crore through the Statement of Profit and Loss.

Note 10.2 HDFC ERGO Health Insurance Limited

Pursuant to receipt of approvals from Reserve Bank of India, Insurance Regulatory and Development Authority of India and Competition Commission of India, the Corporation has, on January 9, 2020, acquired 51.16% of the equity share capital of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) consequently the same became subsidiary of the Corporation.

Further, the Corporation has initiated necessary steps of merger of HDFC ERGO Health Insurance Ltd (HDFC ERGO Health) and HDFC ERGO General Insurance Company Ltd (HDFC ERGO), subsidiary of the Corporation, subject to approval of the National Company Law Tribunal, Mumbai.

HDFC ERGO Health Insurance Limited would be merged with HDFC ERGO General Insurance Company Limited, subject to the approval of the National Company Law Tribunal, Mumbai.

Note 10.3 Debt Asset Swap

During the year, the Corporation has entered into debt assets swap, wherein the gross carrying amount of the financial and non financial assets taken over as at March 31, 2020 stood at ₹ **62.47 Crore** (Previous Year ₹ Nil) and ₹ **847.57 Crore** (Previous Year ₹ Nil) respectively, the properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. The properties are either for the Corporation's own use or being held for capital appreciation, which the Corporation will dispose of at an appropriate time and in accordance with the applicable regulations.

Notes forming part of the standalone financial statements (Continued)

11. Other Financial Assets

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	**37.62**	36.78
Receivables on Assigned Loans*	**1,332.09**	1,105.84
Amounts Receivable on swaps and other derivatives	**1,380.48**	1,428.88
Inter Corporate Deposits	**29.38**	1,038.32
Receivables on Sale of Investments	**-**	316.00
Total Gross	**2,779.57**	**3,925.82**
Less: Impairment loss allowance (Expected Credit Loss)	**37.56**	31.48
Total Net of Expected Credit Loss	**2,742.01**	**3,894.34**

* Retained interest and servicing assets

11.1 Inter Corporate Deposits

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Secured by tangible assets	**-**	-
(b) Secured by intangible assets	**-**	891.22
(c) Covered by bank and government guarantee	**-**	-
(d) Unsecured	**29.38**	147.10
Total Gross	**29.38**	**1,038.32**
Less: Impairment loss allowance (Expected Credit Loss)	**29.38**	27.82
Total Net of Expected Credit Loss	**-**	**1,010.50**

11.2 Inter Corporate Deposits are secured or partly secured by one or a combination of the following securities:

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

Notes forming part of the standalone financial statements (Continued)

12. Taxes on Income

12.1 Current Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Tax (Net of Provision)	**3,101.78**	2,750.18
Total	**3,101.78**	**2,750.18**

12.2 Deferred Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets (Net)	**1,567.94**	830.91
Net Deferred Tax Asset	**1,567.94**	**830.91**

12.2.1 Movement in Deferred Tax Assets/Liabilities

₹ in Crore

Particulars	As at March 31, 2019	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2020
Property, plant and equipment	(50.67)	29.43	-	29.43	(21.24)
Expected credit losses	1,800.50	484.29	-	484.29	2,284.79
Provisions other than those pertaining to Expected credit loss	72.69	(22.52)	-	(22.52)	50.17
Financial assets at fair value through profit or loss	(100.64)	(862.79)	-	(862.79)	(963.43)
Financial assets at FVOCI	63.40	-	672.65	672.65	736.05
Remeasurements of employee benefits through OCI	1.00	-	1.96	1.96	2.96
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(574.70)	(51.41)	-	(51.41)	(626.11)
Effect of foreign exchange transactions and translations	(115.23)	147.96	72.02	219.98	104.75
Income recognition on NPA cases	(265.44)	265.44	-	265.44	0.00
Total	**830.91**	**(9.60)**	**746.63**	**737.03**	**1,567.94**

Notes forming part of the standalone financial statements (Continued)

12.2.1 Movement in Deferred Tax Assets/Liabilities (Previous Year)

₹ in Crore

Particulars	As at March 31, 2018	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2019
Property, plant and equipment	(51.71)	1.04	-	1.04	(50.67)
Expected credit losses	1,649.70	150.80	-	150.80	1,800.50
Provisions other than those pertaining to Expected credit loss	63.58	9.11	-	9.11	72.69
Financial assets at fair value through profit or loss	(43.71)	(56.93)	-	(56.93)	(100.64)
Financial assets at FVOCI	22.41	-	40.99	40.99	63.40
Remeasurements of employee benefits through OCI	0.38	-	0.62	0.62	1.00
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(291.48)	(283.22)	-	(283.22)	(574.70)
Effect of foreign exchange transactions and translations	(115.23)	-	-	-	(115.23)
Income recognition on NPA cases	(265.44)	-	-	-	(265.44)
Total	**968.50**	**(179.20)**	**41.61**	**(137.59)**	**830.91**

12.3 Income Tax recognised in profit or loss

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax		
In respect of the current year	**2,571.68**	3,307.11
Deferred Tax		
In respect of the current year	**9.59**	179.20
Total Income tax expense recognised in the current year relating to continuing operations	**2,581.27**	3,486.31

12.3.1 The Corporation has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Corporation has recognised provision for income tax and re-measured its deferred tax assets (including re-measuring the opening balance as at April 1, 2019 and has taken a charge of ₹ 237.67 Crore relating to the same) basis the rate provided in the said section.

12.3.2 The evaluation of uncertain tax positions involves an interpretation of relevant tax laws which could be subject to challenge by the tax authorities and an assessment of whether the tax authorities will accept the position taken. The Corporation does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk resulting in a material adjustment within the next financial year. (Refer Note 40.2)

Notes forming part of the standalone financial statements (Continued)

12.3.3 **Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:**

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Standalone Profit before tax	**20,350.92**	13,118.77
Income tax expense calculated at **25.168%** (Previous Year 34.944%)	**5,121.92**	4,584.22
Effect of expenses that are not deductible in determining taxable profit	**174.09**	127.63
Effect of incomes which are taxed at different rates	**(1,430.36)**	(387.10)
Effect of incomes which are exempt from tax	**(1,158.12)**	(395.09)
Effect on deferred tax balances due to the changes in income tax rate	**237.67**	-
Deduction under Section 36(1)(viii) of the Income tax Act, 1961	**(363.93)**	(443.44)
Others	-	0.09
Income tax expense recognised in statement of profit and loss	**2,581.27**	3,486.31
Effective tax rate (%)	**12.68%**	26.57%

The tax rate used for the reconciliations above is the corporate tax rate of **25.168%** (Previous Year 34.944%) for the year 2019-20 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

13. Investment Property

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount	**348.48**	403.62
Additions	**344.83**	7.97
Disposal	**(22.26)**	(57.61)
Transfer to Fixed Assets	**(9.51)**	(5.50)
Closing gross carrying amount	**661.54**	348.48
Accumulated Depreciation		
Opening accumulated depreciation	**14.16**	8.49
Depreciation charge	**8.73**	7.83
Depreciation on Sale	**(1.03)**	(2.07)
Transfer to Fixed Assets	**(0.44)**	(0.09)
Closing Accumulated Depreciation	**21.42**	14.16
Accumulated Impairment		
Opening accumulated Impairment	**13.00**	-
Impairment charge	**8.65**	13.00
Closing Accumulated Impairment	**21.65**	13.00
Net carrying amount Investment Property	**618.47**	321.32
Investment Property - work in progress	**271.96**	-
Investment Property - including work in progress	**890.43**	321.32

Note: Refer Note 10.3 for Debt Asset Swap

Notes forming part of the standalone financial statements (Continued)

13.1 **Fair Value**

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties (Excluding work in progress)	**964.40**	698.31

The fair value of the Corporation's investment properties as at March 31, 2020 and March 31, 2019 has been arrived at on the basis of a Internal Valuation (Level 3).

13.2 **Ind AS 116 Leases for the year ended 31 March 2020**

The Corporation leases out its investments properties. The Corporation has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets.

Rental Income recognised by the Corporation during the year ended 31 March 2020 in respect of Investment Properties amount to ₹ 44.76 Crore.

The Following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

₹ in Crore

Particulars	As at March 31, 2020
Less than one year	**48.59**
Between one and two years	**44.21**
Between two and three years	**34.46**
Between three and four years	**25.16**
Between four and five years	**14.94**
More than five years	**10.68**
Total	**178.04**

13.3 **Ind AS 17 Leases for the year ended 31 March 2019**

During the previous year Income from Leases includes ₹ 39.69 Crore in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Particulars	As at March 31, 2019
Within one year	36.89
Later than one year but not later than 5 years	75.60
Later than 5 years	8.72
Total	**121.21**

Notes forming part of the standalone financial statements (Continued)

14. Property, Plant and Equipment

Year ended March 31, 2020

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Land :												
Freehold	15.67	84.96			**100.63**	-	-		-	**-**	**100.63**	15.67
Right of use - Land	349.55				**349.55**	17.76	8.88		-	**26.64**	**322.91**	331.79
Buildings :												
Own Use	199.28	53.78	9.51	0.04	**262.53**	9.55	6.06	0.44	0.01	**16.04**	**246.49**	189.73
Leasehold Improvements	28.90	7.30		0.58	**35.62**	8.74	5.46		0.58	**13.62**	**22.00**	20.16
Right of use - Buildings *	-	268.36		5.63	**262.73**	-	69.06		0.79	**68.27**	**194.46**	-
Computer Hardware	41.33	25.51		5.46	**61.38**	16.44	12.49		5.45	**23.48**	**37.90**	24.89
Furniture and Fittings												
Own Use	29.09	4.48		2.25	**31.32**	5.58	4.43		2.16	**7.85**	**23.47**	23.51
Office Equipment etc.:												
Own Use	32.76	5.57		2.04	**36.29**	5.53	5.47		1.96	**9.04**	**27.25**	27.23
Vehicles	13.66	3.96		2.01	**15.61**	2.41	3.86		1.65	**4.62**	**10.99**	11.25
	710.24	453.92	9.51	18.01	**1,155.66**	66.01	115.71	0.44	12.60	**169.56**	**986.10**	644.23

* Right of use assets addition includes, ₹ 198.75 Crore on account of transition impact of Ind AS 116, which is effective from 1 April 2019.

Previous Year ended March 31, 2019

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at April 1, 2018	Additions	Adjustments	Deductions	As at March 31, 2019	As at April 1, 2018	For the Year	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2019	As at April 1, 2018
Land :												
Freehold	15.67	-	-	-	15.67	-	-	-	-	-	15.67	15.67
Leasehold	349.55	-	-	-	349.55	8.88	8.88	-	-	17.76	331.79	340.67
Buildings :												
Own Use	192.76	0.76	5.50	0.01	199.01	4.56	4.64	0.09	0.01	9.28	189.73	188.20
Leasehold Improvements	19.43	10.36	-	0.89	28.90	4.08	5.53	-	0.87	8.74	20.16	15.35
Computer Hardware	29.30	14.42	-	2.39	41.33	7.46	11.37	-	2.39	16.44	24.89	21.84
Furniture and Fittings												
Own Use	24.92	5.73	-	1.56	29.09	2.97	4.08	-	1.47	5.58	23.51	21.95
Office Equipment etc.:												
Own Use	28.86	6.48	-	2.58	32.76	2.94	5.04	-	2.45	5.53	27.23	25.92
Vehicles	11.65	4.87	-	2.86	13.66	1.54	3.55	-	2.68	2.41	11.25	10.11
	672.14	42.62	5.50	10.29	709.97	32.43	43.09	0.09	9.87	65.74	644.23	639.71

15. Other Intangible Assets

Year ended March 31, 2020

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer Software	11.93	9.48	-	-	**21.41**	4.83	3.73	-	-	**8.56**	**12.85**	7.10
Non Compete Fees	-	10.92	-	-	**10.92**	-	10.92	-	-	**10.92**	**-**	-
Development Right	-	350.00	-	-	**350.00**	-	-	-	-	**-**	**350.00**	-
	11.93	370.40	-	-	**382.33**	4.83	14.65	-	-	**19.48**	**362.85**	7.10

Previous Year ended March 31, 2019

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2018	For the Year	Adjustments	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computer Software	7.01	4.92	-	-	11.93	2.22	2.61	-	-	4.83	7.10	4.79
	7.01	4.92	-	-	11.93	2.22	2.61	-	-	4.83	7.10	4.79

Notes forming part of the standalone financial statements (Continued)

16. Other Non-Financial Assets

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured; considered good		
Capital Advances	**66.72**	59.06
Other Advances	**96.58**	70.67
Prepaid Expenses	**26.49**	14.23
Total Gross	**189.79**	**143.96**
Less: Provision for Expected Credit Loss (ECL)	**0.02**	0.94
Total Net of ECL	**189.77**	**143.02**

16.1 Other Advances includes amounts due from the related parties ₹ **14.88 Crore** (Previous Year ₹ 11.31 Crore) [Refer Note 43].

17. Payables

17.1 Trade Payables

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	**3.90**	1.47
Total outstanding dues of creditors other than micro enterprises and small enterprises	**192.90**	188.70

17.1.1 The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Corporation. The amount of principal and interest outstanding during the year is given below:

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
a) Principal amount and the interest due thereon	**3.90**	1.47
b) The amount of interest paid	**-**	-
c) Amounts paid after appointed date during the year	**0.03**	-
d) Amount of interest accrued and unpaid as at year end	**-**	-
e) The amount of further interest due and payable even in the succeeding year	**-**	-
Total	**3.93**	**1.47**

17.1.2 Trade Payables includes ₹ **55.40 Crore** (Previous Year ₹ 62.21 Crore) due to related parties [Refer Note 43].

17.2 Other Payables

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-

Notes forming part of the standalone financial statements (Continued)

18. Debt Securities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Bonds - Secured	**20.10**	27.35
Non Convertible Debentures - Secured	**1,42,033.78**	1,29,290.46
Synthetic Rupee Denominated Bonds - Unsecured	**6,100.00**	11,100.00
Commercial Papers - Unsecured	**28,715.38**	37,185.70
Total of Debt Securities (A)	**1,76,869.26**	1,77,603.51
Less: Unamortised borrowing cost	**(0.55)**	(36.60)
Debt Securities net of unamortised borrowing cost	**1,76,868.71**	1,77,566.91
Debt securities in India	**1,70,769.26**	1,66,503.51
Debt securities outside India	**6,100.00**	11,100.00
Total of Debt Securities (B)	**1,76,869.26**	1,77,603.51
Less: Unamortised borrowing cost	**(0.55)**	(36.60)
Total of Debt Securities net of unamortised borrowing cost	**1,76,868.71**	1,77,566.91

Refer Note 44.3 for Categories of Financial Instruments

18.1 All secured debts are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirements under Section 29B of the National Housing Bank Act, 1987.

18.2 Non-Convertible Debentures includes ₹ **2,430.80 Crore** (Previous Year ₹ 1,901.80 Crore) from related parties [Refer Note 43].

18.3 The Corporation has raised ₹ **11,100 Crore** through Rupee Denominated Bonds to overseas investors till date, in accordance with the RBI guidelines, the outstanding as at March 31, 2020 is ₹ **6,100 Crore**. The Corporation was the first Indian corporate issuer of such bonds.

The Corporation had established a Medium Term Note Programme (MTN Programme) for **USD 2,800 mn** so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approval.

During the year, the Corporation raised **Nil** (Previous Year ₹ 1,500 Crore) through issue of Rupee Denominated Bonds under the MTN Programme through the approval route. The Corporation shall finance eligible projects and borrowers as permitted by the external commercial borrowing guidelines issued by Reserve Bank of India (RBI) regulations.

The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

Notes forming part of the standalone financial statements (Continued)

18.4 Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	**7.70**	**12.40**	**-**	**-**	**20.10**
Non Convertible Debentures					
6.77% - 8.00%	8,500.00	26,395.00	8,245.00	7,005.00	50,145.00
8.01% - 10.00%	23,474.00	12,020.00	7,835.00	34,788.75	78,117.75
10.01% - 11.95%	6,300.00	-	-	4,545.00	10,845.00
Zero Coupon Bonds	-	500.00	-	-	500.00
Total	**38,274.00**	**38,915.00**	**16,080.00**	**46,338.75**	**1,39,607.75**
Synthetic Rupee Denominated Bonds					
6.73% - 8.75%	3,300.00	2,300.00	500.00	-	6,100.00
Debt Securities	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Commercial Papers					
5.73% - 7.00%	21,241.59	-	-	-	21,241.59
7.01% - 8.00%	7,473.79	-	-	-	7,473.79
8.01% - 9.00%	-	-	-	-	-
Total	**28,715.38**	**-**	**-**	**-**	**28,715.38**
Total Debt Securities	**70,297.08**	**41,227.40**	**16,580.00**	**46,338.75**	**1,74,443.23**

Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2019

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	-	14.95	12.40	-	27.35
Non Convertible Debentures					
6.96% - 8.00%	15,023.00	8,500.00	720.00	3,000.00	27,243.00
8.01% - 10.00%	13,640.00	32,629.00	4,600.00	32,376.75	83,245.75
10.01% - 11.95%	2,893.00	10,660.00	-	-	13,553.00
Zero Coupon Bonds	3,800.00	500.00	-	-	4,300.00
Total	**35,356.00**	**52,289.00**	**5,320.00**	**35,376.75**	**1,28,341.75**
Synthetic Rupee Denominated Bonds					
6.73% - 8.75%	5,000.00	4,300.00	1,800.00	-	11,100.00
Debt Securities	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Commercial Papers					
7.01% - 8.00%	7,281.47	-	-	-	7,281.47
8.01% - 9.00%	29,904.23	-	-	-	29,904.23
Total	**37,185.70**	**-**	**-**	**-**	**37,185.70**
Total Debt Securities	**77,541.70**	**56,603.95**	**7,132.40**	**35,376.75**	**1,76,654.80**

Notes forming part of the standalone financial statements (Continued)

19. Borrowings (Other Than Debt Securities) - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Term Loans from Banks - Secured		
Scheduled Banks	**67,047.59**	47,162.72
Term Loans from other parties - Secured		
Asian Development Bank	**211.59**	255.79
National Housing Bank	**14,377.00**	9,119.38
Others	**-**	-
	81,636.18	56,537.89
Term Loans from Banks - Unsecured		
Scheduled Banks	**5,846.28**	6,543.10
External Commercial Borrowing - Low Cost Affordable Housing	**17,512.20**	14,586.55
	23,358.48	21,129.65
Total Borrowings (A)	**1,04,994.66**	77,667.54
Less: Unamortised borrowing cost	**(86.02)**	(119.00)
Net Borrowings net of unamortised borrowing cost	**1,04,908.64**	77,548.54
Borrowings in India	**87,270.87**	62,825.20
Borrowings outside India	**17,723.79**	14,842.34
Total of Borrowings (B)	**1,04,994.66**	77,667.54
Less: Unamortised borrowing cost	**(86.02)**	(119.00)
Net Borrowings net of unamortised borrowing cost	**1,04,908.64**	77,548.54

19.1 All secured borrowings are secured by negative lien on the assets of the Corporation, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

19.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

In respect of tranche 3 of USD 40 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 Crore by way of a term loan and ₹ 100 Crore through the issue of bonds which have been subscribed by the bank.

The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

19.3 The Corporation had outstanding External Commercial Borrowing (ECBs) of USD 1,825 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity upto five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward/option contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts for part of foreign currency borrowings.

Notes forming part of the standalone financial statements (Continued)

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

19.4 As on March 31, 2020, the Corporation has foreign currency borrowings of **USD 4,426.85 million** and **JPY 53,200 million** (Previous Year USD 2,797.36 million and JPY 53,200 million). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of **USD 4,406.72 million** and **JPY 53,200 million** (Previous Year USD 2,670 million and JPY 53,200 million) and dollar denominated assets and foreign currency arrangements of **USD 20.13 million** (Previous Year USD 111.12 million) to hedge the foreign currency risk. As on March 31, 2020, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **Nil** (Previous Year USD 16.24 million).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **65,100 Crore** (Previous Year ₹ 55,650 Crore), Coupon Only Swaps of ₹ **1,059.38 Crore** (Previous Year Nil), USD Interest rate Swaps of ₹ **12,750.40 Crore** (Previous Year Nil) as on March 31, 2020 for varying maturities into floating rate liabilities linked to various benchmarks.

19.5 **Terms of borrowings and repayment as at March 31, 2020**

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
6.65% - 7.00%	10,675.00	-	-	-	10,675.00
7.01% - 8.00%	30,898.00	3,200.00	2,950.00	-	37,048.00
8.01% - 9.00%	1,475.00	1,000.00	-	-	2,475.00
9.01% - 9.50%	-	-	-	-	-
Fixed 2.68%-5.01%	16,849.59				16,849.59
Total	**59,897.59**	**4,200.00**	**2,950.00**	**-**	**67,047.59**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	-	211.59	-	-	211.59
National Housing Bank - Secured					
4.00% - 6.00%	551.04	1,469.46	1,448.51	890.17	4,359.18
6.01% - 8.00%	1,328.33	3,264.65	2,973.56	1,366.28	8,932.82
8.01% - 10.00%	385.50	598.00	101.50	-	1,085.00
Total	**2,264.87**	**5,332.11**	**4,523.57**	**2,256.45**	**14,377.00**
Term Loans from Banks - Unsecured					
6.65% - 7.00%	560.00	-	-	-	560.00
7.01% - 8.00%	2,600.00	-	-	-	2,600.00
Variable USD LIBOR + 72 bps - 225 bps	2,686.28				2,686.28
Total	**5,846.28**	**-**	**-**	**-**	**5,846.28**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 50 bps to 126 bps	3,783.50	4,351.03	9,377.67		17,512.20
Total Borrowings	**71,792.24**	**14,094.73**	**16,851.24**	**2,256.45**	**1,04,994.66**

Notes forming part of the standalone financial statements (Continued)

Terms of borrowings and repayment as at March 31, 2019

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
8.01% - 9.00%	27,270.00	700.00	-	-	27,970.00
9.01% - 9.50%	9,930.00	2,020.00	-	-	11,950.00
Fixed 2.68%-5.01%	7,242.72	-	-	-	7,242.72
Total	**44,442.72**	**2,720.00**	**-**	**-**	**47,162.72**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	30.05	225.74	-	-	255.79
National Housing Bank - Secured					
4.00% - 6.00%	285.55	761.46	761.46	763.37	2,571.84
6.01% - 8.00%	61.55	161.09	139.77	110.40	472.81
8.01% - 10.00%	622.92	1,660.96	1,240.00	2,550.85	6,074.73
Total	**970.02**	**2,583.51**	**2,141.23**	**3,424.62**	**9,119.38**
Term Loans from Banks - Unsecured					
8.01% - 9.00%	3,100.00	1,000.00	250.00	-	4,350.00
9.01% - 9.50%	1,500.00	-	-	-	1,500.00
Variable USD LIBOR + 72 bps - 225 bps	693.10	-	-	-	693.10
Total	**5,293.10**	**1,000.00**	**250.00**	**-**	**6,543.10**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 50 bps to 126 bps	-	6,064.62	8,521.93	-	14,586.55
Total Borrowings	**50,735.89**	**12,593.87**	**10,913.16**	**3,424.62**	**77,667.54**

20. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits		
(i) Public Deposits	**87,777.91**	75,591.50
(ii) From Banks	**218.00**	115.00
(iii) From Others - Secured	**8,170.19**	0.00
(iv) From Others - Unsecured	**36,498.27**	30,174.13
Total	**1,32,664.37**	1,05,880.63
Less: Unamortised transaction cost	**(340.08)**	(281.69)
Borrowings net of unamortised cost	**1,32,324.29**	1,05,598.94

20.1 Deposits includes ₹ **191.20 Crore** (Previous Year ₹ 220 Crore) from related parties [Refer Note 43].

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

20.3 All secured deposits are secured by negative lien on the assets of the Corporation subject to the charge created in favour of its depositors pursuant to the regulatory requirements under Section 29B of the National Housing Bank Act, 1987.

21. Subordinated Liabilities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non Convertible Subordinated Debentures	**5,000.00**	5,500.00
Total	**5,000.00**	**5,500.00**
Subordinated Liabilities in India	**5,000.00**	5,500.00
Subordinated Liabilities outside India	**-**	-
Total	**5,000.00**	**5,500.00**

21.1 **Terms of borrowings and repayment:**

As at March 31, 2020 ₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.60%	1,000.00	1,000.00	3,000.00	-	5,000.00

As at March 31, 2019 ₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.60%	500.00	2,000.00	-	3,000.00	5,500.00

21.2 These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2020, **52%** (Previous Year 65.45%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

Notes forming part of the standalone financial statements (Continued)

22. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued	**11,950.64**	11,790.37
Amounts payable on Assigned/Securitised Loans	**453.55**	535.35
Security and other deposits received	**37.85**	33.33
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78
Unclaimed dividend	**24.60**	26.91
Unclaimed matured deposits and interest accrued thereon	**2,006.46**	1,123.96
Lease Liability in respect of leased premises	**203.89**	-
Others	**1,211.71**	202.79
Total	**15,896.48**	**13,720.49**

22.1 As required under Section 125 of the Companies Act, 2013, the Corporation has transferred ₹ **3.92 Crore** (Previous Year ₹ 3.18 Crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2020, no amount was due for transfer to the IEPF. Further, in compliance with the said section, during the year the Corporation transferred 77,370 equity shares of ₹ 2 each (Previous Year: 73,237) corresponding to the said unclaimed dividend in the name of IEPF.

23. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Tax (Net of Advance Tax)	**192.90**	146.43
Total	**192.90**	**146.43**

24. Provisions

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	**260.54**	209.55
Total	**260.54**	**209.55**

25. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Installment / Income received in advance	**432.12**	494.27
Deferred gain on fair valuation	**1,065.75**	-
Statutory Remittances	**348.69**	233.80
Others	**119.91**	48.23
Total	**1,966.47**	**776.30**

Notes forming part of the standalone financial statements (Continued)

25.1 The Corporation has invested in 100 Crore equity shares of Yes Bank Limted at ₹ 10 each on March 14, 2020. Of these, 75% of the equity shares i.e. 75 Crore shares are locked in and not permitted to be sold within 3 years from the date of acquisition. Accordingly, the gain arising on the fair valuation of such locked in shares on initial recognition has been deferred and shall be recognised over the lock in period in accordance with the requirements of the accounting standard. The gain on initial recognition for the balance 25% shares has been recognised in the statement of Profit and Loss Account. For the purposes of subsequent measurement, these shares have been designated as Fair Value Through Other Comprehensive Income.

26. Equity Share Capital

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
AUTHORISED		
228,80,50,000 (As at March 31, 2019 228,80,50,000) Equity Shares of ₹ 2 each	**457.61**	457.61
	457.61	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
173,20,51,189 (As at March 31, 2019 172,14,37,390) Equity Shares of ₹ 2 each	**346.41**	344.29
	346.41	344.29

26.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**172,14,37,390**	**344.29**	167,58,79,893	335.18
Shares allotted pursuant to exercise of stock options	**1,06,13,799**	**2.12**	95,72,626	1.91
Shares allotted pursuant to issue of shares under Conversion of Warrants into equity shares		-	3,59,84,871	7.20
Equity shares outstanding as at the end of the year	**173,20,51,189**	**346.41**	172,14,37,390	344.29

26.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2020 and March 31, 2019.

26.3 Terms and rights attached to equity shares:

The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

Notes forming part of the standalone financial statements (Continued)

As at March 31, 2020 **5,42,81,394 shares of ₹ 2 each** (Previous Year 6,48,95,193 shares of ₹ 2 each) were reserved towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 42].

26.4 **Dividend**

During the previous year, the Board of Directors of the Corporation *inter alia*, has approved the payment of an interim dividend of ₹ 3.50 per equity share of face value of ₹ 2 each of the Corporation for the financial year 2018-19.

The Corporation has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders (including Foreign Portfolio Investors) are as under:

Particulars	**Current Year**		Previous Year	
	Interim	**Final**	Interim	Final
Year to which the dividend relates	**2019-20**	**2018-19**	2018-19	2017-18
Number of non-resident shareholders	-	**9,895**	9,621	8,775
Number of shares held by them	-	**1,29,35,59,451**	1,27,73,15,174	1,27,49,34,974
Gross amount of dividend (in ₹)	-	**22,63,72,90,393**	4,47,06,03,109	21,03,64,27,071

26.5 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at an exercise price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. During the previous year an amount of ₹ 51.10 Crore was received towards subscription of warrants. The said warrants were exercisable at any time on or before October 5, 2018. 529 warrants were not submitted for exchange with equity shares of the Corporation and the said warrants had lapsed and ceased to be valid. The amount of ₹ 14 per Warrant paid on 529 warrants stands forfeited.

26.6 The Corporation has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

Notes forming part of the standalone financial statements (Continued)

27. Other Equity

₹ in Crore

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Capital Reserve	27.1	**0.04**	0.04
Securities Premium	27.2	**32,044.15**	30,661.21
Retained Earnings		**14,137.67**	11,635.24
General Reserve	27.3	**23,940.11**	15,905.51
Special Reserve I	27.4	**51.23**	51.23
Special Reserve II	27.4 & 27.5	**16,416.95**	13,016.95
Statutory Reserve	27.5	**5,227.42**	5,027.42
Shelter Assistance Reserve	27.6	**0.10**	3.21
Equity Instruments through Other Comprehensive Income		**(6,853.83)**	(170.23)
Effective portion of Cash Flow Hedges	27.7	**(180.59)**	(222.45)
Cost of Cash Flow Hedges	27.7	**18.98**	(2.44)
Employee Stock Options Reserve	27.8	**1,009.42**	1,098.06
Foreign Currency Monetary Item Translation	27.9	**-**	7.43
Total		**85,811.65**	**77,011.18**

27.1 **Capital Reserve:** It has been created during the Business Combinations in earlier periods.

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

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

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

Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97

Special Reserve No. II relates to the amounts transferred thereafter.

27.5 **Statutory Reserve:** As per Section 29C of The National Housing Bank Act, 1987 (the “NHB Act”), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of **₹ 3,400 Crore** (Previous Year ₹ 1,850 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of **₹ 200 Crore** (Previous Year ₹ 100 Crore) to “Statutory Reserve (As per Section 29C of The NHB Act)”.

27.6 **Shelter Assistance Reserve:** It represents funding various development and grassroot level organisations for the purposes as mentioned in Schedule VI to the Companies Act, 2013 and in accordance with the Corporation’s Policy.

Notes forming part of the standalone financial statements (Continued)

27.7 **Other Comprehensive Income:**

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

Cost of Hedge: It represent the cumulative charge for the derivative instrument, in the form of premium amortisation on option contracts and forward contracts taken, designated as cash flow hedges through OCI.

Reconciliation of movements in Cash flow hedge/Cost of hedge reserve

Particulars	₹ in Crore
(i) Cash flow hedging reserve	
As at March 31, 2018	(232.36)
Add: Changes in fair value of forward/currency swap contracts	298.11
Add: Changes in intrinsic value of foreign currency options	-
Add: Changes in fair value of foreign currency loans/ECB/ADB loans	(282.88)
Less: Deferred tax relating to above (net)	(5.32)
As at March 31, 2019	**(222.45)**
Add: Changes in fair value of forward /currency swap contracts	2,071.26
Add: Changes in intrinsic value of foreign currency options	727.40
Add: Changes in fair value of foreign currency loans/ECB/ADB loans	(2,742.72)
Less: Deferred tax relating to above (net)	(14.08)
As at March 31, 2020	**(180.59)**
(ii) Cost of hedge reserve	
As at March 31, 2018	-
Deferred time value of foreign currency option contracts	(3.75)
Less: Deferred tax relating to above (net)	1.31
As at March 31, 2019	**(2.44)**
Deferred time value of foreign currency option contracts	28.62
Less: Deferred tax relating to above (net)	(7.20)
As at March 31, 2020	**18.98**

27.8 **Employee Share Option Outstanding:**

The Corporation has stock option schemes under which the eligible employees and key management personnel can exercise the stock options granted and vested in them. On such exercise of the stock options the employees are allotted the equity shares of the Corporation. The share-based payment reserve is used to recognise the value of equity-settled share-based payments.

27.9 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation had exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities, Further the Corporation has exercised option to continue the policy adopted for exchange differences arising from translation of long-term foreign currency monetary assets as per Ind AS 101 para D13AA. Consequently, an amount of ₹ **Nil** (without considering future tax benefit of ₹ Nil) [(Previous Year net credit of ₹ 7.43 Crore) (without considering future tax benefits of ₹ Nil)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2020. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 1 year.

During the year, there was a net reduction of ₹ **7.43 Crore** (Previous Year net addition of ₹ 58.14 Crore) in the Foreign Currency Monetary Items Translation Difference Account.

Notes forming part of the standalone financial statements (Continued)

28. Interest Income

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Interest on Loans	**41,483.42**	37,309.28
Interest income from investments	**951.82**	733.44
Interest on deposits	**125.92**	149.95
Other interest Income (net)	**81.25**	142.51
On Financial Assets measured at FVTPL		
Interest income from investments	**4.71**	-
Total	**42,647.12**	**38,335.18**

28.1 Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance). Accordingly the total Interest Income is net of such interest on Credit Impaired Assets amounting to ₹ **199 Crore** (Previous Year ₹ 154 Crore).

29.1 **Dividend Income**

Dividend Income includes ₹ **204.22 Crore** (Previous Year ₹ 603.35 Crore) received from subsidiary companies and ₹ **0.06 Crore** (Previous Year ₹ 0.05 Crore) received from Investment in Equity Shares classified as fair value through other comprehensive income.
The Corporation has received dividend of ₹ **69.59 Crore** from shares derecognised during the year.

29.2 **Rental Income**

Income from Lease rental includes ₹ **44.76 Crore** (Previous Year ₹ 39.69 Crore) from Investment properties.

29.3 **Fees and Commission Income**

29.3.1 Fees and commission Income includes brokerage of ₹ **0.04 Crore** (Previous Year ₹ 0.06 Crore) received in respect of insurance/agency business undertaken by the Corporation.

29.3.2 Fees and Commission Income includes ₹ **170.20 Crore** (Previous Year ₹ 155.04 Crore) received from related parties.

Notes forming part of the standalone financial statements (Continued)

29.4 **Net Gain/(Loss) on Fair Value Changes**

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain on financial instruments at fair value through profit or loss - Investments	**9,117.22**	552.12
Net gain/(loss) on financial instruments measured at amortised cost - Investments	**1.82**	(0.01)
Total Net gain/(loss) on fair value changes	**9,119.04**	552.11
Fair Value changes:		
- Realised	**44.96**	214.18
- Unrealised	**9,074.08**	337.93
Total Net gain/(loss) on fair value changes	**9,119.04**	**552.11**

29.5 **Profit on sale of Investments in subsidiaries**

29.5.1 Profit on Sale of Investments include profit of ₹ **3,523.75 Crore** (Previous Year ₹ 314.27 Crore) on sale of investment in GRUH Finance Ltd (“GRUH”, Erstwhile subsidiary).

During the year, GRUH is merged with Bandhan Bank Limited, in accordance with para 22 of “Ind AS 28 - Investments in Associates and Joint Ventures”, on derecognition of investment in GRUH, the Corporation has recorded a fair value gain of ₹ **9,019.81 Crore** through the Statement of Profit and Loss (Refer Note 10.1).

29.5.2 During the previous year, the Corporation has earned profit of ₹ 895.71 Crore on offering of up to 85,92,970 equity shares of ₹ 5 each of equity shares of its subsidiary, HDFC Asset Management Company Limited (HDFC AMC) by way of offer for sale in the Initial Public Offering (IPO) of HDFC AMC.

29.6 **Income on Derecognised (assigned) Loans**

The Corporation has derecognised loans (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **993.53 Crore** (Previous Year ₹ 859.99 Crore) including upfront gains of ₹ **531.55 Crore** (Previous Year ₹ 457.62 Crore).

30. Finance Costs

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Liabilities measured at Amortised Cost		
Interest on debt securities	**13,808.74**	14,017.89
Interest on borrowings	**6,645.23**	5,014.57
Interest on deposits	**9,818.99**	8,128.47
Interest on Subordinated Liabilities	**508.65**	511.12
Interest Expenses - Lease Rental Properties	**15.95**	-
Other charges	**203.80**	165.62
Total Finance Costs	**31,001.36**	**27,837.67**

30.1 The Finance cost for the year include foreign currency exchange loss of ₹ **40.43 Crore** (Previous Year ₹ 445.99 Crore), further Refer Note 44.6.1.3 Hedging Policy.

Notes forming part of the standalone financial statements (Continued)

31. Impairment on Financial Instruments

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Loans	**5,907.67**	920.33
Investments	**0.09**	0.53
Others	**5.34**	14.14
Total	**5,913.10**	**935.00**

31.1 The details relating to movement in Impairment on Loans (Expected credit loss) is disclosed in note 9.5.

31.2 The above amounts are net of the interest on Credit Impaired Assets mentioned in Note 28.1.

32. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Bonus	**491.95**	430.33
Contribution to Provident Fund and Other Funds	**56.25**	49.29
Staff Training and Welfare Expenses	**31.08**	25.82
Share Based Payments to employees	**13.64**	211.09
Total	**592.92**	**716.53**

32.1 The Corporation recognised ₹ **13.13 Crore** (Previous Year ₹ 10.40 Crore) for contributions to Gratuity Fund in the Statement of Profit and Loss.

33. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent (Refer Note 33.2.2)	**0.54**	71.08
Rates and Taxes	**5.07**	5.21
Repairs and Maintenance - Buildings	**10.68**	9.33
General Office Expenses	**3.77**	3.22
Electricity Charges	**18.82**	17.31
Insurance Charges	**1.49**	1.42
Total	**40.37**	**107.57**

Notes forming part of the standalone financial statements (Continued)

33.1 Direct Operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Direct operating expenses arising from investment property that generated rental income	**1.88**	2.94
2. Direct operating expenses arising from investment property that did not generate rental income	**1.11**	1.51
Total	**2.99**	**4.45**

33.2 Operating Leases

In accordance with the Indian Accounting Standard (Ind AS) 116 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired some of the office premises on operating lease basis for periods ranging from 1 year to 5 years.

On transition to Ind AS 116, the Corporation recognised right-of-use asset and lease liability. The impact on transition is summarised below:

Impact on Transition on April 1, 2019

Particulars	₹ in Crore
Right-of-use Assets presented in property and equipment	198.75
Lease Liability under Ind AS 116	198.75

33.2.1 Right of use assets

Right of use assets relates to office premises obtained on leases that are presented within Property, plants and equipments.

Particulars	₹ in Crore
Balance as at April 1, 2019	198.75
Addition for the year	69.61
Deletion during the year	(5.63)
Depreciation charge for the year (Net of deduction)	(68.27)
Balance as at March 31, 2020	194.46

When measuring lease liabilities for leases that were classified as operating leases, the Corporation discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted average rate applied is 7.70%.

Particulars	₹ in Crore
Operating lease commitments as at April 1, 2019	240.39
Right-of-use Assets recognised in property and equipment	198.75
Lease Liability under Ind AS 116	198.75

Notes forming part of the standalone financial statements (Continued)

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 amounting to ₹ 198.48 Crore and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of cancellable lease period and extension options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

33.2.2 For the details of accounting policies under Ind AS 116 refer note 3.10 Impact of Ind AS 116 on statement of profit & loss for the period is as under.

Amount Recognised in Statement of Profit & Loss Account

Particulars	₹ in Crore
Interest on lease liabilities	15.95
Depreciation charge for the year	69.06
Total	**85.01**

Cash out flow on account of lease payment is ₹ 75.58 Crore.

The total minimum lease payments for the previous year, in respect thereof, included under Rent, amounts to ₹ 0.33 Crore as per Ind AS 17.

The Following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments after the reporting period.

₹ in Crore

Period	As at March 31, 2020 Ind AS 116	As at March 31, 2019 Ind AS 17
Not later than one year	**66.53**	0.27
Later than one year but not later than three years	**90.53**	-
Later than three years but not later than five years	**51.02**	
Later than five years	**38.38**	-
Total	**246.46**	0.27

34. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and Conveyance	**17.90**	18.25
Printing and Stationery	**12.69**	11.60
Postage, Telephone and Fax	**35.38**	32.55
Advertising	**45.53**	35.02
Business Development Expenses	**35.42**	44.98
Loan Processing Expenses	**74.52**	59.02
Manpower Outsourcing	**67.72**	57.53
Repairs and Maintenance - Other than Buildings	**11.81**	10.47
Office Maintenance	**47.19**	41.16
Legal Expenses	**37.74**	21.59
Computer Expenses	**36.32**	31.08
Directors' Fees and Commission	**5.54**	5.16
Miscellaneous Expenses (Refer Note 34.2)	**283.89**	222.59
Auditors' Remuneration	**5.28**	4.94
Total	**716.93**	595.94

Notes forming part of the standalone financial statements (Continued)

34.1 Payments to auditors

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit Fees	**2.00**	1.67
ICFR Fees	**0.35**	0.30
Limited Reviews	**1.55**	0.95
Tax Matters	**0.60**	0.75
Other Matters and Certification	**0.78**	1.20
Reimbursement of Expenses	**-**	0.07
Total	**5.28**	4.94

Auditors' Remuneration above is excluding Goods and Service Tax.

34.2 Expenditure incurred for corporate social responsibility is ₹ **211.77 Crore** (Previous Year ₹ 173.52 Crore). The amount required to be spent is ₹ **210.70 Crore** (Previous Year ₹ 166.81 Crore).

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above	211.77	-	211.77

35. Other Comprehensive Income

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(7,356.25)**	(168.06)
Remeasurements of post-employment benefit obligations	**(42.37)**	(18.35)
Total	**(7,398.62)**	(186.41)
Income tax relating to these items	**683.03**	47.41
Items that may be reclassified to profit or loss		
Deferred gains/(losses) on cash flow hedges	**55.94**	15.23
Deferred costs of hedging	**28.62**	(3.75)
Total	**84.56**	11.48
Income tax relating to these items	**(21.28)**	(4.01)
Other comprehensive income for the year, net of tax	**(6,652.31)**	(131.53)

35.1 During the previous year, the Corporation has sold Investment in Equity share classified as fair value through other comprehensive income amounting to ₹ 78.44 Crore and incurred loss of ₹ 10.17 Crore.

Notes forming part of the standalone financial statements (Continued)

36. Earnings per Share:

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **17,769.65 Crore** (Previous Year ₹ 9,632.46 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **3.11 Crore** (Previous Year ₹ 14.94 Crore).

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**102.91**	56.53
Effect of outstanding Stock Options	**(0.79)**	(0.44)
Diluted Earnings Per Share	**102.12**	56.08

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows:

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**172.64**	170.15
Diluted effect of outstanding Stock Options	**1.34**	1.34
Weighted average number of shares for computation of Diluted Earnings Per Share	**173.98**	171.48

37. Segment Reporting

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'. Segment reporting is done in the Consolidated financial statements as prescribed by Ind AS 108.

38. Employee Benefit Plan

38.1 **Defined Contribution Plans**

The Corporation recognised ₹ **15 Crore** (Previous Year ₹ 14.35 Crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

38.2 **Defined Benefit Plans**

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **525.10 Crore** and ₹ **510.73 Crore** respectively (Previous Year ₹ 441.38 Crore and ₹ 440.06 Crore respectively). In accordance with an actuarial valuation, there is a deficit of ₹ **1.34 Crore** in the interest cost as the present value of

Notes forming part of the standalone financial statements (Continued)

the expected future earnings on the fund is less than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of **8.50%**. The actuarial assumptions include discount rate of **6.84%** (Previous Year 7.77%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.62%** (Previous Year 8.80%).

The Corporation recognised ₹ **25.01 Crore** (Previous Year ₹ 21.49 Crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Characteristics of defined benefit plan

The Corporation has a defined benefit gratuity plan in India for its employees (funded). The Corporation's gratuity plan requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Corporation is exposed to the following risks:

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching (ALM) Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Other Post Retirement Benefit Plan

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

Notes forming part of the standalone financial statements (Continued)

The Principal Assumptions used for the purpose of the actuarial valuation were as follows:

Particulars	**As at March 31, 2020**	As at March 31, 2019
Discount Rate	6.84%	7.77%
Return on Plan Assets	6.84%	7.77%
Salary Escalation	6.00%	6.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Service Cost:		
Current Service Cost	**12.42**	10.74
Interest Cost	**5.53**	4.05
Components of defined benefit costs recognised in profit or loss	**17.95**	14.79
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation for the Period	**36.44**	12.17
Return on Plan Assets, Excluding Interest Income	**5.82**	6.18
Components of defined benefit costs recognised in other comprehensive income	**42.26**	18.35
Total	**60.21**	33.14

The current service cost and the net interest expense for the year are included in the 'Employee benefits expenses' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Corporation's obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Present value of funded / unfunded defined benefit obligation	**337.87**	284.65
Fair value of plan assets	**238.21**	213.48
Net Liability arising from defined benefit obligation	**99.66**	71.17

Notes forming part of the standalone financial statements (Continued)

Movement in the present value of the defined benefit obligation are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening defined benefit obligation	**284.65**	256.02
Current Service Cost	**12.42**	10.74
Interest Cost	**22.12**	19.81
Benefits Paid	**(17.76)**	(14.10)
Actuarial (Gains)/ Losses - Due to change in Financials Assumptions	**20.16**	(0.46)
Actuarial (Gains)/ Losses - Due to Experience	**16.28**	12.64
Closing defined benefit obligation	**337.87**	284.65
The Liability at the end of the year ₹ **337.85 Crore** (Previous Year ₹ 284.65 Crore) includes ₹ 76.47 Crore (Previous Year ₹ 63.19 Crore) in respect of an un-funded plan.		

Movement in the fair value of the plan assets are as follows.

₹ in Crore

Particulars	Current Year	Previous Year
Opening fair value of Plan Assets	**213.48**	203.90
Expected Return on Plan Assets	**16.59**	15.76
Contributions by the Corporation	**14.07**	-
Actuarial loss on Plan Assets	**(5.93)**	(6.18)
Closing fair value of Plan Assets	**238.21**	213.48

Investment Pattern:

% Invested

Particulars	**As at March 31, 2020**	As at March 31, 2019
Central Government securities	**2.45**	1.14
State Government securities/securities guaranteed by State/Central Government	**23.98**	24.75
Public Sector / Financial Institutional Bonds	**3.23**	4.07
Private Sector Bonds	**21.07**	18.46
Special Deposit Scheme	**0.93**	1.03
Insurance Fund	**40.29**	44.48
Others (including bank balances)	**8.05**	6.07
Total	**100.00**	100.00

Sensitivity Analysis - Gratuity Fund

₹ in Crore

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	**261.40**	221.46
Delta Effect of +1% Change in Rate of Discounting	**(15.92)**	(12.01)
Delta Effect of -1% Change in Rate of Discounting	**18.28**	13.74
Delta Effect of +1% Change in Rate of Salary Increase	**18.26**	13.85
Delta Effect of -1% Change in Rate of Salary Increase	**(16.18)**	(12.31)
Delta Effect of +1% Change in Rate of Employee Turnover	**0.89**	1.66
Delta Effect of -1% Change in Rate of Employee Turnover	**(1.02)**	(18.69)

Notes forming part of the standalone financial statements (Continued)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Funding Arrangement and Policy

The money contributed by the Corporation to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

Estimated amount of contribution expected to be paid to the fund during the annual period being after the Balance Sheet date is ₹ **20.02 Crore** (Previous Year ₹ 17.39 Crore).

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	**36.78**	52.49
2nd Following Year	**24.73**	14.51
3rd Following Year	**43.53**	24.20
4th Following Year	**19.03**	26.78
5th Following Year	**18.02**	16.67
Sum of Years 6 to 10	**84.91**	70.34
Sum of Years 11 and above	**241.63**	207.52

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **134.63 Crore** (Previous Year ₹ 115.87 Crore).

Notes forming part of the standalone financial statements (Continued)

39. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled after factoring in rollover and prepayment assumptions.

₹ in Crore

	As at March 31, 2020			As at March 31, 2019		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	3,141.88	-	3,141.88	360.80	-	360.80
Bank Balance other than (a) above	226.60	57.21	283.81	1,151.05	84.41	1,235.46
Derivative financial instruments	2,122.51	3,586.77	5,709.28	190.35	1,213.00	1,403.35
Trade Receivables	230.06	-	230.06	186.86	-	186.86
Loans	69,039.13	3,70,904.15	4,39,943.28	64,341.11	3,36,418.52	4,00,759.63
Investments	42,704.52	22,239.85	64,944.37	26,843.00	19,397.35	46,240.35
Other financial assets	1,781.30	960.71	2,742.01	3,041.62	852.72	3,894.34
Non-Financial Assets						
Current Tax Asset	-	3,101.78	3,101.78	-	2,750.18	2,750.18
Deferred Tax Assets (Net)	-	1,567.94	1,567.94	-	830.91	830.91
Investment Property	-	890.43	890.43	-	321.32	321.32
Property, Plant and Equipment	-	986.10	986.10	-	644.23	644.23
Other Intangible Assets	-	362.85	362.85	-	7.10	7.10
Other Non-Financial Assets	189.77	-	189.77	143.02	-	143.02
Total Assets	**1,19,435.77**	**4,04,657.79**	**5,24,093.56**	**96,257.81**	**3,62,519.74**	**4,58,777.55**
LIABILITIES						
Financial Liabilities						
Derivative Financial Instruments	14.22	306.45	320.67	100.82	63.93	164.75
Trade Payables	196.80	-	196.80	190.17	-	190.17
Debt Securities	32,239.96	1,44,628.75	1,76,868.71	33,705.64	1,43,861.27	1,77,566.91
Borrowings (Other than debt securities)	25,749.06	79,159.58	1,04,908.64	15,868.63	61,679.91	77,548.54
Deposits	43,933.72	88,390.57	1,32,324.29	30,387.44	75,211.50	1,05,598.94
Subordinated Liabilities	1,000.00	4,000.00	5,000.00	250.00	5,250.00	5,500.00
Other Financial Liabilities	13,488.79	2,407.69	15,896.48	11,902.90	1,817.59	13,720.49
Non-Financial Liabilities						
Current Tax Liabilities (Net)	192.90	-	192.90	146.43	-	146.43
Provisions	53.66	206.88	260.54	113.82	95.73	209.55
Other Non-Financial Liabilities	1,046.59	919.88	1,966.47	776.30	-	776.30
Total Liabilities	**1,17,915.70**	**3,20,019.80**	**4,37,935.50**	**93,442.15**	**2,87,979.93**	**3,81,422.08**
Net Assets	**1,520.07**	**84,637.99**	**86,158.06**	**2,815.66**	**74,539.81**	**77,355.47**

40. Contingent Liabilities and Commitments

40.1 The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

Notes forming part of the standalone financial statements (Continued)

40.2 Given below are amounts in respect of claims asserted by revenue authorities and others:

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **2,064.18 Crore** (Previous Year ₹ 1,806.08 Crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **0.13 Crore** (Previous Year ₹ 0.13 Crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

40.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **384.86 Crore** (Previous Year ₹ 534.98 Crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,152.72 Crore** (Previous Year ₹ 1,838.13 Crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

40.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **1,091.95 Crore** (Previous Year ₹ 890.45 Crore).

40.5. **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ **21 per share** at their meeting held on May 25, 2020. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

41. Movement in Impairment loss allowance (Expected Credit Loss)

Particulars	₹ in Crore
At 31 March 2018	**5,448.83**
Arising during the year	1,089.00
Utilised	(657.45)
At 31 March 2019	**5,880.38**
Arising during the year	6,112.10
Utilised	(994.62)
At 31 March 2020	**10,997.86**

The Corporation has made provision towards other loans and advances unsecured considered doubtful.

Notes forming part of the standalone financial statements (Continued)

42. Share-based payments

42.1 The details of the various stock options granted to employees pursuant to the Corporation's Stock Options Schemes and outstanding as on date are as under:

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Plan period	2017-20	2014-17	2011-14	2008-11	2007-10
Quantum of Options	4,30,02,977	62,73,064	61,02,475	57,90,000	54,56,835
Equivalent number of shares of FV of ₹ 2 per share	4,30,02,977	3,13,65,320	3,05,12,375	2,89,50,000	2,72,84,175
Method of Accounting	Fair Value	Intrinsic value	Intrinsic value	Intrinsic value	Intrinsic value
Vesting period	1-3 years	1-3 years	1-3 years	1-3 years	1-3 years
Vesting condition(s)	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment
Exercise period	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting
Grant date	01/06/2017 30/10/2017 29/01/2018 16/03/2018 02/08/2019	8-Oct-14	23-May-12	25-Nov-08	12-Sep-07
Grant / Exercise price (₹ per Option)	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00
Value of Equity Shares as on date of Grant of Original Option (₹ per share)	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00

42.2 **Method used for accounting for share based payment plan**

The stock options granted to employees pursuant to the Corporation's Stock options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

42.3 **Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:**

Details of Activity in the options as at March 31, 2020

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**4,04,44,710**	**31,47,541**	**4,593**	**4,874**	**5,287**
Granted during the year	1,57,000	-	-	-	-
Exercised during the year	37,20,484	13,74,909	3,754	-	-
Lapsed during the year	40,312	1,271		-	-
Outstanding at the end of the year	3,68,40,914	17,71,361	839	4,874	5,287
Unvested at the end of the year	8,57,220	-	-	-	-
Exercisable at the end of the year	3,59,83,694	17,71,361	839	4,874	5,287
Weighted average price per option	1,573.22	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	3.26	0.55	-	-	-

Notes forming part of the standalone financial statements (Continued)

Details of Activity in the options as at March 31, 2019

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	4,24,42,106	42,64,210	4,35,254	4,874	5,287
Granted during the year	-	-	-	-	-
Exercised during the year	18,41,716	11,16,519	4,29,663	-	-
Lapsed during the year	1,55,680	150	998	-	-
Outstanding at the end of the year	4,04,44,710	31,47,541	4,593	4,874	5,287
Unvested at the end of the year	18,56,556	-	-	-	-
Exercisable at the end of the year	3,85,88,154	31,47,541	4,593	4,874	5,287
Weighted average price per option	1,571.33	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	4.25	1.55	-	-	-

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

42.4 **Fair Value Methodology**

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows :

Particulars	ESOS-2017*	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Volatility is measure of the amount by which price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in Black-Scholes Model is the annualised standard deviation of the continuously compounded rates of return on stock over a period of time.

* The stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is ₹ **13.64 Crore** (Previous Year ₹ 211.09 Crore).

Notes forming part of the standalone financial statements (Continued)

43. Related Party Disclosures

Group structure

Subsidiary Companies	HDFC Life Insurance Company Ltd. HDFC Pension Management Company Ltd. (Subsidiary of HDFC Life Insurance Company Ltd.) HDFC International Life and Re Company Limited (Subsidiary of HDFC Life Insurance Company Ltd.) HDFC ERGO General Insurance Company Ltd. HDFC ERGO Health Insurance Ltd. (w.e.f. January 9, 2020) GRUH Finance Ltd. (Upto August 30, 2019) HDFC Asset Management Company Ltd. HDFC Credila Financial Services Private Ltd. HDFC Trustee Company Ltd. HDFC Capital Advisors Ltd. HDFC Holdings Ltd. HDFC Investment Ltd. HDFC Sales Pvt. Ltd. HDFC Education & Development Services Pvt. Ltd. HDFC Property Ventures Ltd. HDFC Venture Capital Ltd. HDFC Venture Trustee Company Ltd. Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.) Griha Investments (Subsidiary of HDFC Holdings Ltd.) HDFC Investment Trust (HIT) HDFC Investment Trust - II (HIT-II)
Associate Companies	HDFC Bank Ltd. True North Ventures Private Ltd. Good Host Spaces Pvt Ltd. (w.e.f. August 24, 2018) HDB Financial Services Ltd. (Subsidiary of HDFC Bank Ltd.) HDFC Securities Ltd. (Subsidiary of HDFC Bank Ltd.) Magnum Foundations Private Limited (Associate of HDFC Property Ventures Ltd.) GRUH Finance Ltd. (w.e.f. August 31, 2019 to October 17, 2019)
Entities over which control is exercised	H T Parekh Foundation HDFC Employees Welfare Trust HDFC Employees Welfare Trust 2 Maharashtra 3E Education Trust 3E Education Trust
Key Management Personnel	Mr. Keki M. Mistry (Vice Chairman & CEO) Ms. Renu Sud Karnad (Managing Director) Mr. V. Srinivasa Rangan (Executive Director) Mr. Deepak S Parekh Mr. B. S. Mehta (ceased to be related party effective July 30, 2018) Mr. Nasser Munjee Dr. Bimal Jalan (ceased to be related party effective July 30, 2018) Dr. J. J. Irani Mr. D. N. Ghosh (ceased to be related party effective April 30, 2018)

Notes forming part of the standalone financial statements (Continued)

Key Management Personnel	Mr. D. M. Sukthankar (ceased to be related party effective April 30, 2018) Mr. U. K. Sinha (appointed w.e.f. April 30, 2018) Ms. Ireena Vittal (appointed w.e.f. January 30, 2019) Dr. Bhaskar Ghosh (appointed w.e.f. September 27, 2018) Mr. Jalaj Dani (appointed w.e.f. April 30, 2018)
Relatives of Key Management Personnel (Whole-time Directors) *(where there are transactions)*	Mr Singhal Nikhil Mr. Ashok Sud Mr. Bharat Karnad Ms. Swarn Sud
Relatives of Key Management Personnel (Non-executive directors) *(where there are transactions)*	Mr. Siddharth D. Parekh Ms. Harsha Shantilal Parekh Ms. Hasyalata Bansidhar Mehta (ceased to be related party effective July 30, 2018) Ms. Tapasi Ghosh (ceased to be related party effective April 30, 2018) Chandrakant Mahadev Sukthankar (HUF) (ceased to be related party effective April 30, 2018) Mrs. Niamat Mukhtar Munjee Ms. Sarita Yeshwant Keni (ceased to be related party effective April 30, 2018) Ms. Smita D Parekh Adv Wadhwa Darpan (ceased to be related party effective July 30, 2018) Mr. Malav A Dani
Entities where Directors/Close family members of Directors of the Corporation having control/ significant influence *(where there are transactions)*	Geetanjali Trading and Investments Private Limited
Post Employment Benefit Plan	Housing Development Finance Corporation Ltd. Provident Fund Superannuation Fund Of Housing Development Finance Corporation Ltd. Gratuity Fund Of Housing Development Finance Corporation Ltd. GRUH Finance Limited Officers Superannuation Fund (Upto August 30, 2019)

Compensation of key management personnel of the Corporation

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Corporation and its employees. The Corporation includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

Transactions with key management personnel of the Corporation

The Corporation enters into transactions, arrangements and agreements involving directors, senior management and their business associates, or close family members, in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

Notes forming part of the standalone financial statements (Continued)

The Corporation's related party balances and transactions are summarised as follows:

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2020	March 31, 2019
Subsidiary	Dividend Income	**204.22**	603.35
	Interest Income	**20.21**	38.15
	Consultancy, Fees & Other Income	**170.24**	155.04
	Rent Income	**23.23**	22.89
	Deputation cost recovered	**2.80**	2.13
	Support cost recovered	**2.20**	2.39
	Other Income	**0.33**	0.36
	Interest Expense	**176.73**	131.97
	Other Expenses/ Payments (including DSA Commission)	**442.33**	438.17
	Investments made	**439.30**	259.66
	Investments sold / Redeemed	**85.93**	126.52
	Investments closing balance	**5,294.84**	3,136.06
	Loans given	**0.70**	108.70
	Loans repaid	**109.40**	108.50
	Loans closing balance	**-**	108.70
	Corporate Deposits placed	**-**	57.70
	Corporate Deposits Redeemed / withdrawn	**-**	57.70
	Corporate Deposits closing balance	**-**	-
	Trade Receivable	**66.55**	75.88
	Other Advances / Receivables	**17.40**	15.00
	Purchase of Fixed Assets	**-**	0.28
	Deposits Received	**90.67**	89.60
	Deposits repaid / matured	**92.17**	70.85
	Deposits closing balance	**19.50**	21.00
	Non-Convertible Debentures (Allotments under Primary Market)	**100.00**	-
	Non-Convertible Debentures - Redemption	**6.00**	55.00
	Non-Convertible Debentures closing balance	**2,429.00**	1,900.00
	Other Liabilities / Payables	**119.11**	130.86
	Commercial Paper- Redemption		-
Associates	Dividend Income	**864.63**	511.17
	Interest Income	**8.58**	5.48
	Rent Income	**1.50**	1.48
	Support cost recovered	**0.40**	0.70
	Assignment fees and Other income	**469.76**	387.05
	(Income)/Expenses on Swaps Transaction	**(54.84)**	(6.39)
	Interest Expense	**0.88**	10.27
	Bank & Other Charges	**1.96**	0.61
	Other Expenses/ Payments (including DSA Commission)	**286.46**	265.13
	Donation[$]	**3.00**	-
	Investments made	**86.71**	8,569.75

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2020	March 31, 2019
	Investments sold / Redeemed	**-**	2.50
	Investments closing balance	**14,206.23**	14,119.52
	Loans given	**4.30**	-
	Loans Sold	**24,127.25**	23,982.42
	Loans closing balance	**4.30**	-
	Bank Deposits placed	**160.00**	70.00
	Bank Deposits matured / withdrawn	**70.00**	1,070.00
	Bank Balance and Deposits closing balance	**3,288.18**	351.05
	Trade Receivable	**51.64**	46.16
	Other Advances / Receivables	**123.68**	87.27
	Deposits Received	**75.00**	-
	Deposits repaid / matured	**75.00**	-
	Non-Convertible Debentures (Allotments under Primary Market)	**-**	685.00
	Non-Convertible Debentures - Redemption	**-**	428.00
	Non-Convertible Debentures closing balance	**-**	-
	Other Liabilities / Payables	**45.25**	29.50
	Amounts payable - Securitised Loans	**387.80**	452.01
	Dividend Paid	**0.02**	0.18
	Issuance of Letter of Comfort	**-**	6.00
Entities over which control is exercised	Deputation cost recovered	**0.21**	0.41
	Interest Expense	**13.68**	9.45
	Donation@	**182.80**	142.77
	Trade Receivable	**0.02**	-
	Deposits Received	**-**	112.26
	Deposits repaid / matured	**21.01**	70.00
	Deposits closing balance	**151.25**	172.26
	Other Liabilities / Payables	**0.17**	0.07
	Dividend Paid	**0.09**	-
Entities over which Director/ closed family member of director having control/ jointly control	Interest Income	**20.68**	-
	Loans repaid	**300.00**	-
	Loans closing balance	**-**	-
	Other Advances / Receivables	**-**	-
Post employment benefit plans of the Corporation or its related entities	Interest Expense	**0.17**	0.28
	Contribution To PF & Other Funds	**54.39**	46.17
	Other Advances / Receivables	**0.10**	-
	Non-Convertible Debentures - Redemption	**-**	0.10
	Non-Convertible Debentures closing balance	**1.80**	1.80
	Other Liabilities / Payables	**24.62**	8.15
Key Management Personnel (Whole-time Directors)	Interest Income	**-**	-
	Interest Expense	**0.29**	0.27
	Remuneration#	**39.19**	34.68
	Share based payments**	**-**	16.91
	Loans repaid	**0.01**	0.01

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2020	March 31, 2019
	Loans closing balance	**0.02**	0.04
	Deposits Received	**0.01**	3.27
	Deposits repaid / matured	**0.01**	2.85
	Deposits closing balance	**3.28**	3.28
	Other Liabilities / Payables	**0.39**	0.13
	Dividend Paid	**6.59**	7.91
Key Management Personnel (Non whole-time Directors)	Interest Expense	**-**	0.09
	Sitting Fees	**1.04**	0.89
	Commission^^	**4.50**	4.27
	Share based payments**	**-**	3.77
	Dividend Paid	**2.14**	2.36
Relatives of Key Management Personnel (Whole-time Directors)	Interest Income	**0.03**	0.03
	Interest Expense	**0.04**	0.01
	Loans repaid	**0.03**	0.03
	Loans closing balance	**0.32**	0.35
	Other Advances / Receivables	**0.01**	-
	Deposits Received	**-**	0.50
	Deposits repaid / matured	**-**	0.11
	Deposits closing balance	**0.50**	0.50
	Other Liabilities / Payables	**0.05**	0.01
	Dividend Paid	**1.15**	1.32
Relatives of Key Management Personnel (Non whole-time Directors)	Interest Income	**-**	0.05
	Interest Expense	**1.56**	1.76
	Loans repaid	**-**	0.04
	Loans closing balance	**-**	-
	Deposits Received	**14.89**	21.40
	Deposits repaid / matured	**21.15**	16.09
	Deposits closing balance	**16.66**	22.95
	Other Liabilities / Payables	**0.75**	1.07
	Dividend Paid	**2.82**	3.22

Notes:-

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Corporation basis at the end each year and, accordingly, have not been considered in the above information.

** Pursuant to receipt of shareholders approval by way of postal ballot, the Nomination and Remuneration Committee of Directors at its meeting held on June 1, 2017 granted 4,28,45,977 stock options under Employees Stock Option Scheme – 2017. Stock options are always granted at the prevailing market prices and as such the intrinsic value of the options is nil. However, effective from April 1, 2018, the Company has converged to Ind AS and in compliance with Ind AS 102, the same has been charged to the Statement of Profit and Loss Account with a corresponding credit to the Reserves.

^^ Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Corporation and will be paid post adoption of annual accounts by the shareholders.

@ Previous year Donations includes ₹ 12 Crore, utilised out of Shelter Assistance Reserve.

$ Curent year Donations includes ₹ 3 Crore, utilised out of Shelter Assistance Reserve.

'0" denotes amount less than ₹ Fifty thousand.

Notes forming part of the standalone financial statements (Continued)

44. Financial instruments

44.1 Capital Management

The Corporation maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The adequacy of the Corporation's capital is monitored using, among other measures, the regulations issued by NHB.

The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	March 31, 2020	March 31, 2019
Net debt	**4,15,959.76**	3,65,853.59
Total equity	**86,158.06**	77,355.47
Net debt to equity ratio	**4.83 : 1**	**4.73 : 1**

Loan covenants

Under the terms of the major borrowing facilities, the Corporation has complied with the covenants throughout the reporting period.

44.2 Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.

The Financial Risk management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Interest rate risks is mitigated by entering into interest rate swaps. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts, and dollar denominated assets. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to various benchmarks.

Notes forming part of the standalone financial statements (Continued)

44.3 Categories of Financial Instruments

₹ in Crore

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost
Financial Assets						
Investments						
Mutual funds	**24,038.19**	**-**	**-**	15,425.81	-	-
Government securities	**-**	**-**	**14,268.27**	-	-	10,457.45
Other approved securities	**-**	**-**	**-**	-	-	-
Equity shares	**603.76**	**4,952.21**	**-**	1,145.99	221.93	-
Preference Shares	**0.78**	**-**	**3.18**	0.45	-	-
Debentures	**130.90**	**101.30**	**423.62**	19.96	356.98	396.31
Pass-through Certificates	**-**	**-**	**22.57**	-	-	27.32
Security Receipts	**176.13**	**-**	**-**	221.69	-	-
Investment in Units of Venture Capital Fund	**775.21**	**-**	**-**	711.42	-	-
Derivative financial assets	**2,288.52**	**3,420.76**	**-**	962.00	441.35	-
Trade receivables	**-**	**-**	**230.06**	-	-	186.86
Loans	**-**	**-**	**4,39,943.28**	-	-	4,00,759.63
Other Financial Assets	**-**	**-**	**2,742.01**	-	-	3,894.34
Total Financial Assets	**28,013.49**	**8,474.27**	**4,57,632.99**	**18,487.33**	**1,020.26**	**4,15,721.91**
Financial Liabilities						
Derivative financial liabilities	**-**	**320.67**	**-**	-	164.75	-
Trade payables	**-**	**-**	**196.80**	-	-	190.17
Debt Securities	**67,418.68**	**-**	**1,09,450.03**	56,598.71	-	1,20,968.20
Borrowings	**-**	**-**	**1,04,908.64**	-	-	77,548.54
Deposits	**-**	**-**	**1,32,324.29**	-	-	1,05,598.94
Subordinated Liabilities	**-**	**-**	**5,000.00**	-	-	5,500.00
Other financial liabilities	**-**	**-**	**15,896.48**	-	-	13,720.49
Total Financial Liabilities	**67,418.68**	**320.67**	**3,67,776.24**	**56,598.71**	**164.75**	**3,23,526.34**

Note: The table above, does not include Cash and Cash Equivalents, Bank Balances, Investments in subsidiaries and Associates.

Notes forming part of the standalone financial statements (Continued)

44.3.1 **Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Corporation has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	24,018.12	20.07		24,038.19
Equity shares	191.94		411.82	603.76
Preference Shares			0.78	0.78
Debentures			130.90	130.90
Security Receipts		174.70	1.43	176.13
Investment in Units of Venture Capital Fund			775.21	775.21
Derivatives designated as fair value hedges				
- INR Interest Rate Swaps		2,288.52		2,288.52
Financial Investments at FVTOCI				
Equity Shares	3,925.87		1,026.34	4,952.21
Debentures			101.30	101.30
Derivatives designated as cash flow hedges				
- Forwards	-	485.00	-	485.00
- Currency swaps	-	2,079.45	-	2,079.45
- Options purchased (net)	-	856.31	-	856.31
Total financial assets	**28,135.93**	**5,904.05**	**2,447.79**	**36,487.77**
Financial liabilities				
Debt Securities	-	1,76,868.71	-	1,76,868.71
Derivatives designated as cash flow hedges				
- Interest Rate Swaps	-	260.57	-	260.57
- Forwards	-	-	-	-
- Currency swaps	-	60.10	-	60.10
- Options purchased (net)	-	-	-	-
Total financial liabilities	**-**	**320.67**	**-**	**320.67**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	15,405.77	20.04	-	**15,425.81**
Equity shares	686.52	-	459.47	**1,145.99**

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Preference Shares	-	-	0.45	**0.45**
Debentures	-	-	19.96	**19.96**
Security Receipts	-	214.70	6.99	**221.69**
Investment in Units of Venture Capital Fund	-	-	711.42	**711.42**
Derivatives designated as fair value hedges				
- Interest Rate Swaps	-	962.00	-	**962.00**
Financial Investments at FVTOCI				
Listed equity investments	204.67	-	-	**204.67**
Equity investments	-	-	17.26	**17.26**
Debentures	-	-	356.98	**356.98**
Derivatives designated as cash flow hedges				
- Forwards	-	7.42	-	**7.42**
- Currency swaps	-	311.73	-	**311.73**
- Options purchased (net)	-	122.20	-	**122.20**
Total financial assets	**16,296.96**	**1,638.09**	**1,572.53**	**19,507.59**
Financial liabilities				
Debt Securities		1,77,566.91		1,77,566.91
Derivatives designated as cash flow hedges				
- Forwards	-	100.71	-	100.71
- Currency swaps	-	63.93	-	63.93
- Options purchased (net)	-	0.11	-	0.11
Total financial liabilities	**-**	**164.75**	**-**	**164.75**

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2020 and 2019.

44.3.2 **Valuation technique used to determine fair value**

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes forming part of the standalone financial statements (Continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Valuation techniques with observable inputs (Level 2): The fair value of financial instruments that are not traded in an active market for example, Securities receipts, Mutual Funds (close ended) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2, this level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data, this level of hierarchy includes unlisted equity instruments, venture fund units and security receipts.

44.3.3 Valuation Process - Equity Instrument Level 3

When the fair value of equity investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions happened in respective companies. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain unquoted equity instruments recent information is insufficient to measure fair value and cost represents the best estimate of fair value. These investments in equity instruments are not held for trading.

Notes forming part of the standalone financial statements (Continued)

44.3.4 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods March 31, 2020: ₹ in Crore

Particulars	Equity securities	Preference Shares	Debentures	Venture Funds	Security Receipts	Total
As at March 31, 2018	**556.20**	**42.70**	**376.94**	**397.88**	**9.65**	**1,383.37**
Acquisitions	-	-	-	325.10	-	325.10
Disposal	(47.06)	(42.25)	-	(44.31)	(1.96)	(135.58)
Gains/losses recognised in profit or loss	134.52	-	-	32.77	(0.70)	166.59
Gains(losses) recognised in other comprehensive income	(166.93)	-	-	-	-	(166.93)
As at March 31, 2019	**476.73**	**0.45**	**376.94**	**711.44**	**6.99**	**1,572.55**
Acquisitions	750.00		93.50	138.93		982.43
Disposal	(0.78)	-	-	(51.45)	(1.02)	(53.25)
Interest Income	-	-	2.82	-	-	2.82
Gains/losses recognised in profit or loss	(46.87)	0.33	14.62	(23.71)	(4.54)	(60.17)
Gains/(losses) recognised in other comprehensive income	259.08	-	(255.68)	-	-	3.40
As at March 31, 2020	**1,438.16**	**0.78**	**232.20**	**775.21**	**1.43**	**2,447.78**
Unrealised Gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period						
For the year ended March 31, 2019	134.52	-	-	32.77	(0.70)	166.59
For the year ended March 31, 2020	(46.87)	0.33	14.62	(23.71)	(4.54)	(60.17)

44.3.5 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted. ₹ in Crore

Particulars				Sensitivity	
	March 31, 2020	March 31, 2019	Significant unobservable inputs*	Favourable	Un-favourable
Unquoted equity shares	**419.66**	476.73	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 42.53 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 42.25 Crore in FY20.
Locked in Shares of Yes Bank Ltd	**1,018.50**	-	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 101.85 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 101.85 Crore in FY20.
Compulsorily Convertible Preference Shares	**0.78**	0.45	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.08 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.08 Crore in FY20.
Convertible Debentures	**232.20**	376.94	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 22.94 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 22.94 Crore in FY20.
Venture Funds	**775.21**	711.42	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 70.45 Crore in FY20.	Decrease in NAV by 10% reduces the fair value by ₹ 73.86 Crore in FY20.
Security Receipts	**1.43**	6.99	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 0.14 Crore in FY20.	Decrease in NAV by 10% reduces the fair value by ₹ 0.14 Crore in FY20.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation Factor includes Discounted Cash Flows, Equity Multiples such as PE Ratio, Price to Book Value Ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

Notes forming part of the standalone financial statements (Continued)

44.3.6 **Fair value of the Financial Assets that are not measured at fair value and Fair Value hierarchy**

Except as detailed in the following table, the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

₹ in Crore

Particulars	As at 31 March 20			As at 31 March 19		
	Carrying Value	Fair Value	Fair Value hierarchy	Carrying Value	Fair Value	Fair Value hierarchy
Financial Assets at amortised cost						
Government securities	14,268.27	14,531.94	Level 2	10,457.45	10,164.73	Level 2
Debentures	423.62	424.6	Level 3	396.31	396.93	Level 3
Pass-through Certificates	22.57	22.72	Level 3	27.32	27.32	Level 3
Total Financial Assets	**14,714.46**	**14,979.26**		**10,881.08**	**10,588.98**	
Financial liabilities at amortised cost						
Non Convertible Debentures	1,42,033.78	1,43,398.24	Level 2	1,29,290.46	1,29,482.51	Level 2
Synthetic Rupee Denominated Bonds	6,100.00	6,075.28	Level 2	11,100.00	11,039.76	Level 2
Subordinated Liabilities	5,000.00	5,281.22	Level 2	5,500.00	5,648.42	Level 2
Deposits	1,32,664.37	1,33,538.37	Level 2	1,05,880.63	1,05,640.63	Level 2
Total Financial Liabilities	**2,85,798.15**	**2,88,293.10**		**2,51,771.09**	**2,51,811.32**	

44.3.6.1 **Note:** The Fair Value of the financial assets and financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale.

44.3.6.2 **Loans**

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **4,39,943.28 Crore** (Previous year ₹ 4,00,759.63 Crore) approximates their fair value.

44.3.6.3 **Other Financial Assets and Liabilities**

With respect to Bank Balances and Cash and Cash Equivalents (Refer Notes 5 and 6), Trade Receivables (Refer Note 8), Other Financial Assets (Refer Note 11), Trade Payables (Refer Note 17) and Other Financial Liabilities (Refer Note 22), the carrying value approximates the fair value.

44.3.6.4 Non Convertible Debentures fair value has been computed using the Fixed Income Money Market and Derivatives Association of India ('FIMMDA') data on corporate bond spreads.

Notes forming part of the standalone financial statements (Continued)

44.3.7 **Equity Instrument designated at FVOCI**

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Andhra Cements Ltd.	**4.12**	13.26
Asset Reconstruction Co. (India) Ltd.	**-**	-
Bandhan Bank Ltd.	**3,247.02**	-
Citrus Processing India Pvt Ltd.	**6.85**	17.26
CL Educate Ltd.	**1.85**	7.22
Clayfin Technologies Private Limited (Erstwhile Vayana Enterprises Pvt. Ltd.)	**0.99**	-
GMR Chhattisgarh Energy Limited	**-**	-
Hindustan Oil Exploration Co. Ltd.	**48.95**	182.70
Infrastructure Leasing & Financial Services Ltd.	**-**	-
Reliance Capital Limited	**7.31**	-
Reliance Communications Limited	**8.71**	-
Reliance Infrastructure Limited	**22.01**	-
Reliance Naval and Engineering Ltd. (Erstwhile Reliance Defence And Engineering Ltd)	**0.21**	1.50
Reliance Power Limited	**24.44**	-
Yes Bank Limited (Refer Note 25.1)	**1,579.75**	-
Total	**4,952.21**	221.93

44.4 Credit Risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Corporation. In its lending operations, the Corporation is principally exposed to credit risk.

The credit risk is governed by various Product Policies. The Product Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Corporation measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for individual borrowers is being managed at portfolio level for both Housing loans and Non Housing Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of Retail product portfolios through periodic review.

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to a sanctioning committee with approval limits which is approved by the Managing Director.

Notes forming part of the standalone financial statements (Continued)

Credit Risk Assessment Methodology

44.4.1 **Corporate Portfolio**

The Corporation has an established credit appraisal procedure which has been detailed in Corporate Loans Policy and Developer Loans Policy respectively. The policies outline appraisal norms including assessment of quantitative and qualitative parameters along with guidelines for various products. The policy also includes process for approval of Loans which are subject to review and approval by Sanctioning Committees.

Corporation carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

44.4.2 **Lease rental discounting**

Loan is given against assured sum of rentals/receivables.

The risk assessment procedure include:

- carrying out a detailed evaluation of terms of Lease / Leave and License Agreements such as lease rental receivables, term of the leases and periodicity of rentals.
- conducting due diligence on and appraisal of Borrowers / Lessors and Lessees including due diligence of project/property. These Loans are secured by project property and serviced from rentals/receivables.

44.4.3 **Construction Finance**

Loan given for construction of Residential/Commercial properties.

The Corporation has a framework for appraisal and execution of Construction finance transactions detailed in Developer Loans Policy. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process includes detailed evaluation of technical, commercial, financial, legal with respect to the projects and the Borrower Group's financial strength and experience.

As part of the appraisal process, a note is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, an Offer Letter is issued to the borrower, which outlines the principal financial terms of the proposed facility, Borrowers/Security providers obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan Transaction documents are entered into with the borrower.

Notes forming part of the standalone financial statements (Continued)

Construction finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has mortgage of Project financed. Security typically include project property and receivables of the project property, as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees and shortfall undertaking from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the exposure until loans are fully repaid.

Further since both Lease Rental Discounting and Construction Finance Facilities are mostly serviced from receivables from the projects/property financed, all the cash flows are charged to the Corporation, and are ring fenced by way of Escrow mechanism. Under this mechanism all such receivables flow into Escrow Account from where amounts are directly credited into the Corporation's account.

44.4.4 **Individual Loans**

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals. The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Corporation analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality. Individual loans are secured by the mortgage of the borrowers property.

44.4.5 **Risk Management and Portfolio Review**

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product. For both Corporate and Individual borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information. Exposure to non-individual entities in stress is reviewed frequently by a credit review committee consisting of senior management personnel.

The Policy implementation and Process Monitoring team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

44.4.6 **Collateral and other credit enhancements**

The Corporation holds collateral or other credit enhancements to cover its credit risk associated with its Loans and Inter corporate deposits, credit risk associated are mitigated because the same are secured against the collateral. The main types of collateral obtained are, as follows:

Notes forming part of the standalone financial statements (Continued)

Registered / equitable mortgage of property, Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies, Hypothecation of assets, Bank guarantees, company guarantees or personal guarantees, Negative lien, Assignment of receivables, Liquidity Support Collateral [e.g. DSRA (Debt Service Reserve Account), Lien on Fixed Deposit].

The carrying amount of loans as at March 31 2020 is ₹ **4,50,902.76 Crore** (Previous Year ₹ 4,06,607.06 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **10,959.48 Crore** (Previous Year ₹ 5,847.43 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

44.5 Liquidity Risk

Maturities of Financial Liabilities

The tables below analyse the Corporation's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ in Crore

Contractual maturities of financial liabilities 31 March 2020	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	70,512.52	42,043.54	17,882.76	46,430.44	1,76,869.26
Borrowings (Other than Debt Securities)	71,792.24	14,094.73	16,851.24	2,256.45	1,04,994.66
Deposits	75,756.17	41,625.78	11,804.91	3,477.51	1,32,664.37
Subordinated Liabilities	1,000.00	1,000.00	3,000.00	-	5,000.00
Other Financial Liabilities	13,488.79	2,330.45	42.65	34.59	15,896.48
Trade Payables	196.80	-	-	-	196.80
Total Non-Derivative Liabilities	**2,32,746.52**	**1,01,094.50**	**49,581.56**	**52,198.99**	**4,35,621.57**
Derivatives (net settled)					
Foreign exchange forward contracts					-
Currency Swaps	-	25.57	34.53	-	60.10
USD Interest Swaps	14.23	47.89	198.45	-	260.57
Interest Rate Swaps	-	-	-	-	-
Total Derivative Liabilities	**14.23**	**73.46**	**232.98**	**0.00**	**320.67**

₹ in Crore

Contractual maturities of financial liabilities 31 March 2019	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	77,583.95	57,056.79	7,586.02	35,376.75	1,77,603.51
Borrowings (Other than Debt Securities)	50,735.89	12,593.87	10,913.16	3,424.62	77,667.54
Deposits	58,106.16	38,225.27	6,238.38	3,310.82	1,05,880.63
Subordinated Liabilities	500.00	2,000.00	0.00	3,000.00	5,500.00
Other Financial Liabilities	11,902.90	1,817.59	-	-	13,720.49
Trade Payables	190.17	-	-	-	190.17
Total Non-Derivative Liabilities	**1,99,019.07**	**1,11,693.52**	**24,737.56**	**45,112.19**	**3,80,562.34**
Derivatives (net settled)					
Foreign exchange forward contracts	100.71	-	-	-	100.71
Currency swaps	-	9.40	54.53	-	63.93
Options purchased (net)	0.11	-	-	-	0.11
Interest Rate Swaps	-	-	-	-	-
Total Derivative Liabilities	**100.82**	**9.40**	**54.53**	**-**	**164.75**

Notes forming part of the standalone financial statements (Continued)

44.6 Market Risk

44.6.1 Foreign currency risk

The Corporation operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency i.e. INR. The objective of the hedges is to minimise the volatility of the INR cash flows.

The Corporation's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Corporation uses a combination of foreign curreny swaps, option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates intrinsic value of the forward contracts and option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the intrinsic value of the forward contracts or the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the forward contracts or option contracts are deferred in the costs of hedging reserve and recognised against the related hedged transaction when it occurs. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2020 and 2019, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

44.6.1.1 Foreign currency risk exposure:

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crore

Particulars	March 31, 2020					March 31, 2019				
	USD	JPY	SGD	GBP	AED	USD	JPY	SGD	GBP	AED
Financial Liabilities										
Foreign currency loan and others	(33,510.25)	(3,703.84)	(5.31)	(27.45)	(7.92)	(19,540.62)	(3,323.68)	(0.29)	(0.09)	(0.10)
Exposure to foreign currency risk (liabilities) (a)	(33,510.25)	(3,703.84)	(5.31)	(27.45)	(7.92)	(19,540.62)	(3,323.68)	(0.29)	(0.09)	(0.10)
Financial Assets										
Dollar Denominated loans & others	153.07	-	19.52	104.14	24.05	770.14	-	0.48	0.09	0.79
Derivative Assets										
Foreign exchange Derivative contracts	33,357.32	3,702.42	-	-	-	18,658.09	3,323.68	-	-	-
Exposure to foreign currency risk (assets) - (b)	33,510.39	3,702.42	19.52	104.14	24.05	19,428.23	3,323.68	0.48	0.09	0.79
Net exposure to foreign currency risk c = (a) + (b)	0.14	(1.42)	14.21	76.69	16.13	(112.39)	-	0.19	-	0.69

Notes forming part of the standalone financial statements (Continued)

44.6.1.2 **Foreign currency sensitivity analysis:**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward contracts, foreign exchange option contracts designated as cash flow hedges.

₹ in Crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD sensitivity				
INR/USD -Increase by 1% *	-	1.37	(1.25)	23.24
INR/USD -Decrease by 1% *	-	(1.37)	0.52	(23.24)
JPY sensitivity				
INR/JPY -Increase by 1% *	-	-	19.11	0.27
INR/JPY -Decrease by 1% *	-	-	(19.11)	(0.27)

Note: Balances in SGD, GBP and AED are relating to foreign branches, it does not have material impact in statement of Profit and Loss, accordingly the same is not considered for sensitivity analysis.

* Assuming all other variable is constant

44.6.1.3 **Hedging Policy**

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments Liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2020						
INR USD - Forward exchange contracts	**10,985.44**	**482.75**	-	Derivative financial instruments	**74.16**	**(506.12)**
INR JPY - Forward exchange contracts	**1,405.81**	**2.25**	-		**0.64**	**(72.17)**
INR USD - Currency Swaps	**14,567.46**	**1,801.37**	**25.57**		**66.87**	**(1,513.76)**
USD - Interest Swaps	**12,750.40**	-	**260.57**			**260.58**
INR JPY - Currency Swaps	**3,702.42**	**278.08**	**34.53**		**0.63**	**(257.79)**
Option purchased (net)	**11,007.12**	**856.31**	-		**70.67***	**(734.23)**
Total	**54,418.65**	**3,420.76**	**320.67**			**(2,823.49)**

* denotes strike price range for bought call and sold put (at 70.67).

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments Liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2019						
INR USD - Forward exchange contracts	1,227.59	7.42	30.79	Derivative financial instruments	71.99	40.91
INR JPY - Forward exchange contracts	1,949.23	-	69.92		0.63	69.92
INR USD - Currency Swaps (incl. EXIM swap)	11,452.48	311.73	49.69		66.75	(393.10)
INR JPY - Currency Swaps	1,374.45	-	14.24		0.63	14.24
Option purchased (net)	6,757.73	122.20	0.11		69.46 75.62^	(122.09)
Total	**22,761.48**	**441.35**	**164.75**			**(390.12)**

^ denotes strike price range for bought call and sold put (at 69.46) - sold call (at 75.62).

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness		Cash flow hedge reserve as at		Cost of hedging as at		Foreign Currency Monetary Items Translation Reserve	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
FCY Term Loans	**(1,203.74)**	136.47	**104.04**	0.39	**4.21**	3.75		-
External Commercial Borrowings (incl. ADB loans)	**(1,551.93)**	282.88	**83.24**	242.82	**(29.08)**	-		-
			187.28	**243.21**	**(24.88)**	**3.75**		

Note: figures are gross of tax

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

₹ in Crore

Particulars	Hedging gains or losses recognised in other comprehensive income		Hedge ineffectiveness recognised in statement of profit and loss		Line in the statement of profit and loss that includes hegde ineffectiveness
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
Forward exchange contracts and Currency swaps	**(79.45)**	(15.23)	**-**	-	Finance Cost
Option purchased (net)	**(5.12)**	3.75	**5.28**	(130.65)	

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount		Carrying amount - Asset		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Interest Rate Swap as at	**65,100.00**	55,650.00	**2,288.52**	962.00	Derivative financial instruments		**1,326.52**	624.15

Notes forming part of the standalone financial statements (Continued)

Hedged Item

₹ in Crore

Particulars	Notional amount		Accumulated fair value adjustment - Liability		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Fixed-rate borrowing as at	65,100.00	55,650.00	2,318.68	948.71	Derivative financial instruments		1,369.97	670.59

The impact of the fair value hedges in the statement of profit and loss:

₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss		Line in the statement of profit and loss that includes hegde ineffectiveness
	March 31, 2020	March 31, 2019	
Interest Rate Swap	43.45	46.44	Finance Cost

44.6.1.4 **Hedge Ratio**

The foreign exchange forward, options and currency swap contracts are denominated in the same currency as the highly probable future foreign currency principal and interest payments, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1. The entire amount of foreign currency loan is designated as hedge of net investment and hence the hedge ratio is 1:1.

44.6.2 **Interest rate risk**

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term Loan, foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same as per the ALM Policy.

44.6.2.1 **Interest rate risk exposure**

The break-up of the Corporation's borrowing into variable rate and fixed rate at the end of the reporting period are as below:

Particulars	March 31, 2020	March 31, 2019
Variable rate borrowings	**70%**	67%
Fixed rate borrowings	**30%**	33%
Total borrowings	**100%**	100%

The break-up of fixed rate and variable rate borrowings are calculated as a percentage of total liabilities of the Corporation as on the date.

Notes forming part of the standalone financial statements (Continued)

44.6.2.2 **Sensitivity**

The impact of 10 bps change in interest rates on financial assets and liabilities on the Profit after tax for the year ended March 31, 2020 is ₹ **40.58 Crore** (Previous year ₹ 40.99 Crore).

44.6.3 **Price risk**

44.6.3.1 **Exposure**

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Corporation diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Corporation.

Some of the Corporation's equity investments are publicly traded and are included in the NSE Nifty 50 index.

44.6.3.2 **Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Corporation's equity and profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Corporation's equity instruments moved in line with the index.

₹ in Crore

Particulars	**Impact on profit before tax**		**Impact on OCI before tax**	
	March 31, 2020	**March 31, 2019**	March 31, 2020	March 31, 2019
NSE Nifty 50 – increase 10%	**19.15**	68.48	**391.61**	20.42
NSE Nifty 50 – decrease 10%	**(19.15)**	(68.48)	**(391.61)**	(20.42)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

45. Disclosures Required by the Reserve Bank of India

The following disclosures have been given in terms of Notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by the Reserve Bank of India ('circular').

Particulars	₹ in Crore
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the above circular.	384.77
(ii) Respective amount where asset classification benefits is extended.	222.60
(iii) Provisions made during the quarter ended 31 March 2020 in terms of paragraph 5 of the above circular.	10.45
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	-
(v) Total Provision on such loans as at March 31, 2020, as per the circular	11.13
(vi) Total Provision on such loans as at March 31, 2020, as per books of accounts (ECL)	13.82

45.1 For the purpose of disclosure in point (i) in above table, the Corporation has considered the accounts, where moratorium/deferment was extended in terms of the circular and which would have moved to Substandard Assets based of days past due status as of 31 March 2020.

46. Disclosure of Penalties imposed by NHB and other regulators

During FY 2019-20, The National Housing Bank (NHB) imposed a monetary penalty of ₹ 85,000 plus GST on the Corporation for non-compliance with two provisions of the Housing Finance Companies (NHB) Directions, 2010 during the financial year 2017-18. The Corporation has paid the said penalty.

Barring the above, during FY 2019-20. there were no penalties imposed by NHB or any other regulators.

47. Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

48. Approval of financial statements

The financial statements were approved by the board of directors of the Corporation on 25 May 2020.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 25, 2020

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

J. J. Irani
(DIN: 00311104)

Nasser Munjee
(DIN: 00010180)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

U. K. Sinha
(DIN: 00010336)

Jalaj Dani
(DIN: 00019080)

Bhaskar Ghosh
(DIN: 06656458)

Ireena Vittal
(DIN: 05195656)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)