



## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

(incorporated in the Republic of India under the Companies Act, 1956 with CIN L70100MH1977PLC019916)

### INR 5,000,000,000 7.000 per cent. Synthetic INR Notes due 9 January 2020

**Issue price: 98.563 per cent.**

The INR 5,000,000,000 7.000 per cent. Synthetic INR Notes due 9 January 2020 (the “Notes”) will be issued by Housing Development Finance Corporation Limited (the “Issuer”). The Notes will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall, at all times, rank *pari passu* and without any preference or priority among themselves and shall also rank *pari passu* with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Issuer (subject to any obligations preferred under mandatory provisions of the law prevailing from time to time). The Notes will settle in U.S. dollars. The Issue Price will be payable in U.S. dollars in the amount of USD 73,605,122.33 at the agreed conversion rate of INR 66.9539 per one U.S. dollar, such conversion rate reported by the RBI and displayed on Reuters page “RBIB” at approximately 1:30 p.m., Mumbai time, on 1 September 2016.

The Notes mature on 9 January 2020. The Notes will bear interest on their principal amount from time to time outstanding from and including 9 September 2020 at the rate of 7.000 per cent. per annum payable semi-annually in arrear on 9 January and 9 July in each year commencing on 9 January 2017. Although the Notes are denominated in INR, all payments of principal, interest on the Notes will be made in U.S. dollars without deduction for or on account of taxes imposed or levied by the Republic of India to the extent described under “*Terms and Conditions of the Notes – Taxation*”.

For Indian regulatory purposes, the Notes constitute “Rupee denominated bonds” as per RBI Circular No. RBI/2015 16/193 A.P. (DIR Series) Circular No. 17 dated 29 September 2015 and the RBI Master Directions RBI/FED/2015-2016FED Master Direction No. 5/2015-16, dated 1 January 2016 and updated on 30 March 2016, 13 April 2016, 11 May 2016 and 30 June 2016.

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the “UK Listing Authority”) for the Notes to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market (the “Market”). References in this Prospectus to the Notes being listed (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

**An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus. The Prospectus does not describe all of the risks of an investment in the Notes.**

**The Notes will not be rated.**

The Notes will initially be represented by beneficial interests in a global certificate (the “Global Certificate”) in registered form which will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A., (“Clearstream, Luxembourg”). It is expected that delivery of the Global Certificate will be made on 9 September 2016 or such later date as may be determined (the “Closing Date”) by the Issuer.

This Prospectus has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 1956, the Companies Act, 2013, (each as amended, supplemented or re-enacted from time to time) and other applicable Indian laws for the time being in force. This Prospectus has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Prospectus and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

The date of this Prospectus is 7 September 2016

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Directive 2003/71/EC. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (it having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Trustee (as defined below). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Prospectus does not constitute an offer of, or an invitation by, or on behalf of, the Issuer to subscribe for, or purchase, any of the Notes. This Prospectus does not constitute an offer and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

Citicorp International Limited (the “**Trustee**”) has not separately verified the information contained or incorporated herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Trustee as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Trustee to any person to subscribe for or to purchase any Notes.

The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States.

As per the provisions of applicable Indian regulations, only investors from jurisdictions that are Financial Action Task Force (“**FATF**”) compliant are eligible to purchase the Notes. Further, banks incorporated in India are not permitted to purchase or hold the Notes in any manner whatsoever. By purchasing the Notes, each investor shall be deemed to have represented that such investor does not violate any of the restrictions set forth in this paragraph.

This Prospectus is directed solely at (i) persons outside the United Kingdom, (ii) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (iii) high net worth entities, or (iv) any other persons to whom an invitation or inducement to engage in investment activities may lawfully be communicated, falling within Article 49(2)(a) to (d) of the above Order (all such persons in (i)-(iv) above being “relevant persons”). Any investment activity to which this communication relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

Unless the context otherwise requires, all references in this document to the “**Group**” refer to the Issuer’s and its Subsidiaries’ combined business, comprising five segments; housing, life insurance, general insurance, asset management and other services (which includes investment consultancy and property related services).

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of the Notes.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Prospectus, references to “US\$”, “USD” and “U.S. dollars” are to the legal currency of the United States of America, references to “₹”, “INR”, “Rs”., “Indian Rupees” and “Rupees” are to the legal currency of India and references to £ are reference to pounds Sterling. All references herein to the “US” or “U.S.” or the “United States” are to the United States of America and its territories and possessions. All references herein to “India” are to the Republic of India and its territories and possessions and all references herein to the “Government” or “GoI” or the “Central Government” or the “State Government” are to the Government of India, central or state, as applicable. The “Glossary and Definitions” section provides a glossary of certain technical terms used in this Prospectus as well as an index of certain defined terms used in this Prospectus.

**References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the word *crore* means “10 million” and the word *billion* means “1,000 million” or “100 crore”. Except as otherwise set out in this Prospectus, all figures set out in this Prospectus have been rounded off to the extent of two decimal places and all figures, in percentage terms, have been rounded off to the extent of one decimal place.**

The Issuer’s audited standalone financial statements as at and for the years ended 31 March 2015 and 2016 report the financial statements and results of operations relating to the principal business segments of the Issuer, comprising the Issuer’s mortgage lending business which includes the main business of providing loans for the purchase, construction, development and repair of houses, apartments and commercial property in India. The Issuer’s audited consolidated financial statements as at and for the years ended 31 March 2015 and 2016 report the financial statements and results of operations relating to the Group. The Issuer’s unaudited standalone and consolidated financial results for the three month period ended 30 June 2016 were subjected to limited review by the auditors of the Issuer. Such audited and unaudited financial statements (consolidated and standalone) of the Issuer are set out in this Prospectus under “*Financial Statements*”.

The financial year of the Issuer commences on 1 April of each calendar year and ends on 31 March of the following calendar year and, unless otherwise specified or if the context requires otherwise, all references to a particular “Fiscal Year” or “Fiscal” or “financial year” or “FY” are to the 12 month period ended on 31 March of that year.

The Issuer publishes its financial statements in Indian Rupees. The financial statements of the Issuer included herein have been prepared in accordance with Indian GAAP as applicable to companies in India. In accordance with the Issuer’s prevalent practice of announcing and analysing its financial statements on a standalone basis as well as on a consolidated basis, unless the context otherwise requires, all financial data in this Prospectus is derived from the audited standalone and consolidated financial statements of the Issuer as of and for the financial years ended 31 March 2015 and 2016 and the unaudited standalone and consolidated financial results of the Issuer for the three months ended 30 June 2016.

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

The degree to which the financial information prepared in accordance with Indian GAAP, included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP and the Companies Act. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP and the Companies Act on the financial disclosures presented in this Prospectus should accordingly be limited.

## **INDUSTRY AND MARKET DATA**

Information included in this Prospectus regarding market position, growth rates and other industry data pertaining to the businesses of the Issuer consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which the Group operates. Unless stated otherwise statistical information included in this Prospectus pertaining to the various sectors in which the Group operates has been reproduced from trade, industry and government publications and websites. The Issuer confirms that such information and data has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so the Issuer has relied on internally developed estimates.

Neither the Issuer nor the Trustee have independently verified this data, nor does the Issuer make any representation regarding the accuracy of such data. Similarly, while the Issuer believes that its internal estimates to be reasonable, such estimates have not been verified by any independent sources and the Issuer cannot assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

## FORWARD-LOOKING STATEMENTS

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

All statements regarding the Issuer's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Issuer's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Prospectus that are not historical facts. These forward-looking statements and any other projections contained in this Prospectus (whether made by the Issuer or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Issuer that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of the Issuer to be materially different from any of the forward-looking statements include, among others:

- an inability to compete effectively with increased competition in the housing finance industry;
- a downgrade in the Issuer's credit ratings;
- increase in the level of non-performing assets ("NPAs") in the Issuer's portfolio;
- the Issuer's inability to manage growth;
- dilution or divestment of investment in and control of Subsidiaries and Associates;
- a decline in the Issuer's capital adequacy ratio;
- significant changes in the Government's economic liberalisation and deregulation policies;
- changes in foreign exchange rates and controls, interest rates; and
- a decline in India's foreign exchange reserves.

Additional factors that could cause actual results, performance or achievements of the Issuer to differ materially include, but are not limited to, those discussed under the sections titled "*Risk Factors*", "*Industry Overview*" and "*Business*" of this Prospectus.

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

## ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a limited liability company that has been incorporated under the laws of India. Substantially all of the directors and executive officers of the Issuer and certain experts named herein reside in India, and all or a substantial portion of the assets of the Issuer and the assets of such directors and executive officers and certain experts are located in India. As a result, it may be difficult for investors to effect service of process upon the Issuer or such directors and executive officers outside India or to enforce judgments against them obtained in courts outside India predicated upon civil liabilities of the Issuer or such directors and executive officers under laws other than Indian law.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The Issuer understands that in India the statutory basis for recognition of foreign judgments is found in Section 13 of the Indian Code of Civil Procedure 1908 (the “**Civil Code**”), which provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under which they or any of them claim litigating under the same title except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties. The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code, but the United States has not been so declared. Since the United Kingdom has been declared by the government of India as a reciprocating territory and the High Courts in England as the relevant superior courts, a judgment of a superior court in the United Kingdom may be enforced by proceedings in execution and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 to execute such a judgment or to repatriate outside India any amount recovered pursuant to such judgment and any such amount may be subject to income tax in accordance with applicable laws.



## EXCHANGE RATES

The Notes will be settled entirely in U.S. dollars. Since the Notes are denominated in Indian Rupees, fluctuations in the exchange rate between the Indian Rupee and the U.S. Dollar will affect the amount of interest and principal investors in the Notes will receive on an Interest Payment Date (as defined in the “*Terms and Conditions of the Notes*”) or, as appropriate, on any redemption of the Notes. See “*Terms and Conditions of the Notes – Condition 6 – Payments*” and “*Risk Factors – Risks related to the Notes – USD exchange rate*”.

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

As of 30 June 2016, the exchange rate (RBI reference rate) was ₹ 67.62 to US\$1.00 (*Source: www.rbi.org.in*)

(₹ Per US\$)

	<u>Period end<sup>(1)</sup></u>	<u>Average<sup>(2)</sup></u>	<u>High<sup>(3)</sup></u>	<u>Low<sup>(4)</sup></u>
<b>Fiscal:</b>				
2016 .....	66.33	65.46	68.78	62.16
2015 .....	62.59	61.15	63.75	58.43
2014 .....	60.10	60.50	68.36	53.74
<b>Quarter ended:</b>				
30 June 2016 .....	67.62	66.93	68.01	66.24
31 March 2016 .....	66.33	67.50	66.18	68.78
31 December 2015 .....	66.33	65.93	64.73	67.04
30 September 2015 .....	65.74	64.91	66.74	63.37
30 June 2015 .....	63.75	63.50	64.20	62.16

**Notes:**

- (1) *Period end for Fiscal 2014 taken as 28 March 2014 as 29 March 2014, 30 March 2014 and 31 March 2014 were non-trading days.*
  - (2) *Average of the official rate for each working day of the relevant period.*
  - (3) *Maximum of the official rate for each working day of the relevant period.*
  - (4) *Minimum of the official rate for each working day of the relevant period.*
- (Source: *www.rbi.org.in*)

## OVERVIEW OF THE OFFERING

<b>Issuer:</b>	Housing Development Finance Corporation Limited.  The Issuer is a public limited company incorporated under the laws of the Republic of India, having its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020 and corporate office at HDFC House, H.T. Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai 400 020, India, and registered with CIN L70100MH1977PLC019916.
<b>Trustee:</b>	Citicorp International Limited.
<b>Principal Paying, Calculation and Transfer Agent:</b>	Citibank N.A., London Branch.
<b>Registrar:</b>	Citigroup Global Markets Deutschland AG.
<b>The Issue:</b>	INR 5,000,000,000 7.000 per cent. Synthetic INR Notes due 9 January 2020. For Indian regulatory purposes, the Notes constitute “Rupee denominated bonds” as per RBI Circular No. RBI/2015 16/193 A.P. (DIR Series) Circular No. 17 dated 29 September 2015 and the RBI Master Directions RBI/FED/2015-2016FED Master Direction No. 5/2015-16, dated 1 January 2016 and updated on 30 March 2016, 13 April 2016, 11 May 2016 and 30 June 2016.
<b>Issue Price:</b>	98.563 per cent. of the principal amount of the Notes. The Issue Price will be payable in U.S. dollars in the amount of USD 73,605,122.33 at the agreed conversion rate of INR 66.9539 per one U.S. dollar, such conversion rate reported by the RBI and displayed on Reuters page “RBIB” at approximately 1:30 p.m., Mumbai time, on 1 September 2016.
<b>Issue Date:</b>	9 September 2016.
<b>Maturity Date:</b>	9 January 2020.
<b>Interest Rate:</b>	The Notes will bear interest at the rate of 7.000 per cent. per annum from and including 9 September 2016 to but excluding the Maturity Date (as defined in the “ <i>Terms and Conditions of the Notes</i> ”).
<b>Settlement Currency:</b>	Although the Notes are denominated in INR, all payments of principal and interest on the Notes will be made in U.S. dollars. All payments shall be made at the prevailing market rate as of the date of settlement.
<b>Yield:</b>	7.500 per cent. per annum.
<b>Interest Payment Dates:</b>	Interest will be payable semi-annually in arrear on 9 January and 9 July in each year, commencing on 9 January 2017 (each as may be subject to adjustment in accordance with Condition 5.1 ( <i>Interest on the Notes</i> )).
<b>Withholding Taxes:</b>	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of India, unless the withholding is required by law subject to certain exceptions contained in Condition 8 ( <i>Taxation</i> ).
<b>Covenants:</b>	Condition 4.1 ( <i>Negative Pledge</i> ) and Condition 4.2 ( <i>Consolidation, Amalgamation, Merger</i> ).

***Events of Default:***

Events of Default include: (among others): non-payment of principal or interest for three Business Days (as defined therein), failure to perform or observe any of the other obligations in respect of the Notes, cross-default and certain events related to disposals, bankruptcy and insolvency and certain other events. See Condition 10 (*Events of Default and Enforcement*).

***Tax Redemption:***

The Issuer may at its option redeem the Notes, in whole but not in part, at their principal amount plus accrued interest in the event of certain changes affecting taxation in India, subject to RBI approval.

***Use of Proceeds:***

The proceeds of the issue of the Notes, which will be approximately USD 73,605,122.33 (excluding commissions and expenses), will be used for the housing finance business requirements of the Issuer, as well as for other general corporate purposes permitted by law.

***Form of the Notes:***

The Notes will be issued in registered form in the minimum denomination of INR10 million and denominations which are integral multiples of INR10 million in excess thereof. The Notes will be represented by the Global Certificate which will be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg on or around the Closing Date. Definitive Note Certificates (as defined in the "*Terms and Conditions of the Notes*") evidencing holdings of Notes will be available only in certain limited circumstances. See "*The Global Certificate*".

***Listing and Clearing:***

Application has been made to list the Notes on the Official List of the UK Listing Authority and to trading on the Market. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the following ISIN and Common Code:

ISIN: XS1486517367

Common Code: 148651736

***Governing Law:***

The Notes will be governed by, and shall be construed in accordance with, English law.

***Ratings:***

The Notes will not be rated.

***Risk Factors:***

Investing in the Notes involves a high degree of risk. See "*Risk Factors*".

## RISK FACTORS

*The Issuer believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which the Issuer believes are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks to the Issuer and an investment in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

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

### RISKS RELATING TO THE ISSUER'S BUSINESS

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

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

The Issuer faces increasing competition from other housing finance companies ("HFCs"), non-banking financial companies ("NBFCs") and commercial banks, which have focused on growing their retail portfolios in recent years. Interest rate deregulation and other liberalisation measures affecting the housing finance industry, together with increased demand for home finance, have increased the Issuer's exposure to competition. The demand for housing loans has also increased due to relatively affordable interest rates, stable property prices, higher disposable incomes and increased fiscal incentives for borrowers. All of these factors have resulted in HFCs, including the Issuer, facing increased competition from other lenders in the retail housing market, including NBFCs and commercial banks. Unlike commercial banks, the Issuer does not have access to funding from savings and current deposits of customers. Instead, the Issuer is reliant on higher-cost term loans, term deposits and debentures and securities for its funding requirements, which may reduce its margins compared to competitors. The Issuer's ability to compete effectively with commercial banks will depend, to some extent, on its ability to raise low-cost funding in the future. If the Issuer is unable to compete effectively with other participants in the housing finance industry, this may adversely affect the Issuer's business, prospects, financial condition and results of operations.

If there is an increase in the interest rates that the Issuer pays on its borrowings, which it is unable to pass to its customers, the Issuer may find it difficult to compete with its competitors who may have access to lower cost of funds. Further, to the extent that the Issuer's borrowings are linked to market interest rates, the Issuer may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. Fluctuations in interest rates may also adversely affect the Issuer's treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, the Issuer could be adversely affected by the decline in the market value of its securities portfolio and other fixed income securities.

Furthermore, as a result of increased competition in the Indian housing finance industry, home loans are becoming increasingly standardised and terms such as floating rate interest options, lower processing fees and monthly rest periods are becoming increasingly common. There can be no assurance that the Issuer will be able to react effectively to these, or other market developments, or compete effectively with new and existing players in this increasingly competitive industry. Increasing competition may have an adverse effect on the Issuer's net interest margin and other income and, if the Issuer is unable to compete successfully, its market share may decline as the origination of new loans declines, which may in turn adversely affect the Issuer's business, prospects, financial condition and results of operations.

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

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

The Issuer's funding consists principally of domestic term loans, debentures and securities, term loans and deposits. The Issuer does not have a banking licence and, like other HFCs, it does not have access to savings and current deposits. Funding from debentures and securities constituted 51 per cent. and 56 per cent. of the total funding in Fiscal 2016 and Fiscal 2015, respectively. There can be no assurance that the Issuer will be able to continue securing increased funding from banks or other sources of funding at current rates. In particular, banks that currently lend to the Issuer may reach industry or borrower concentration limits and be unable to advance further funds, which may adversely affect the Issuer's business, prospects, financial condition and results of operations.

Furthermore, the Issuer's cost of funds from banks, domestic and international debt capital markets and its deposits are influenced by the Issuer's credit rating from the domestic credit rating agencies, being "CRISIL AAA/Stable" from CRISIL Limited ("CRISIL") and "ICRA AAA/Stable" from ICRA Limited ("ICRA"). There can be no guarantee that the Issuer will not be subject to downgrades to its credit ratings. Any downgrade in such ratings would result in an increase in the cost of the Issuer's funding and could reduce its sources of funding and in turn may adversely affect the Issuer's business, prospects, financial condition and results of operations.

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

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

The Issuer's results of operations are substantially dependent upon the level of its net interest margins. Interest rates are sensitive to many factors beyond the Issuer's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. The Issuer's policy is to attempt to balance the proportion of its interest-earning assets and interest-bearing liabilities which have interest at floating rates. However, there can be no assurance that the Issuer will be able to adequately manage its interest rate risk in the future and be able to effectively balance floating rate loan assets and liabilities. Furthermore, despite this balancing, changes in interest rates could affect interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities in different ways. Thus, the Issuer's results of operations could be affected by changes in interest rates and the timing of any re-pricing of its liabilities compared with the re-pricing of its assets.

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

***The Issuer is exposed to large loan concentrations with several borrowers and default by any one of them would adversely affect the Issuer's business***

As of 31 March 2016, aggregate loans to the Issuer's 10 largest borrowers amounted to ₹ 145,945 million, representing approximately 5.6 per cent. of the Issuer's total loans outstanding. The Issuer's single largest borrower on 31 March 2016 had an outstanding balance of ₹ 36,755 million, representing 1.4 per cent. of the Issuer's total loans outstanding. Any deterioration in the credit quality of these assets could have a significant adverse effect on the Issuer's business, prospects, financial condition and results of operations.

***The Issuer may not be able to successfully sustain its growth, which may adversely impact the quality of its assets and its business, prospects, financial condition and results of operations***

In Fiscal 2016, the Issuer's loan book grew by 14 per cent. (net of loans sold) to stand at ₹ 2,592,244 million. The growth in the loan book would have been higher, at 19 per cent., if the loans sold were included in the loan book. The Issuer's total assets also grew by 13.7 per cent. from ₹ 2,539,517 million as of 31 March 2015 to ₹ 2,887,528 million as of 31 March 2016. The Issuer's growth strategy includes growing its loan book and expanding the range of products and services offered to its customers. There can be no assurance that the Issuer will be able to sustain its growth successfully or that it will be able to expand further or diversify its loan book.

Furthermore, there may not be sufficient demand for such services and products, and they may not generate sufficient revenues relative to the costs associated with developing and introducing such services and products. Even if the Issuer were able to introduce new products and services successfully, there can be no assurance that it will be able to achieve its intended return on such products and services.

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

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

***The Issuer regularly introduces new products and services for its customers, and there can be no assurance that the Issuer's new products will be profitable in the future***

The Issuer regularly introduces new products and services to its existing lines of business. It may incur costs to expand its range of products and services and cannot guarantee that such new products and services will be successful once offered, whether due to factors within or outside of its control, such as general economic conditions, a failure to understand customer demand and market requirements or management focus on these new products and services. If the Issuer fails to develop and launch these products and services successfully, it may lose a part or all of the costs incurred in their development and promotion, or discontinue these products and services entirely, which could in turn adversely affect its business, prospects, financial condition and results of operations.

***The Issuer may experience difficulties in expanding its business into new regions and markets which may adversely affect its business prospects, financial conditions and results of operations***

As of 31 March 2016, the Issuer's distribution network comprised 401 outlets, which included 115 offices of the Issuer's wholly owned Subsidiary, HDFC Sales Private Limited ("HSPL"). The Issuer continues to evaluate opportunities to expand its business into new regions and markets. Factors such as competition, customer requirements, regulatory regimes, culture, business practices and customs in these new markets may differ from those in the Issuer's existing markets, and the Issuer's experience in its existing markets may not be applicable to these new markets. In addition, as the Issuer enters new markets and geographical regions, it is likely to compete not only with other banks and financial institutions, but also the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs and have stronger relationships with potential customers.

As the Issuer continues to expand its geographic footprint, its business may be exposed to various additional challenges, including: obtaining necessary governmental approvals; identifying and collaborating with local businesses and partners with whom the Issuer may have no previous working relationship; successfully marketing the Issuer's products in markets with which it has no familiarity; attracting potential customers in a market in which the Issuer does not have significant experience or visibility; falling under additional local tax jurisdictions; attracting and retaining new employees; expanding the Issuer's technological infrastructure;

maintaining standardised systems and procedures; and adapting the Issuer's marketing strategy and operations to different regions of India, or outside of India, in which different languages are spoken. To address these challenges, the Issuer may have to make significant investments that may not yield desired results or incur costs that it may not recover. The Issuer's inability to expand its current operations may adversely affect its business, prospects, financial condition and results of operations.

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

The Issuer's distribution channels include its branches, HSPL, HDFC Bank Limited ("HDFC Bank") and third party direct selling associates. In Fiscal 2016, HDFC Bank, HSPL and the Issuer's branches, together, accounted for 83 per cent. of the Issuer's mortgages. The Issuer has entered into tie-ups with banks and NBFCs for distributing the Issuer's loan products. The Issuer's agreements with the ally banks can be terminated by either party with notice. In the event that any such agreement is terminated by the counterparty bank or NBFC, the Issuer's ability to provide services to clients could be affected. In such a case, its business, prospects, financial condition and results of operations could be materially and adversely affected.

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

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

As of 31 March 2016, the book value of the Issuer's equity, and equity related investments, in entities other than the Issuer's Subsidiaries and Associates was ₹ 10,751 million, which accounted for 0.4 per cent. of the Issuer's total assets. The value of these investments depends on the success of the operations and management and continued viability of the entities in which the Issuer invests. The Issuer has limited or no control over the operations and management of these entities. Some of these investments are unlisted, offering limited exit options. Therefore, the Issuer's ability to realise expected gains as a result of its equity investments depends on factors outside of its control. Impairment in the value of the equity portfolio may adversely affect the Issuer's business, prospects, financial condition and results of operations.

***The Issuer's investment in and control of its Subsidiaries and Associates may be diluted or divested, which may lead to a loss of control of such entities, which may adversely affect the Issuer's results of operations, financial condition and prospects. Furthermore, any business combination that the Issuer may enter into could be adversely affected by stringent approvals and compliance requirements***

For Fiscal 2016, the Issuer's Subsidiaries and Associates accounted for 30.39 per cent. of the Issuer's consolidated profit after tax. Some of the Issuer's Subsidiaries, including its material Subsidiary, HDFC Standard Life Insurance Company Limited ("HDFC Life"), are not wholly owned. Any further capital issuances by the Issuer's Subsidiaries and Associates may lead to a dilution of the Issuer's stake in such entities and may adversely affect its control over the operations and management of these entities. Further, the Issuer cannot assure investors that it will not divest part, or all, of its shareholding in its Subsidiaries and Associates, whether for commercial reasons or pursuant to regulatory action. Any such divestment or exit could lead to a loss of control over these entities. For example, the Issuer has received an RBI approval for holding more than 10 per cent. of the issued, subscribed and paid-up capital of its Associate, HDFC Bank. Any rescission or non-renewal of this approval could lead to a loss of the Issuer's control over the operations and management of HDFC Bank.

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

There have been reports in the Indian media suggesting that the Issuer may merge with HDFC Bank. The Issuer considers business combination opportunities as they arise. At present, the Issuer is not actively considering a business combination with HDFC Bank. Any significant business combination would involve compliance with regulatory requirements and shareholder and regulatory approvals.

***A decline in the Issuer's capital adequacy ratio could restrict its future business growth***

The Housing Finance Companies (National Housing Bank) Directions, 2010, as amended (the "NHB Directions 2010"), require HFCs to maintain a capital adequacy ratio of at least 12 per cent. of their risk-weighted assets and

their risk adjusted value of off-balance sheet items, with the minimum requirement of Tier I capital being 6 per cent. on risk weighted assets. The Issuer's capital adequacy ratio was 16.6 per cent. as of 31 March 2016, (after reducing its investment in HDFC Bank) with Tier I capital comprising 13.2 per cent. and Tier II capital comprising 3.4 per cent.

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

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

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

As of 31 March 2016, the Issuer's gross non-performing loans position was equal to 0.70 per cent. of the total loan portfolio, as compared to 0.67 per cent. in Fiscal 2015.

As of 31 March 2016, the Issuer's provision for contingencies stood at ₹ 26,953 million or 1.03 per cent. of the loan portfolio, as compared to 0.89 per cent. as of 31 March 2015. There can be no assurance that the Issuer's provisions will be adequate to cover any further increase in the amount of non-performing loans or any deterioration in the Issuer's non-performing loan portfolio.

In addition, provisioning norms may be revised by the National Housing Bank ("NHB") and become more stringent for HFCs. For instance, the NHB Directions 2010 have been amended, in relation to provisioning norms, by notification no. NHB.HFC.DIR.3/CMD/2011 dated 5 August 2011, notification no. NHB.HFC.DIR.4/CMD/2012 dated 19 January 2012, notification no. NHB.HFC.DIR.9/CMD/2013 dated 6 September 2013 and notification no. NHB/(ND)/DRS/REG/MC-01/2015 dated 9 September 2015. As a result of the aforesaid notifications, the Issuer has had to increase its provisioning in accordance with these norms as they changed.

A number of factors which are not within the Issuer's control could affect its ability to control and reduce non-performing assets. These factors include developments in the Indian economy and the real estate market situation, movements in global markets, global competition, changes in interest rates and exchange rates and changes in regulations. If the Issuer continues to expand at the current rate it may in the future reach a point where it cannot continue to grow at the same rate without causing its non-performing loans to increase and the overall quality of its loan portfolio to deteriorate. Any negative trends or financial difficulties among the Issuer's borrowers could increase the level of non-performing assets in the Issuer's portfolio and adversely affect the Issuer's business and financial performance. The borrowers may default in their repayment obligations due to various reasons including (but not limited to) insolvency and lack of liquidity. Any such defaults and non-payments would result in write-offs and/or provisions in the Issuer's financial statements which may materially and adversely affect its profitability and asset quality. If the Issuer's non-performing loans increase, the Issuer may be unable to execute its business plan as expected which may adversely affect the Issuer's business, prospects, financial condition and results of operations.

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

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



***The Issuer may be subject to regulations in respect of provisioning for non-performing loans that are less stringent than in some other countries, which may not be adequate to cover further increases in its non-performing assets and the consequent adverse effect on its business, prospects, financial condition and results of operations***

NHB guidelines prescribe the provisioning required in respect of the Issuer's outstanding loan portfolio. These provisioning requirements may require the Issuer to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgements by management.

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

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

The Issuer's policy is to secure all of its loans with real property and, in some cases, the Issuer has also taken further security by way of personal guarantees and the assignment of benefits under life insurance policies. However, an economic downturn or sharp downward movement in prices of real estate could result in a fall in collateral values. Additionally, the Issuer may not be able to realise the full value of its collateral due to, amongst other things, defects in the perfection of collateral, delays in taking immediate action in foreclosure proceedings and fraudulent transfers by borrowers.

Following the introduction of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 ("**SARFAESI Act**") in 2002 and the extension of its application to HFCs, the Issuer may now foreclose on collateral after 60 days' notice to a borrower whose loan has been classified as non-performing.

However, in a case before the Supreme Court of India in 2004, while the constitutional validity of the SARFAESI Act was affirmed, the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("**DRT**") was also affirmed. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT. In addition, the Issuer may be unable to realise the full value of its collateral, as a result of factors including delays in foreclosure proceedings, defects in the perfection of collateral and fraud perpetuated by borrowers. A failure to recover the expected value of collateral security could lead to a potential loss. Any such losses could adversely affect the Issuer's financial condition and results of operations.

Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that the Issuer will be able to realise the full value of its collateral, due to, among other things, delays on the Issuer's part in taking action to secure its property, delays in bankruptcy foreclosure proceedings, market downturns, defects in the perfection of collateral and fraudulent transfers by borrowers.

***The Issuer may have to comply with stricter regulations and guidelines issued by regulatory authorities in India, including the NHB, which may increase the Issuer's compliance costs, divert the attention of the Issuer's management and subject it to penalties***

The Issuer is regulated principally by and has reporting obligations to the NHB. The Issuer is also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's housing finance sector.

Any changes in the existing regulatory framework, including any increase in the compliance requirements, may require the Issuer to divert additional resources, including management time and costs towards such increased compliance requirements. Such an increase in costs could have an adverse effect on the Issuer's business,

prospects, financial condition and results of operations. Additionally, the Issuer's management may be required to divert substantial time and effort towards meeting such enhanced compliance requirements and may be unable to devote adequate time and efforts towards the business of the Issuer, which may have an adverse affect on its future business, prospects, financial condition and results of operations.

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

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

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

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

On 4 March 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from 1 June 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds, to be mandatorily notified to and pre-approved by the CCI. Additionally, on 11 May 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

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

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

Tax and other levies imposed by the central and state governments in India that affect the Issuer's tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change

from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect the Issuer's business, cash flows and results of operations.

***The proposed new taxation system in India could adversely affect the Issuer's business, prospects, financial condition and results of operations***

The Government has proposed major reforms in Indian tax laws, namely imposition of the goods and services tax and provisions relating to the GAAR. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments.

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

As the taxation system is intended to undergo significant changes, the effect of such changes on the financial system cannot be determined at present and there can be no assurance that such effects would not adversely affect the Issuer's business, prospects, financial condition and results of operations.

***The Issuer's ability to assess, monitor and manage risks inherent in its business differs from the standards of some of its counterparts in India, and in some developed countries, and any failure to manage risks could adversely affect its financial condition and results of operations***

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

The Issuer's hedging strategies and other risk management techniques may not be fully effective in mitigating its risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although the Issuer has established these policies and procedures, they may not be fully effective.

In order to prevent frauds in loan cases involving multiple lending from different banks or HFCs, the GoI has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India ("CERSAI") under section 20 of the SARFAESI Act 2002 in order to create a central database of all mortgages given by and to lending institutions. The Issuer is registered with the CERSAI and it submits the relevant data to the CERSAI from time to time. The Issuer also appoints a number of providers of credit verification and investigation services to obtain information on the credit-worthiness of its prospective customers. However, there can be no assurance that these measures will be effective in preventing frauds.

The Issuer's future success will depend, in part, on its ability to respond to new technological advances and emerging banking and housing finance industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that the Issuer will successfully implement new technologies or adapt its transaction-processing systems to customer requirements or emerging market standards. Failure to properly monitor, assess and manage risks, could lead to losses which may have an adverse effect on the Issuer's future business, prospects, financial condition and results of operations.

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

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

The RBI has also provided incentives to the housing finance industry by extending priority sector status to housing loans. In addition, pursuant to Section 36(1)(viii) of the IT Act, up to 20 per cent. of profits from the provision of long-term finance for the construction or purchase of housing in India, may be carried to a “**Special Reserve**” and are not subject to income tax. In each of Fiscal 2015 and Fiscal 2016, the Issuer utilised the maximum amount of this allowance. There can be no assurance that the Government will continue to make this fiscal benefit available to HFCs. If it does not, this may result in a higher tax outflow. *Vide* notification no. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated 27 May 2014, NHB stipulated that all housing finance companies are required to create a deferred tax liability (“**DTL**”) on the Special Reserve created from current and past profits, irrespective of whether it is intended to withdraw from such reserve or not.

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

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

The Issuer's dispute with the Indian tax authorities relates to the computation of the profit derived from the business of long-term housing finance eligible for this special deduction (see “*Description of the Issuer and the Group – Litigation – Litigation against the Issuer*”). The dispute revolves around the correct classification of eligible incomes and related expenses that constitute the long-term housing finance business. Based on advice received from its tax advisers, the Issuer believes that the dispute will be settled in its favour. Nonetheless, the Issuer has a contingent liability in respect of all the disputed income tax demands up to 31 March 2016 (inclusive) to the amount of ₹ 12,908 million. The Issuer has already paid this amount to the Indian tax authorities and will receive this amount as a refund if the disputes are resolved in the Issuer's favour. If the disputes were to be decided in favour of the tax authorities, although there would be no further payment required by the Issuer, the amount of ₹ 12,908 million would have to be added as a provision for tax and this would accordingly reduce the Issuer's profit after tax by a corresponding amount.

Although the Issuer intends to defend or appeal these proceedings it will be required to devote management and financial resources in their defense or prosecution. If a significant number of these disputes are determined against it and if it is required to pay all or a portion of the disputed amounts or is unable to recover amounts for which it has filed recovery proceedings, there could be an adverse impact on its reputation, business, financial condition and results of operations.

***If the corporate undertakings provided in the Issuer's assignment of receivables transactions are invoked, it may require an outflow in respect of these undertakings and adversely affect the Issuer's net income***

The Issuer has provided credit enhancement for some of its assignment of receivables. Contingent liability in respect of corporate undertakings provided by the Issuer for assignment of receivables aggregated to ₹ 18,898 million in Fiscal 2016, as compared to ₹ 19,197 million in Fiscal 2015. The outflow would arise in the event of a shortfall, if any, in the cash flows of the underlying pool of the assigned receivables. If the Issuer

continues to provide credit enhancement in its future assignment of receivables, even if it is fully provided for as a contingent liability, its financial condition and results of operations may be adversely affected in the event of any shortfall.

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

The Issuer's results of operations and financial condition will be affected by certain changes to Indian GAAP, which are intended to align Indian GAAP further with IFRS. These new Indian Accounting Standards ("**Ind-AS**") will change the Issuer's methodology for estimating allowances for probable loan losses. New accounting standards may require the Issuer to value its non-performing loans by reference to their market value (if a ready market for such loans exists), or to calculate the present value of the expected future cashflows realisable from the Issuer's loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for probable losses. This may result in the Issuer recognising higher allowances for probable loan losses in the future, which will adversely affect the results of its operations.

The Institute of Chartered Accountants of India ("**ICAI**") has issued a Guidance Note on Accounting for Derivative Contracts effective from 1 April 2016. The guidance note requires all derivative contracts and their underlying to be marked to market and tested for hedge effectiveness and the ineffective portion if any, would be charged to the Statement of Profit and Loss. There was a one-time adjustment of ₹ 3,690,100,000 to the reserves on all such outstanding contracts as at 1 April 2016 i.e. the transition date.

Thereafter, at each reporting period, the charge / credit to the Hedging Reserve / Statement of Profit and Loss will depend upon the changes in the mark to market based on the actual exchange rates prevalent at each quarter end. The exchange difference on the long term foreign currency monetary assets and liabilities which are not covered by derivative contracts (such as dollar denominated loans) would continue to be amortised over the life of the contracts.

The Ministry of Corporate Affairs ("**MCA**") notified the Companies (Indian Accounting Standards) Rules 2015 on 16 February 2015 ("**IAS Rules**"). The MCA, via its notification dated 30 March 2016, has included Housing Finance Companies in the definition of a "Non-Banking Financial Company" ("**NBFC**"). The notification further explains that NBFCs having a net worth of Rs 5,000 million or more as of 31 March 2016, shall comply with Indian Accounting Standards ("**Ind-AS**") for accounting periods beginning on or after 1 April 2018. The Issuer has not determined with any degree of certainty the impact such adoption would have on its financial reporting. Although these changes currently do not apply to the Issuer, should the Issuer be required to adopt these changes in future there can be no assurance that the Issuer's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. In any future transition to Ind-AS reporting, the Issuer may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of Ind-AS experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application.

## **RISKS RELATING TO INDIA**

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm the Issuer's business and its future financial performance.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. In particular, sub-prime mortgage loans in the United States have experienced increased rates of delinquency, foreclosure and loss. Since September 2008, liquidity and credit concerns and

volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. financial institutions. The United States continues to face adverse economic conditions and should a further downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade, which may have an adverse effect on the economic outlook across the world.

Recent developments in the Eurozone have exacerbated the on-going global economic crisis. Large budget deficits and rising public debts in Europe triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Moreover, in 2012, the sovereign ratings of various European Union countries were downgraded. Financial markets and the supply of credit could continue to be negatively impacted by on-going concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

On 23 June 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave (“**Brexit**”). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets.

These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and global credit and financial markets.

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

***Any adverse change in India’s credit rating by an international rating agency could adversely affect the Issuer’s business and profitability***

In May 2013, Standard & Poor’s, an international rating agency, reiterated its negative outlook on India’s credit rating. It identified India’s high fiscal deficit and heavy Government borrowing as the most significant constraints on its ratings, and recommended the implementation of reforms and containment of deficits. In June 2013, Fitch, another international rating agency, returned India’s sovereign outlook to “stable” from “negative” a year after its initial downgrade of the outlook, stating that the authorities had been successful in containing the upward pressure on the central Government budget deficit in the face of a weaker-than-expected economy and that the authorities had also begun to address structural factors that have weakened the investment climate and growth prospects. Similarly, Standard & Poor’s upgraded its outlook on India’s sovereign debt rating to “stable” in September 2014 and retained such rating in October 2015, while reaffirming the “BBB” long-term rating on bonds. Standard & Poor’s stated that the revision reflects the view that India’s improved political setting offers an environment which is conducive to reforms that could boost growth prospects and improve fiscal management. Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate fiscal restraint. Any adverse change in India’s credit ratings by international rating agencies may adversely impact the Issuer’s business and limit its access to capital markets.

***Any volatility in the exchange rate may lead to a decline in India’s foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact the Issuer***

Capital inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. While the current account deficit (“**CAD**”) remained a main area of concern over Fiscal 2012 and Fiscal 2013, it has shrunk sharply in Fiscal 2015 and Fiscal 2016. A substantial decline in the imports bill, mainly on account of lower crude oil prices led to a

significant narrowing in the trade deficit that in turn reduced the size of the CAD. However, the primary challenge for the Rupee was the volatile swings in capital flows. The Rupee recorded a high of ₹ 62.16 to US dollar and a low of ₹ 68.78 to the US dollar during Fiscal 2016. In calendar year 2016 to date, the Rupee has been fairly stable though it may come under pressure given the increased likelihood of a gradual reversal in US monetary policy that may result in a rotation of global fund flows from emerging markets to the US markets over the medium term. Although the Rupee is less vulnerable given the improvements in the CAD and visible moderation in inflation rates, there remains a possibility of needing to intervene in the foreign exchange market to control volatility of the exchange rate. The need to intervene at that point in time may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could impact domestic interest rates.

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

Since 1991, successive Indian Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state Governments in the Indian economy as producers, consumers and regulators remain significant as independent factors in the Indian economy. Most recently, the election of a pro-business majority Government in May 2014 has marked a distinct increase in expectations for policy and economic reforms among certain aspects of the Indian economy. There is no guarantee that the new Government will be able to enact an optimal set of reforms or that any such reforms would continue or succeed if there were a change in the current majority leadership in the Government in the future. There is also no guarantee that the Government will announce an optimal set of reforms or policies in the future. The rate of economic liberalisation is subject to change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in the Issuer's securities are continuously evolving as well. Other major reforms that have been proposed are the goods and services tax, the direct tax code and the general anti-avoidance rules. Any significant change in India's economic liberalisation, deregulation policies or other major economic reforms could adversely affect business and economic conditions in India generally and the Issuer's business in particular.

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

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

India has also witnessed civil disturbances in recent years and future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on the Issuer. Such incidents also create a greater perception that investment in Indian companies involves a higher degree of risk, which could have an adverse impact on its business.

## **RISKS RELATING TO AN INVESTMENT IN INR DENOMINATED NOTES**

***Early redemption of the Notes prior to their stated maturity requires the prior approval of the RBI***

Any early redemption of the Notes (whether due to certain tax events described in Condition 7.2 or due to an Event of Default as specified in Condition 10 or otherwise) may require the prior approval of the RBI. Compliance with any conditions specified in any such RBI approval will be required. There can be no assurance that the RBI will provide such approval in a timely manner or at all.

***The Notes may be redeemed prior to maturity due to certain tax events***

The Terms and Conditions of the Notes provide that the Notes are redeemable at the Issuer's option due to certain tax events as described in Condition 7.2, which includes, *inter alia*, application or official interpretation that interest income from the Notes in the case of non-resident holders is subject to withholding tax at a rate in excess of 5 per cent. plus applicable surcharge and cess. In accordance with Condition 7.2, the Issuer may choose to redeem the outstanding Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an

effective interest rate as high as that of the Notes. Even if the Issuer does not exercise its option to redeem the Notes, its ability to do so may adversely affect the value of the Notes. See also “ – *Early redemption of the Notes prior to their stated maturity requires the prior approval of the RBI*”.

***INR denominated Notes are subject to exchange rate risks and exchange controls***

India maintains a managed floating exchange rate system under which market forces determine the exchange rate for the INR. Under the RBI’s policies, the RBI may intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate. The RBI’s foreign exchange policies objectives include maintaining price stability, promoting and maintaining monetary stability and the convertibility of the INR, protecting its international reserves during times of impending or on-going exchange crises or national emergencies.

The Notes are denominated in INR and payable in U.S. dollars. This entails risks which are not associated with a similar investment in a USD denominated security. Such risks include, without limitation, the possibility of significant changes in the exchange rate between INR and U.S. dollars if such currency risk is unhedged and the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which the Issuer does not have any control. Recently, exchange rates have been volatile and such volatility is expected in the near future as well, so the risk pertaining to exchange rate fluctuation persists. However, the recent fluctuations in exchange rates are not indicative in nature. If INR depreciates against U.S. dollars the effective yield on the Notes will decrease below the interest rate on the Notes, and the amount payable on maturity may be less than the investment made by the investors. This could result in a total or substantial loss of the investment made by the investor towards the Notes. Rates of exchange between U.S. dollars and INR may be significantly varied over time. However, historical trends do not necessarily indicate future fluctuations in rates and should not be relied upon as indicative of future trends. Political, economic or stock exchange developments in India or elsewhere could lead to significant and sudden changes in the exchange rate between INR and U.S. dollars.

The overseas investors will be eligible to hedge their exposure in Rupee through permitted derivative products with AD Category – I banks in India (AD Category – I banks are authorised dealers that are permitted to carry out all current and capital account transactions according to RBI directions issued from time to time). The investors may also access the domestic market through branches/subsidiaries of Indian banks abroad or branches or foreign banks with an Indian presence on a back-to-back basis.

***INR “Non-convertibility”***

The convertibility of a currency is dependent, inter alia, on international and domestic political and economic factors, and on measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation or revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

***The Notes may be transferred only to a limited pool of investors***

The Notes can only be issued to and held by investors from jurisdictions which are in compliance with the FATF recommendations. Furthermore, foreign branches of Indian banks cannot subscribe or hold the Notes. As a result, the Notes can only be transferred to a limited group of investors resulting in restricted liquidity of the Notes.

**FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES**

***Risks related to the Notes***

Set out below is a brief description of certain risks relating to the Notes:

***Modification, waivers and substitution***

The Terms and Conditions of the Notes and the Trust Deed (as defined in the “*Terms and Conditions of the Notes*”) contain provisions for convening meetings of Noteholders (as defined in the “*Terms and Conditions of the Notes*”) to consider any matter affecting their interests. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.



The Terms and Conditions of the Notes and the Trust Deed also provide that the Trustee may, without the consent of the Noteholders: (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed (provided that such power does not extend to any modification to the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes); or (ii) determine that any Event of Default (as defined in the Trust Deed) shall not be treated as such, provided that; (a) in either case, in the opinion of the Trustee, it will not be materially prejudicial to the interests of Noteholders, or may agree, without such consent as aforesaid, to any modification of the provisions of the Notes or the Trust Deed which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest or proven error; and (b) it is not in contravention of an express direction by an Extraordinary Resolution of the Noteholders or a request pursuant to Condition 10 (*Events of Default and Enforcement*).

The Trust Deed contains provisions under which the Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer as the principal debtor in respect of the Notes and the Trust Deed of an entity owned or controlled by the Issuer.

#### *Change of law*

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice in the United Kingdom after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

#### *The Issuer is not prohibited from issuing further debt which may rank pari passu with the Notes*

There is no restriction on the amount of debt securities that the Issuer may issue that rank pari passu with the Notes. The issue of any such debt securities may reduce the amount recoverable by investors in the Notes upon the Issuer's bankruptcy, winding-up or liquidation.

#### *Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are cleared through the relevant clearing system*

The Notes will be represented on issue by a Global Certificate that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in such Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in such Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by a Global Certificate, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in such Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such Global Certificate. Holders of beneficial interests in such Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

#### ***Risks related to the market generally***

Set out below is a description of material market risks, including liquidity risk, exchange rate risk and interest rate risk:

#### *The secondary market generally*

The Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The following, subject to alteration and except for the paragraphs in italics, are the Terms and Conditions of the Notes which will be incorporated by reference into the Global Certificate and each definitive Note.*

This Note issued by Housing Development Finance Corporation Limited (the “**Issuer**”) and constituted by a trust deed dated 9 September 2016, (such trust deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) made between the Issuer and Citicorp International Limited (the “**Trustee**” which expression shall include any successor as Trustee).

References herein to the Notes shall mean:

- (i) in relation to the Notes whilst represented by the global certificate in registered form (the “**Global Certificate**”); and
- (ii) definitive Notes in registered form without receipts, coupons or talons attached (the “**Definitive Notes**”), whether or not issued in exchange for the Global Certificate.

The Notes have the benefit of an issue and paying agency agreement dated 9 September 2016 (such issue and paying agency agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, the Trustee, Citibank N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent, and, together with any additional paying agents appointed in accordance with the Agency Agreement, the “**Paying Agents**”, which expression shall, unless the context otherwise requires, include any successor paying agents) as transfer agent (the “**Transfer Agent**”, which expression shall include any substitute or any additional transfer agents appointed in accordance with the Agency Agreement) and as calculation agent (the “**Calculation Agent**”, which expression shall include any successor calculation agent appointed in accordance with the Agency Agreement) and Citigroup Global Markets Deutschland AG as registrar (the “**Registrar**”, which expression shall include any successor registrar).

Any reference to “**Noteholders**” or “**holders**” in relation to the Notes shall mean the holders of the Notes and shall, in relation to the Notes whilst represented by a Global Certificate, be construed as provided below. The Trustee acts for the benefit of the Noteholders in accordance with the provisions of the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being as at the date of issue of the Notes at the specified office of each of the Paying Agents. The Noteholders, are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed and the Agency Agreement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail.

### 1. Form, Denomination and Title

The Notes are in registered form in the minimum denominations of Indian Rupee (“**INR**”) 10 million and denominations which are integral multiples of INR 10 million in excess thereof, and shall be payable in U.S. dollars.

Title to the Notes will pass upon registration of transfers in the books of the Registrar in Germany. The Issuer, the Trustee, the Principal Paying Agent, any Paying Agent, the Registrar and the Transfer Agent may deem and treat any person in whose name a Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of the Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as the Notes are represented by the Global Certificate held by a common depository on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream, Luxembourg S.A., (“**Clearstream, Luxembourg**”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of

such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, any Paying Agent, the Registrar and the Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the Global Certificate shall be treated by the Issuer, the Trustee, any Paying Agent, the Registrar and any Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the Global Certificate and the expressions “**Noteholder**” and holder of Notes and related expressions shall be construed accordingly.

Notes which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may be approved by the Issuer, the Trustee and the Principal Paying Agent.

## **2. Transfers of Registered Notes**

### **2.1 Transfers of Interests in the Global Certificate**

Transfers of beneficial interests in the Global Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

### **2.2 Transfers of Notes Generally**

Holders of Definitive Notes may exchange such Definitive Notes for interests in the Global Certificate at any time. Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Note may be transferred in whole or in part (in the authorised denominations). In order to effect any such transfer: (i) the holder or holders must (a) surrender the Definitive Note for registration of the transfer of the Definitive Note (or the relevant part of the Definitive Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer, the Trustee, the Registrar, or as the case may be, the relevant Transfer Agent may prescribe (such initial regulations being set out in Schedule 1 to the Agency Agreement. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Definitive Note of a like aggregate nominal amount to the Definitive Note (or the relevant part of the Definitive Note) transferred. In the case of the transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance of the Definitive Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Costs of Registration**

Registration of transfers will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to it provided that the Issuer shall not be responsible for any documentary stamp tax payable on the transfer of Notes effected in the Republic of India (“**India**”) unless the Issuer is the counterparty directly liable for that documentary stamp tax and in no circumstances will any Paying Agent, Registrar, Transfer Agent or Calculation Agent be liable for documentary stamp tax payable on the transfer of Notes affected in India.

### 3. Status

#### 3.1 Status of the Notes

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

### 4. Covenants

#### 4.1 Negative Pledge

So long as the Notes remain outstanding (as defined in the Trust Deed):

- (a) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenue, present or future, to secure any International Investment Securities (as defined below), or to secure any guarantee or indemnity in respect of any International Investment Securities; and
- (b) the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of the Issuer’s International Investment Securities;

unless, at the same time or prior thereto, the Issuer’s obligations under the Notes and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions, “**International Investment Securities**” means any present or future indebtedness in the form of, or represented by, bonds, debentures or other debt securities which are for the time being quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter market, in each case outside India, and having an original maturity of more than one year from its date of issue payable or optionally payable in a currency other than Rupees or which are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside India by or with the authority of the Issuer.

#### 4.2 Consolidation, Amalgamation, Merger

The Issuer may consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any entity or convey or transfer its assets substantially as an entirety to any person (the consummation of any such event, a “**Merger**”) provided that:

- (a) the Issuer shall be solvent immediately prior thereto (as confirmed by a certificate which shall be binding on the Trustee and the Noteholders);
- (b) prior thereto the Issuer shall have notified the Trustee and the Noteholders of such event;
- (c) the entity formed by such Merger or the person that acquired such properties and assets shall, upon consummation of the Merger, be solvent (as confirmed by a certificate stating that such will be the case signed by two directors on behalf of such entity and delivered to the Trustee prior to such merger and which shall be binding on the Trustee and the Noteholders) and shall expressly assume, by a supplemental trust deed, all obligations of the Issuer under the Trust Deed, the Agency Agreement and the Notes;
- (d) immediately after giving effect to any such Merger, no Event of Default shall have occurred or be continuing or would result therefrom; and
- (e) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, not to redeem the Notes pursuant to Condition 7.2 as a result of it becoming obliged to pay Additional Amounts as provided or referred to in Condition 8 arising solely as a result of the Merger.

### 5. Interest

#### 5.1 Interest on the Notes

The Notes bear interest on their outstanding nominal amount semi-annually from (and including) 9 September 2016 (the “**Issue Date**”) at the rate of 7.000 per cent. per annum (the “**Rate of Interest**”). Interest will be payable in arrear on 9 January and 9 July in each year (each an “**Interest Payment Date**”) up to (and including) 9 January 2020 (the “**Maturity Date**”).

Interest on the Notes will accrue from (and including the Issue Date) or, if paid on the immediately preceding Interest Payment Date, from (and including) such immediately preceding Interest Payment Date to, but excluding, the next succeeding Interest Payment Date. Each period beginning on (and including) the Interest Payment Date following the Issue Date and ending on (but excluding) the next Interest Payment Date is called a “**Regular Period**”.

Where interest is to be calculated for a Regular Period, it shall be paid at a fixed amount of INR 350,000 per Calculation Amount payable in U.S. dollars by applying the following formula:

INR 350,000 *divided by* the Reference Rate (as defined in Condition 6.2).

Where interest is to be calculated in respect of a period which is not a Regular Period, the interest to be payable in respect of the Notes shall be calculated by applying the Rate of Interest to the Calculation Amount on the basis of a 360-day year comprising twelve 30-day months and, in the case of an incomplete month, the number of days elapsed. The resulting INR interest amount per Calculation Amount shall then be *divided by* the Reference Rate and the amount will be payable in U.S. dollars.

There is a short first coupon for the period from and including the Issue Date to, but excluding, 9 January 2017. For this period, interest shall be paid at a fixed amount of INR 233,333 per Calculation Amount payable in U.S. dollars by applying the following formula:

INR 233,333 *divided by* the Reference Rate (as defined in Condition 6.2).

## 5.2 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

## 5.3 Definitions

In these Conditions, if (i) there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (ii) any Interest Payment Date would otherwise fall on a day which is not a Business Day, then such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York, London and Mumbai and the city where the specified office of the Principal Paying Agent is located.

“**Calculation Amount**” means INR10 million.

## 6. Payments

### 6.1 General Provisions Applicable to Payments

The holder of the Global Certificate (or as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by the Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of the Global Certificate (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by the Global Certificate must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer in respect of the Global Certificate.

### 6.2 Payments of Principal and Interest

Payments of principal and interest in respect of the Notes shall be payable in U.S. dollars, such U.S. dollar amounts to be determined by the Calculation Agent, on the Rate Fixing Date in respect of an Interest Payment Date or the Maturity Date.

*Where:*

“**Reference Rate**” means the rate used on each Rate Fixing Date which will be the USD/INR spot rate, expressed as the amount of Indian Rupees per one United States dollar, for settlement in two Fixing Business Days, reported by the Reserve Bank of India, which is displayed on Reuters page “RBIB” (or any successor page) at approximately 1:30 p.m., Mumbai time, on each Rate Fixing Date.

If a Price Source Disruption Event occurs on the Scheduled Rate Fixing Date, then the Reference Rate for such Rate Fixing Date shall be determined by the Calculation Agent in accordance with the Fallback Provisions set out below.

“**Rate Fixing Date**” means the Scheduled Rate Fixing Date, subject to Valuation Postponement.

“**Scheduled Rate Fixing Date**” means the date which is two Fixing Business Days prior to the Interest Payment Date or the Maturity Date or such other date on which an amount in respect of the Notes is due and payable.

If the Scheduled Rate Fixing Date is an Unscheduled Holiday, the Rate Fixing Date shall be the next following relevant Fixing Business Day, subject to the Deferral Period for Unscheduled Holiday set out below.

“**Unscheduled Holiday**” means a day that is not a Fixing Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Fixing Business Days prior to the relevant Rate Fixing Date.

### **Adjustments to Interest Payment Date and the Maturity Date**

If a Scheduled Rate Fixing Date is adjusted for an Unscheduled Holiday or if Valuation Postponement applies, then the Interest Payment Date or the Maturity Date relating to such Scheduled Rate Fixing Date shall be two (2) Payment Business Days after the date on which the Reference Rate for such Interest Payment Date or the Maturity Date is determined.

If any Interest Payment Date or the Maturity Date is adjusted in accordance with the preceding sentence, then such adjustment (and the corresponding payment obligations to be made on such dates) shall apply only to such Interest Payment Date or the Maturity Date, as applicable and no further adjustment shall apply to the amount of interest payable.

### **Fallback Provisions**

“**Price Source Disruption Event**” means it becomes impossible to obtain the Reference Rate on a Rate Fixing Date.

### **Applicable Price Source Disruption Fallbacks**

In the event of a Price Source Disruption Event, the Calculation Agent shall apply each of the following Price Source Disruption Fallbacks for the determination of the Reference Rate, in the following order, until the Reference Rate can be determined.

- |   |  |
|---|--|
| 1. Valuation Postponement                                   | As defined below                         |
| 2. Fallback Reference Price                                 | SFEMC Indicative Survey (INR02) INR Rate |
| 3. Fallback Survey Valuation Postponement                   | As defined below                         |
| 4. Determination of Reference Rate by the Calculation Agent |  |

“**Cumulative Events**” has the following meaning: Notwithstanding anything to the contrary, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate. Accordingly, (i) if, upon the lapse of any such 14 calendar day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Fixing Business Day, then such day shall be deemed to be a Rate Fixing Date, and (ii) if, upon the lapse of any such 14 calendar day period, a Price Source Disruption Event shall have occurred or be continuing on the day following such period on which the Reference Rate otherwise would be determined, then Valuation Postponement shall not apply and the Reference Rate shall be determined in accordance with the next Price Source Disruption Fallback.

“**Valuation Postponement**” means that the Reference Rate will be determined on the Fixing Business Day first succeeding the day on which the Price Source Disruption Event ceases to exist, unless the Price Source Disruption Event continues to exist (measured from the date that, but for the occurrence of the Price Source

Disruption Event, would have been the Rate Fixing Date) a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Reference Rate will be determined on the next Fixing Business Day after 14 consecutive calendar days (which will, subject to the provisions relating to Fallback Survey Valuation Postponement, be deemed to be the applicable Rate Fixing Date) in accordance with the next applicable Price Source Disruption Fallback.

“**Maximum Days of Postponement**” means 14 calendar days.

“**SFEMC INR Indicative Survey Rate (INR02)**” means that the Reference Rate for a given Rate Fixing Date will be the Indian Rupee/U.S. Dollar Specified Rate for U.S. dollars, expressed as the amount of Indian Rupees per one U.S. dollar, for settlement in two Fixing Business Days, as published on the web site of the Singapore Foreign Exchange Market Committee (SFEMC) at approximately 3:30 p.m. (Singapore time), or as soon thereafter as practicable, on such date. The Reference Rate shall be calculated by SFEMC (or a service provider SFEMC may select in its sole discretion) pursuant to the SFEMC INR Indicative Survey (as defined below) for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

“**SFEMC INR Indicative Survey**” means a methodology, dated as of 1 December 2004, as amended from time to time, for a centralised industry-wide survey of financial institutions that are active participants in the Indian Rupee/U.S. Dollar markets for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

“**Fallback Survey Valuation Postponement**” means that, in the event that the Fallback Reference Price is not available on or before the third Fixing Business Day (or day that would have been a Fixing Business Day but for an Unscheduled Holiday) succeeding the end of either (i) Valuation Postponement for Price Source Disruption, (ii) Deferral Period for Unscheduled Holiday, or (iii) Cumulative Events, as applicable, then the Reference Rate will be determined in accordance with the next Applicable Price Source Disruption Fallback on such day (which will be deemed to be the applicable Rate Fixing Date). For the avoidance of doubt, Cumulative Events, if applicable, do not preclude postponement of valuation in accordance with this provision.

“**Payment Business Day**” means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, New York and Mumbai.

“**Fixing Business Day**” means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Mumbai and London.

#### **Deferral Period for Unscheduled Holiday**

In the event the Scheduled Rate Fixing Date is postponed due to the occurrence of an Unscheduled Holiday, and if the Rate Fixing Date has not occurred on or before the 14th calendar day after the Scheduled Rate Fixing Date (any such period being a “**Deferral Period**”), then the next day after the Deferral Period that would have been a Fixing Business Day but for the Unscheduled Holiday, shall be deemed to be the Rate Fixing Date.

#### **6.3 Payments Subject to Fiscal and Other Laws**

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 8) law implementing an intergovernmental approach thereto (“**FATCA**”).

#### **6.4 Payments in respect of the Notes**

Payments of principal in respect of each Note (whether or not in global form) will be made against presentation and surrender of that Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to an account with a bank in New York maintained by or on behalf of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and



(ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if a holder does not have an account with a bank in New York, payment will instead be made by a cheque in U.S. dollars drawn on a bank in New York.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Note (whether or not in global form) will be made by a cheque in U.S. dollars drawn on a bank in New York and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date (the “**Record Date**”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Note.

Noteholders will not be entitled to any interest or other payment for any delay in receiving any amount due as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest.

None of the Issuer, the Trustee, the Registrar or any Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## 6.5 Payment Day

If the date for payment of any amount in respect of the Notes is not a day which (subject to Condition 10) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (a) in the case of Notes in definitive form only, the relevant place of presentation; and
- (b) New York, London and Mumbai,  
(any such day, a “**Payment Day**”)

the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay.

## 6.6 Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed; and
- (b) the par value of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **7. Redemption and Purchase**

### **7.1 Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at par on the Maturity Date, subject to compliance with the applicable regulatory requirements, and provided that any such payment pursuant to this Condition shall be payable in U.S. dollars as follows:

Calculation Amount *divided by* the Reference Rate (as defined in Condition 6.2).

### **7.2 Redemption for Tax Reasons**

At any time prior to the Maturity Date, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee (in its absolute discretion) immediately before the giving of such notice that:

- (a) on the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Republic of India or any change in the application or official interpretation of such laws or regulations (which shall include for the avoidance of doubt, any application or official interpretation that interest income from Notes in the case of non-resident holders is subject to withholding tax at a rate in excess of 5 per cent. plus applicable surcharge and cess), which change or amendment becomes effective on or after 7 September 2016; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which, the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and the opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 7 will be redeemed at par, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

*In accordance with the prevailing RBI regulations, the Issuer would require the prior approval of the RBI before making any such redemption. Such approval may or may not be forthcoming.*

### **7.3 Purchases**

The Issuer may at any time purchase the Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation provided that any such Notes held by the Issuer shall not: (a) give rise to any right to attend or vote at any meeting of Noteholders; and (b) count in the determination of quorum at any meeting of Noteholders.

### **7.4 Cancellation**

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.3 above shall be forwarded to the Principal Paying Agent, which shall notify the Registrar of such cancelled Notes, and may not be reissued or resold.

## **8. Taxation**

All payments of principal and interest (including the difference between issue price and final redemption price) in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, cesses, levies, imposts, whether direct or indirect, whether central, state or local including taxes on income, withholding tax, fringe benefit tax, capital gains tax, minimum alternate tax, taxes

relating to profits, service, sales and wealth, value added tax, taxes relating to excise and customs, import duty, stamp duty, property taxes, assessments or governmental charges of whatever nature imposed or levied by the Republic of India (collectively, the “**Taxes**”), together with any interest, penalties, surcharges, cess or fines relating to the Taxes, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest (including the difference between issue price and final redemption price) which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction (the “**Additional Amounts**”); except that no such Additional Amounts shall be payable with respect to any Note:

- (a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with the Republic of India other than the mere holding of such Note; or
- (b) where such withholding or deduction is required on income in respect of the Notes in the form of capital gains tax under Indian tax law; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5); or
- (d) presented for payment by or on behalf of a holder of such Note who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim which entitles him to relevant Tax Treaty or any other benefit or exemption and does not make such declaration or claim; or
- (e) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

“**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or, as the case may be, the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

The Issuer has in the Trust Deed agreed, subject to receipt of reasonably appropriate written evidence in respect thereof, to indemnify any Noteholder (or any person having a beneficial interest therein), other than a Noteholder who is liable to Indian tax by reason of his having a connection with India, apart from the mere holding of a Note, to compensate and indemnify, defend and hold harmless each Noteholder and its officers, directors, employees, agents and authorised representatives (if any) from and against any and all Taxes and any resultant losses, liabilities, damages, demands, expenses (including interests and penalties with respect thereto, out-of-pocket expenses and reasonable attorneys’ and accountants’ fees), claims, assessments, interest and penalties, based upon or, arising out of, or in relation to or in connection with amounts payable by the Issuer to the Noteholder pursuant to Noteholder’s investment in the Notes in respect of the interest income (including the difference between issue price and redemption price). This indemnity provided by the Issuer in this Condition 8 shall include any Taxes that a Noteholder may be required or be liable to pay to the Republic of India as a result of the Notes being issued at an amount below 100 per cent. of the principal amount of the Notes. For the avoidance of doubt, this indemnity shall survive any redemption of the Notes in accordance with these Conditions and shall remain in full force and effect.

*In accordance with the prevailing RBI regulations, the Issuer would require the prior approval of the RBI before making any payment under this indemnity. Such approval may or may not be forthcoming.*

## **9. Prescription**

The Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8).

## **10. Events of Default and Enforcement**

### **10.1 Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to

being indemnified, secured and/or prefunded by the Noteholders to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and repayable at par if any of the following events (each an “**Event of Default**”) has occurred:

- (a) a default is made in the payment of any principal or interest due in respect of the Notes or any of them and such failure continues for a period of three Business Days;
- (b) the Issuer does not perform or comply with one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee (provided that, in each such case, if the default is incapable of remedy or has not been remedied within 30 days after such written notice, the Trustee shall have certified in writing to the Issuer that such default is, in its opinion, materially prejudicial to the interests of the Noteholders, it being acknowledged that the Trustee is under no obligation to provide such certification);
- (c) the Issuer is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay a material part of its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer;
- (d) (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, any moneys borrowed or raised, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10.1(d) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank selected by the Trustee on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);
- (e) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, which is material to the Issuer, and is not discharged or stayed within 45 days;
- (f) an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations;
- (g) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the property, assets or revenues of the Issuer and is not discharged within 45 days;
- (h) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed;
- (i) any step is taken by governmental authority or agency or any other competent authority, with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, which is material to the Issuer as a whole; and
- (j) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

*In accordance with the prevailing RBI regulations, prior approval of the RBI must be obtained before making any redemption in accordance with Condition 10.2. Such approval may or may not be forthcoming.*

## **10.2 Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed and the Notes unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified, secured and/or prefunded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## **11. Replacement of Notes**

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Principal Paying Agent or of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

## **12. Principal Paying Agent, Registrar, Paying, Transfer and Calculation Agents**

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar and the other initial Transfer Agents and their initial specified offices are set out below.

The Issuer is, with the prior written approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent, Registrar, Transfer and Calculation Agent and/or appoint additional or other Paying Agents, Registrars or Transfer Agents and/or approve any change in the specified office through which any of the same acts, provided that:

- (a) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Registrar and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (b) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) there will at all times be a Principal Paying Agent and a Registrar.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 6.3. Any appointment, variation, termination or change shall only take effect (other than in the case of insolvency or in the case of a Paying Agent, to the extent that it is a “foreign financial institution” (for the purposes of FATCA), failing to become or ceasing to be, in respect of a payment due on or after the relevant implementation date of FATCA withholding on any Note to which FATCA withholding applies able to receive such payment without any withholding or deduction imposed pursuant to FATCA, when it shall be of immediate effect) after not less than 30 nor more than 45 days’ prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Principal Paying Agent, the Registrar, the Paying Agents, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and, in certain limited circumstances, of the Trustee and do not assume any obligation or trust for or with any Noteholders.

## **13. Notices**

Notices to Noteholders will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by air mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth day after the date of such mailing and, in addition, for so long as the Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as the Global Certificate is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst the Notes are represented by the Global Certificate, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **14. Meetings of Noteholders, Modification, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Trust Deed (including, inter alia, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than two-thirds of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

The Trustee may agree, without the consent of the Noteholders, to any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders to do so or may agree, without any such consent as aforesaid, to any modification which is, in its opinion, of a formal, minor or technical nature or to correct a manifest error, an error which is, in the opinion of the Trustee, proven or an error for the purposes of compliance with mandatory provisions of laws. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed of an entity owned or controlled by the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied, in its absolute discretion, that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 13.

## **15. Indemnification of the Trustee and Trustee Contracting with the Issuer**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified, secured or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single series with the outstanding Notes.

## **17. Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. Governing Law and Submission to Jurisdiction**

### **18.1 Governing Law**

The Trust Deed, the Agency Agreement, the Notes, and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

### **18.2 Submission to Jurisdiction**

- (a) Subject to Condition 18.2(b) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed and/or the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes (a *Dispute*) and the Issuer in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 18.2, the Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 18.2(b) is for the benefit of the Trustee and the Noteholders only. To the extent allowed by law, the Trustee and the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

### **18.3 Appointment of Process Agent**

The Issuer has irrevocably and unconditionally appointed Law Debenture Corporate Service Limited at its specified office for the time being in London as its agent for service of process in England in respect of any proceedings in relation to any Dispute, and agrees that, in the event of such agent being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

### **18.4 Waiver of immunity**

The Issuer irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment in connection with any Dispute.



## THE GLOBAL CERTIFICATE

*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Certificates which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Certificates.*

### 1. Accountholders

For so long as any of the Notes are represented by the Global Certificate, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression “**Noteholders**” and references to “**holding of Notes**” and to “**holder of Notes**” shall be construed accordingly) for all purposes other than with respect to the payments on such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the nominee for the relevant clearing system (the “**Relevant Nominee**”) in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to the Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made to the Relevant Nominee.

### 2. Registration of Title

Each Global Certificate may be exchanged in whole but not in part (free of charge) for definitive certificates only upon the occurrence of an Exchange Event.

For these purposes, “**Exchange Event**” means that: (i) an Event of Default (as defined in Condition 10 (*Events of Default and Enforcement*)) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by a Global Certificate in definitive form. The Issuer will promptly give notice to the holders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Paying Agent.

The Paying Agent will not register title to the Notes in a name other than that of the Relevant Nominee who is a holder appearing on the register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) preceding the due date for any payment of principal or interest in respect of the Notes.

### 3. Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

### 4. Payments

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of this Global Certificate to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the holders for such purposes.

Distributions of amounts with respect to book-entry interests in the Global Certificate will be credited, to the extent received by the Principal Paying Agent, to cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

All payments of principal, interest and, if applicable, premium on the Notes will be made in U.S. dollars.

## **5. Notices**

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to holders may be given by delivery of the relevant notice to that clearing system for communication by it to the entitled Accountholders in substitution for notification as required by the Conditions. For so long as the Notes are admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's regulated market, notices will also be published in a manner which complies with the rules and regulations of the London Stock Exchange from time to time.

## **6. Prescription**

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 (*Payments*) within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8 (*Taxation*).

## **7. Transfers**

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants.

## **USE OF PROCEEDS**

The proceeds of the issue of the Notes, which will be approximately USD 73,605,122.33 (excluding commissions and expenses), will be used for the housing finance business requirements of the Issuer, as well as for other general corporate purposes permitted by law.

## SELECTED FINANCIAL INFORMATION

The following tables set forth selected consolidated balance sheet items of the Issuer as of 31 March 2015 and 2016, selected consolidated profit and loss statement items of the Issuer for the years ended 31 March 2015 and 2016, including for the three month periods ended 30 June 2015 and 30 June 2016, selected standalone balance sheet items of the Issuer as of 31 March 2015 and 2016 and selected standalone profit and loss statement items of the Issuer for the years ended 31 March 2015 and 2016, including for the three month periods ended 30 June 2015 and 30 June 2016. The selected financial information set out in the following tables should be read in conjunction with the Issuer's financial statements, included elsewhere in this Prospectus under "*Financial Statements*".

All USD figures given in this section have been converted using the RBI reference rates as at 30 June 2016 of INR 67.6166 and are in USD millions.

## Selected Consolidated Financial Information of the Issuer

### *Selected Profit and Loss*

	For the quarter ended 30 June		
	2015 (unaudited) <i>(in ₹ billion)</i>	2016 (unaudited)	2016 (unaudited) <i>(in USD million)</i>
<b>INCOME</b>			
Revenue from Operations	77.36	83.11	1229.14
Profit on sale of Investments	0.29	8.68	128.37
Other Income	0.04	0.14	2.07
Premium from Insurance Business	31.63	36.36	537.74
Other Operating Income from Insurance Business	4.70	7.03	103.97
<b>Total Revenue</b>	<u>114.02</u>	<u>135.32</u>	<u>2001.29</u>
<b>EXPENSES</b>			
Finance Cost	50.35	53.85	796.40
Employee Benefits Expenses	1.94	2.28	33.72
Establishment Expenses	0.35	0.40	5.92
Other Expenses	2.01	2.40	35.49
Claims paid pertaining to Insurance Business	21.78	27.30	403.75
Commission and operating expenses pertaining to Insurance	4.18	5.69	84.15
Other expenses pertaining to Insurance Business	8.09	7.65	113.14
Depreciation and Amortisation	0.18	0.27	3.99
Provision for Contingencies	0.60	3.50	51.76
<b>Total Expenses</b>	<u>89.48</u>	<u>103.34</u>	<u>1528.32</u>
<b>PROFIT BEFORE TAX</b>	24.54	31.98	472.97
Tax Expense			
Current Tax	6.38	9.67	143.01
Deferred Tax	0.77	-0.20	-2.96
<b>PROFIT FOR THE YEAR</b>	<u>17.39</u>	<u>22.51</u>	<u>332.92</u>
Share of profit of Minority Interest	-1.38	-1.77	-26.18
Net share of profit from Associates	6.03	7.23	106.93
<b>PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION</b>	<u>22.04</u>	<u>27.97</u>	<u>413.67</u>
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>			
Basic (₹)	13.99	17.65	0.26
Diluted (₹)	13.86	17.54	0.26

**Selected Consolidated Financial Information of the Issuer**

*Selected Profit and Loss*

	For the year ended 31 March		
	2015 (audited)	2016 (audited)	2016 (audited)
	(in ₹ billion)		(in USD million)
<b>INCOME</b>			
Revenue from Operations	290.76	318.73	4,805.01
Profit on sale of Investments	5.11	16.17	243.77
Other Income	0.74	0.34	5.13
Premium from Insurance Business	164.27	178.76	2,694.89
Other Operating Income from Insurance Business	23.02	18.57	279.95
<b>Total Revenue</b>	<u>483.90</u>	<u>532.57</u>	<u>8,028.75</u>
<b>EXPENSES</b>			
Finance Cost	187.10	202.96	3,059.72
Employee Benefits Expenses	6.99	7.88	118.79
Establishment Expenses	1.37	1.35	20.35
Other Expenses	5.84	8.79	132.51
Claims paid pertaining to Insurance Business	95.51	94.86	1,430.06
Commission and operating expenses pertaining to Insurance Business	21.12	25.24	380.50
Other expenses pertaining to Insurance Business	62.45	66.83	1,007.49
Depreciation and Amortisation	0.47	1.2	18.09
Provision for Contingencies	1.88	7.33	110.50
<b>Total Expenses</b>	<u>382.73</u>	<u>416.44</u>	<u>6,278.01</u>
<b>PROFIT BEFORE TAX</b>	101.17	116.13	1,750.74
Tax Expense			
Current Tax	28.84	34.79	524.48
Deferred Tax	2.82	1.60	24.12
<b>PROFIT FOR THE YEAR</b>	<u>69.51</u>	<u>79.74</u>	<u>1,202.14</u>
Share of profit of Minority Interest	(4.83)	(5.28)	(79.60)
Net share of profit from Associates	22.94	27.44	413.67
<b>PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION</b>	87.62	101.90	1,536.21
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>			
Basic (₹)	55.81	64.07	0.97
Diluted (₹)	55.30	63.59	0.96

*Selected Balance Sheet*

<b>Particulars</b>	<b>As of 31 March</b>		
	<b>2015</b>	<b>2016</b>	<b>2016</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<i>(in ₹ billion)</i>		<i>(in USD million)</i>
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
(i) Tangible Assets	12.03	13.12	197.79
(ii) Intangible Assets	0.79	0.68	10.25
(iii) Capital work in Progress	0.06	0.06	0.90
(iv) Intangible assets under Development	0.03	0.12	1.81
<b>GOODWILL ON CONSOLIDATION</b>	1.88	1.88	28.34
Non-current investments	868.88	954.64	14,391.65
Deferred tax asset (net)	0.19	0.18	2.71
Long-term loans and advances			
- Loans	2,115.31	2,455.28	37,014.51
- Others	31.51	32.35	487.69
Other non-current assets	27.99	7.89	118.95
	<u>3,058.67</u>	<u>3,466.20</u>	<u>52,254.60</u>
<b>CURRENT ASSETS</b>			
Current investments	68.95	92.56	1,395.39
Trade receivables	4.58	4.67	70.40
Cash and bank balances	42.62	63.81	961.97
Short-term loans and advances			
- Loans	266.75	265.58	4,003.74
- Others	36.79	42.43	639.66
Other current assets	16.89	41.55	626.39
	<u>436.58</u>	<u>510.60</u>	<u>7,697.55</u>
<b>TOTAL ASSETS</b>	<u>3,495.25</u>	<u>3,976.80</u>	<u>59,952.15</u>
<b>EQUITY AND LIABILITIES:</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3.15	3.16	47.64
Reserves and Surplus	447.57	505.34	7,618.24
Money received against warrants		0.51	7.69
	<u>450.72</u>	<u>509.01</u>	<u>7,673.57</u>
<b>MINORITY INTEREST</b>	18.20	23.26	350.66
<b>NON-CURRENT LIABILITIES</b>			
Policy Liabilities (Policyholder's Fund)	549.24	612.15	9,228.45
Long-term borrowings	1,045.46	1,187.82	17,906.95
Deferred tax liabilities (net)	2.31	9.70	146.23
Other long-term liabilities	25.46	17.79	268.19
Long-term provisions	19.98	26.30	396.49
	<u>1,642.45</u>	<u>1,853.76</u>	<u>27,946.31</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	344.20	419.49	6,324.01
Trade payables	29.85	33.04	498.09
Other current liabilities			
- Policy liabilities (Policyholder's Fund)	105.32	109.32	1,648.05
- Borrowings	783.91	885.63	13,351.29
- Others	78.64	97.36	1,467.75
Short term provisions	41.96	45.93	692.42
	<u>1,383.88</u>	<u>1,590.77</u>	<u>23,981.61</u>
<b>Total Liabilities</b>	<u>3,495.25</u>	<u>3,976.80</u>	<u>59,952.15</u>

## Standalone Financial Information of the Issuer

### Selected Profit and Loss

	For the quarter ended 30 June		
	2015 (unaudited)	2016 (unaudited)	2016
	(in ₹ billion)	(Unaudited) (in ₹ billion)	(in USD million)
<b>INCOME</b>			
Revenue from Operations	69.95	74.61	1103.43
Profit on sale of Investments	0.23	9.21	136.21
Other Income	0.11	0.11	1.63
<b>Total Revenue</b>	<u>70.29</u>	<u>83.93</u>	<u>1241.27</u>
<b>EXPENSES</b>			
Finance Cost	48.25	51.26	758.10
Staff expenses	0.93	1.06	15.68
Establishment Expenses	0.25	0.27	3.99
Other Expenses	0.71	0.80	11.83
Depreciation and Amortisation	0.13	0.14	2.07
Provision for Contingencies	0.50	3.40	50.28
<b>Total Expenses</b>	<u>50.77</u>	<u>56.93</u>	<u>841.95</u>
<b>PROFIT BEFORE TAX</b>	19.52	27.00	399.32
Tax Expense			
Current Tax	5.15	8.51	125.86
Deferred Tax	0.76	-0.22	-3.26
<b>PROFIT FOR THE YEAR</b>	<u>13.61</u>	<u>18.71</u>	<u>276.72</u>
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>			
Basic (₹)	8.64	11.79	0.17
Diluted (₹)	8.56	11.72	0.17



## Standalone Financial Information of the Issuer

### Selected Profit and Loss

	For the year ended 31 March		
	2015 (audited)	2016 (audited)	2016 (audited)
	(in ₹ billion)		(in USD million)
<b>INCOME</b>			
Revenue from Operations	269.60	292.57	4,410.63
Profit on sale of Investments	4.41	16.48	248.44
Other Income	0.70	0.52	7.84
<b>Total Revenue</b>	<u>274.71</u>	<u>309.57</u>	<u>4,666.91</u>
<b>EXPENSES</b>			
Finance Cost	179.75	193.75	2,920.87
Staff expenses	3.28	3.49	52.61
Establishment Expenses	0.86	0.84	12.66
Other Expenses	2.63	2.72	41.01
Depreciation and Amortisation	0.30	0.54	8.14
Provision for Contingencies	1.65	7.15	107.79
<b>Total Expenses</b>	<u>188.47</u>	<u>208.49</u>	<u>3,143.08</u>
<b>PROFIT BEFORE TAX</b>	86.24	101.08	1,523.83
Tax Expense			
Current Tax	23.63	28.73	433.12
Deferred Tax	2.71	1.42	21.41
<b>PROFIT FOR THE YEAR</b>	<u>59.90</u>	<u>70.93</u>	<u>1,069.30</u>
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>			
Basic (₹)	38.13	44.43	0.67
Diluted (₹)	37.78	44.10	0.66

*Selected Balance Sheet*

<b>Particulars</b>	<b>As of 31 March</b>		
	<b>2015</b>	<b>2016</b>	<b>2016</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<i>(in ₹ billion)</i>		<i>(in USD million)</i>
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
(i) Tangible Assets	6.72	6.60	99.50
(ii) Intangible Assets	0.05	0.04	0.60
Non-current investments	136.92	148.38	2,236.90
Deferred tax asset (net)			
Long-term loans and advances			
- Loans	2,016.80	2,328.71	35,106.41
- Others	25.65	26.68	402.21
Other non-current assets	27.63	7.40	111.56
	<u>2,213.77</u>	<u>2,517.81</u>	<u>37,957.18</u>
<b>CURRENT ASSETS</b>			
Current investments	6.03	5.08	76.58
Trade receivables	0.46	1.45	21.86
Cash and bank balances	33.65	53.05	799.75
Short-term loans and advances			
- Loans	260.20	257.88	3,887.66
- Others	19.66	25.26	380.66
Other current assets	5.75	27.01	407.19
	<u>325.75</u>	<u>369.72</u>	<u>5,573.70</u>
<b>TOTAL ASSETS</b>	<b>2,539.52</b>	<b>2,887.53</b>	<b>43,530.88</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3.15	3.16	47.64
Reserves and Surplus	306.55	337.54	5,088.58
Money received against warrants		0.51	7.69
	<u>309.70</u>	<u>341.21</u>	<u>5,143.91</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	976.02	1,091.84	16,460.01
Deferred tax liabilities (net)	2.01	9.02	135.98
Other long-term liabilities	24.37	16.13	243.16
Long-term provisions	15.51	21.27	320.66
	<u>1,017.91</u>	<u>1,138.26</u>	<u>17,159.81</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	332.58	415.03	6,256.77
Trade payables	0.88	1.23	18.54
Other current liabilities			
- Borrowings	777.39	869.52	13,108.43
- Others	74.67	93.90	1,415.74
Short term provisions	26.39	28.37	427.68
	<u>1,211.91</u>	<u>1,408.06</u>	<u>21,227.16</u>
<b>Total Liabilities</b>	<b>2,539.52</b>	<b>2,887.53</b>	<b>43,530.88</b>

## Selected valuations and returns

	As of 31 March	
	2015	2016
Market price per share (₹)	1,316	1,106
Market Capitalisation (USD billion) <sup>1</sup>	31.2	26.3
Earnings per share (₹) <sup>2</sup>	38	44
Price Earnings Ratio (times)	34.6	25.1
Book Value per share (₹) – Indian GAAP	197	216
Price to Book Ratio (times)	6.7	5.1
Adjusted Book value per share <sup>3</sup> (₹) (Without considering any gain on unlisted investments)	547	581
Price to Book ratio <sup>3</sup>	2.4	1.9
Foreign Shareholding (per cent.)	80	77

<sup>1</sup> Derived using an exchange rate of ₹ 66.48 to U.S. \$1.00.

<sup>2</sup> Annualised.

<sup>3</sup> Adjusted for unrealised gains on listed investments amounting to ₹ 576.51 billion and DTL on Special Reserve. All unlisted investments, including investments in the life and non-life insurance companies and the asset management business are reflected at cost.

## INDUSTRY

*CRISIL Research, a division of CRISIL Limited (“CRISIL”) states that it has taken due care and caution in preparing its report based on the Information obtained by CRISIL from sources which it considers reliable. Certain information in this Prospectus is derived from this report. However, in its report CRISIL does not guarantee the accuracy, adequacy or completeness of the data / report and does not take responsibility for any errors or omissions or for the results obtained from the use of data / report. CRISIL states in its report, and accordingly the information contained therein and from which certain information in this Prospectus is derived, that the report is not a recommendation to invest / disinvest in any company covered in the report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters / distributors of the Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd which may, in their regular operations, obtain information of a confidential nature. The views expressed in the report are that of CRISIL Research and not of CRISIL’s Ratings Division / CRIS.*

### **Overview of the Indian economy**

#### ***GDP and disposable income***

The Indian economy is one of the largest economies in the world, with a GDP on purchasing power parity basis of an estimated US\$7.376 trillion for the Fiscal Year 2013-2014. (Source: *The World Factbook available on <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>*).

#### ***Stable Macroeconomic Indicators***

The World Bank revised its global growth forecast for 2016 to 3.1 per cent. (from 3.2 per cent. previously) amid slow growth in advanced economies, persistently low commodity prices, weak global trade and diminishing capital flows. Despite the overall slowdown in the global economy, the Indian economy grew at 7.6 per cent. in 2015-16 compared to 7.2 per cent. in 2014-15. The Indian economy is one of the fastest growing major economies in the world, with a GDP estimated at Rs. 113.50 trillion for the fiscal year 2015-16. Strong macroeconomic indicators including, narrowing current account deficit, firm commitment towards fiscal consolidation, lower inflation and strong forex reserves, have held India in good stead. (Source: *World Bank and Central Statistical Office*).

Several reforms have been carried out to ensure ease of doing business in India. These include, government tendering through e-auctions and government-to-government deals for large procurements, liberalisation of FDI across sectors and setting up Banks Bureau Board to improve governance in public sector banks. India ranked 130th among 189 countries in the World Bank’s ease of Doing Business 2016, four notches up from the previous year. Constant efforts have also been made in at the state level to improve ease of doing business. The FDI inflows were up by 29 per cent. in 2015-16 to USD 40 billion. (Source: *World Bank and Ministry of Commerce and Industry*).

The outlook for India’s long-term growth remains positive with forecast of a good monsoon ahead, low interest rate regime and continued public sector capex.

#### ***Housing in India***

The urban housing shortage in India is estimated at 18.78 million units. Flagship government schemes such as ‘Housing for All’ by the year 2022, Smart Cities Mission and Atal Mission for Rejuvenation and Urban Transformation will help satiate housing demand and improve urban infrastructure. (Source: Ministry of Housing and Urban Poverty Alleviation)

The government has also introduced the Real Estate (Regulation & Development) Act 2016. The objective of the Act is to bring in transparency and enhance disclosures of project information, thereby enabling consumers to be better informed of the properties they are buying into. While implementation of real estate regulations at the state levels may take time, over the longer term, it will bring in the much needed efficiencies in the Indian real estate markets.

## ***Demographics and Housing Demand***

With 66 per cent. of India's population under 35 years of age, there is a huge potential for housing demand in the country. The Indian housing finance market is largely driven by the aspirations of people in all income segments who desire to own a house early in their lives. Mortgage growth has remained healthy on the back of continued strong demand for housing. Rising disposable incomes, affordable interest rates and continued tax incentives on home loans are the key drivers of growth. The capacity of the lending institutions has grown over the years as the mortgage segment has proved to be promising, profitable and increasingly bankable. (Source: *Census 2011*).

Investors' perceptions of India improved in early 2014, due to a reduction of the current account deficit and expectations of post-election economic reform, resulting in a surge of inbound capital flows and stabilisation of the rupee. (Source: *The World Factbook* available on <https://www.cia.gov/library/publications/the-worldfactbook/geos/in.html>). The real GDP growth as per the RBI was 6.1 per cent. in the fourth quarter of Fiscal 2015, compared to 5.3 per cent. for the same period in the previous year. (Source: *Reserve Bank of India Bulletin – July 2015*). A recovery in growth would come from an improvement in the investment climate, as a result of better governance, transparent, effective and efficient regulatory and legal regimes, improvement in technical efficiency, institutional improvements, improved labour mobility and other reforms. (Source: *RBI's Annual Report 2013-2014*). The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. High demand growth in the mortgage market in India is driven by improved affordability as a result of rising disposable incomes and tax incentives (interest and principal repayments deductible). As per the 2011 census, only 31.16 per cent. of the total Indian population is urban. The urban housing shortage is estimated at 18.78 million units. Increasing urbanisation has also resulted in a higher demand for housing and has spurred an increase in mortgage lending, given that the key market for Housing finance companies ("HFCs") is urban areas. (Source: [http://mhupa.gov.in/writereaddata/UploadFile/Annual\\_Reprot\\_English\\_2012-13.pdf](http://mhupa.gov.in/writereaddata/UploadFile/Annual_Reprot_English_2012-13.pdf)).

## ***Demographics***

India's median population is below 27 years of age. (Source: *The World Factbook* available on <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>). The Indian housing finance market is largely driven by the aspirations of people in all income segments who desire to own a house early in their lives. The capacity of the lending institutions has grown over the years as the mortgage segment has proved to be promising, profitable and increasingly bankable. The market is growing on account of factors such as population migrating to urban centers, and demographic composition. (Source: *NHB, Report on Trend and Progress of Housing in India 2014*).

## ***Indian housing finance industry***

The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to the growth in housing construction and housing demand. HFCs have been at the forefront; clocking a CAGR of approximately 26 per cent. in loans outstanding between 2009-2010 and 2014-2015, compared to the industry's CAGR of 19-20 per cent. (computed as an aggregate of banks and HFCs). (Source: *CRISIL Research, NBFC Housing Finance Report, July 2015*). According to ICRA, the home loans outstanding by banks and HFCs grew at an annualised rate of 19 per cent. in FY16 to ₹12.5 trillion from ₹10.5 trillion as in the previous year. (Source: *ICRA report, Indian Mortgage Finance Market Update for FY16*).

Housing finance is the second largest segment after infrastructure for non-banking financial companies. Several HFCs have shifted focus towards secured lending post the global slowdown in 2008-2009 owing to high delinquencies in the unsecured loan portfolio during the slowdown. The shift in focus can be gauged from the fact that a large number of players started full-fledged housing finance divisions as a result of which loans outstanding by HFCs accelerated at about 30 per cent. CAGR during 2009-2010 to 2012-2013. As of November 2014, the total number of HFCs registered with NHB rose to 63, from 43 as of March 2009. The change in focus towards secured assets helped de-risk the books and resulted in continuous improvement in asset quality. However, the pace of growth moderated in 2013-2014 and 2014-2015, although it was still at healthy levels of 20-22 per cent. CAGR. This was because the growth rate of mid and small size HFCs reduced as their base increased. (Source: *CRISIL Research, NBFC Housing Finance Report, July 2015*).

Outstanding home loans by banks and HFCs increased 18.9 per cent. year on year to ₹10,260,000 million in 2014-2015. Demand for individual home loans rose despite high residential property prices during the year, especially in non-metro tier-II and tier-III cities. Rising disposable incomes, interest rate subventions and fiscal incentives on housing loans, along with more options in the affordable housing segment, has aided the robust offtake. (Source: *CRISIL Research, NBFC Housing Finance Report, July 2015*). Tax incentives on home loans

has increased from ₹150,000 to ₹200,000 in 2015. Increased tax incentives are likely to encourage individuals, especially the younger segment of the population, to invest in housing. (Source: *Finance Bill, 2015* available on <http://indiabudget.nic.in/bill.asp>).

In contrast, owing to slowdown and rising delinquencies in the builders' portfolio over 2010-2011 and 2014-2015, financiers had become cautious in lending to this segment. During this period, the share of housing loans increased gradually from 69 per cent. to 73 per cent., as HFCs mainly focused on providing housing loans to individuals. (Source: *CRISIL Research, NBFC Housing Finance Report, July 2015*).

## DESCRIPTION OF THE ISSUER AND THE GROUP

### Overview

The Issuer was incorporated as a public limited company on 17 October 1977 and has its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020 and corporate office at HDFC House, H.T. Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai 400 020, India, registered with CIN L70100MH1977PLC019916 (Telephone Numbers: +91 22 61766000/+91 22 2282 0282). The Issuer was the first specialised mortgage company in India and is now the largest housing finance company in India in terms of market share based solely on housing loans. (Source: CRISIL Research, *Housing Finance Report, July 2015*). As of 31 March 2016, the Issuer's outstanding loan book amounted to ₹ 2,592,244 million and total assets were ₹ 2,887,528 million. The Issuer's principal business is providing finance to individuals, corporates, developers and co-operative societies for the purchase, construction, development and repair of houses, apartments and commercial property in India.

The Issuer's initial public offering was undertaken in 1978 and its shares are listed on the BSE and the NSE. As of 31 March 2016, the Issuer's distribution network comprised 401 outlets, which included 115 offices of its wholly owned Subsidiary, HDFC Sales Private Limited. As of 31 March 2016, the Issuer's capital adequacy ratio after reducing the investment in HDFC Bank from Tier 1 capital, was 16.6 per cent. as against a minimum regulatory requirement of 12 per cent. and the Issuer's Tier I capital was 13.2 per cent., as against a minimum requirement of 6 per cent.

A snapshot of the business of the Issuer as of 31 March 2016 is as follows:

Loans Outstanding (Gross loans)	₹ 2,915.31 billion U.S.\$ 43.85 billion <sup>4</sup>
Individual Loans Originated CAGR (5 years)	20 per cent.
Cumulative Housing Units Financed	5.4 million
Total loan write offs since inception (of cumulative disbursements)	Under 4 basis points
Unrealised gains on listed investments	₹ 576.51 billion

### Strengths

The Issuer's strengths as a provider of housing finance are:

- one of the lowest levels of NPA in the industry due to, among others:
  - efficient recovery mechanisms; and
  - efficient and robust operating process;
- well diversified assets and liabilities mix;
- low average loan to value ratio and instalment to income ratios;
- steady level of prepayments;
- pan-Indian presence; and
- quality underwriting with experience of over 38 years.

The Issuer's corporate strengths are:

- strong brand and large customer base of 5.4 million;
- stable and experienced management, with the average tenor of senior management of the Issuer being approximately 30 years;
- low cost income ratio: as of 31 March 2016, the cost income ratio was 7.6 per cent. (excluding expenditure towards corporate social responsibility activities);
- high service standards; and
- synergistic and diverse presence across segments of financial services through subsidiaries and associates.

<sup>4</sup> Derived using an exchange rate of ₹66.48 to U.S. \$1.00.

The significantly low mortgage penetration in India implies room for growth (mortgages represented 9 per cent. of nominal GDP in India as of 31 March 2016, compared to 18 per cent. in China and 75 per cent. in the United Kingdom. (Source: European Mortgage Federation, HOFINET & HDFC estimates for India).

## Strategies

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

The Issuer's primary business strategies are to:

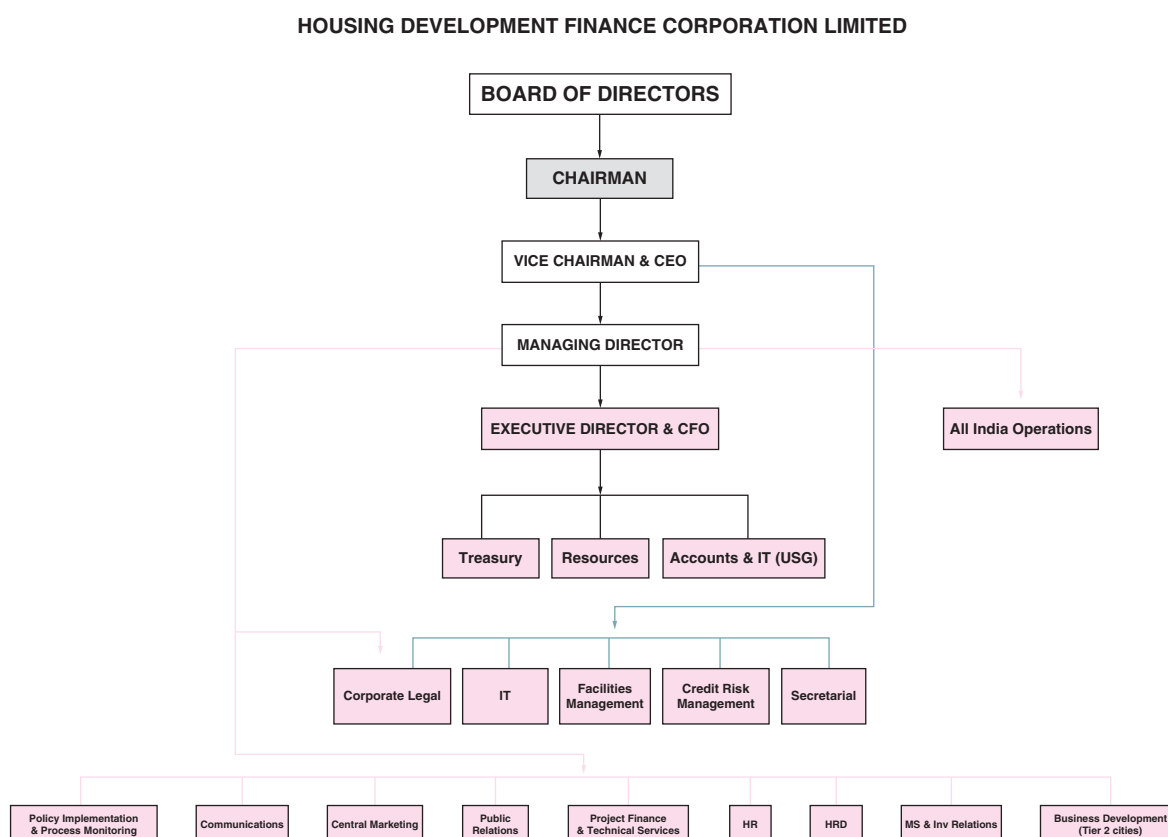
- maintain its position as the leading housing finance institution in India;
- develop close relationships with individual households and enhance its customer relationships;
- transform ideas for housing finance into viable and creative solutions; and
- grow through diversification by leveraging its client base.

The Issuer's primary business objectives are to:

- *increase the return on equity to maximise shareholder value*: as of 31 March 2016, the Issuer's return on equity (excluding the impact of deferred tax liability on Special Reserve) was 23 per cent., compared to 21.6 per cent. as of 31 March 2015;
- *minimise gross non-performing assets*: The Issuer's gross non-performing loans stood at 0.70 per cent. of its loan portfolio as of 31 March 2016, compared to 0.67 per cent. as of 31 March 2015; and
- *minimise cost to income ratio*: for Fiscal 2016, the Issuer's cost to income ratio stood at 7.6 per cent., and was the same in Fiscal 2015.

## Organisational Structure

The following diagram sets forth an overview of the Issuer's organisational structure:





### ***Simultaneous Issue of Warrants and Non-Convertible Debentures on a QIP Basis***

During Fiscal 2016, the Issuer raised ₹ 50.5 billion through the issuance of Warrants simultaneously with Non-Convertible Debentures to domestic Qualified Institutional Buyers. The Corporation issued and allotted 36.5 million warrants at an issue price of ₹ 14 per warrant with a right exercisable by the warrant holder to exchange each warrant for one equity share of face value of ₹ 2 each of the Issuer at any time on or before 5 October 2018, at a warrant exercise price of ₹ 1,475 per equity share, to be paid by the warrant holder at the time of exchange of the warrants. Simultaneously, the Issuer issued and allotted Secured Redeemable Non-Convertible Debentures (“NCDs”) due in March 2017, with a coupon of 1.43 per cent. per annum payable annually for cash aggregating to ₹ 50.0 billion.

### ***Non-convertible debentures***

During Fiscal 2016, the Issuer issued NCDs amounting to ₹ 222,760 million on a private placement basis (excluding NCDs raised through the QIP issue as explained above). The NCDs have been listed on the Wholesale Debt Market segment of NSE and BSE. The NCDs have been assigned the highest rating of ‘CRISIL AAA/Stable’ and ‘ICRA AAA/Stable’, by CRISIL and ICRA respectively. As on 31 March 2016, outstanding NCDs, excluding subordinated debt and the NCDs raised via the QIP issue, amounted to ₹ 841.43 billion.

### ***Debt – equity ratio***

The gross debt to equity ratio of the Issuer as of 31 March 2016 was 6.96:1.

### ***Interest coverage ratio***

The following table sets the Issuer’s interest coverage ratio as at 31 March 2016 and 2015 on a standalone basis.

	As at 31 March	
	2016	2015
Interest coverage ratio (per cent.)	152.17	147.98

## **Products and Services**

### ***Loan Products***

The Issuer lends to individuals, members of co-operative housing societies and companies to finance the construction, repair, development or purchase of residential and non-residential premises in India. It constantly endeavours to improve and expand its existing product portfolio. Its products are designed to satisfy the diverse needs of its customers. It has introduced various innovative lending products at affordable rates of interest to serve such diverse purposes. The Issuer’s principal products include:

- *home loans* to individuals to finance the purchase of property or land, for construction and for extension, repair or renovation of property;
- *loans against the value and security of a property* for education, medical costs and other approved purposes;
- *non-residential premises loans* provided to professionals to facilitate purchase or construction of their office premises and renovation of their existing office premises;
- *corporate loans*, including loans provided to approved corporates for financing the purchase or construction of staff accommodation and office premises, and line of credit facilities under which the Issuer provides funds to corporates for onward lending to their employees; and
- *developer loans* provided to approved developers to finance the construction of housing projects and loans to property owners against rent receivables.

The total loans outstanding for various customer categories and as a percentage of total outstanding loans across the following categories of customers as of 31 March 2014 and 2015 were as follows:

₹ Million, except percentages

	As of 31 March			
	2016	per cent.	2015	per cent.
Individuals	1,799,675	69.4	1,556,897	68.2
Corporate Bodies	752,285	29.0	691,448	30.3
Others	40,285	1.6	33,464	1.5
<b>Total</b>	<b>2,592,244</b>	<b>100</b>	<b>2,281,809</b>	<b>100.0</b>

For the Issuer's individual loan portfolio, the average loan size is ₹ 2.5 million, average loan-to-value is 64 per cent. (at origination) and average loan tenure is 13 years as of 31 March 2016.

### *Individual loans*

The Issuer offers loans to acquire or construct residential accommodation in India. The principal eligibility criterion is the borrower's repayment capacity. Loans are generally repaid in equated monthly instalments over a period of 5 to 20 years. The maximum loan size for loans above ₹ 3 million and up to ₹ 7.5 million is 80.0 per cent. of the cost of the property, for loans above ₹ 7.5 million is 75.0 per cent. of the cost of the property and for loans below ₹ 3 million is 90.0 per cent. of the cost of the property, and is based on the Issuer's evaluation of the repayment capacity of the customer. The loans are secured by equitable mortgages over the property to be financed and/or such other collateral security as may be necessary.

The Issuer offers an option to individuals to choose between a fixed rate of interest or a variable rate of interest. It also offers customers a combined option of a part fixed, part variable rate of interest to allow them to hedge against unexpected interest rate movements.

In the case of fixed rate housing loans, the rate of interest remains fixed for the entire tenor of the housing loan. In the case of the variable rate loans, the interest rate is linked to the Issuer Retail Prime Lending Rate ("RPLR") and the rate on the loan is reviewed every three months from the date of the first disbursement of the loan. The term of any loan varies according to the purpose of the loan and most loans are for a term of 15 to 20 years or until the retirement age of the borrower, whichever is earlier.

Borrowers are typically required to pay a processing fee of up to 1.0 per cent. of the total amount of the loan prior to the disbursement.

As security for the loans provided, the Issuer requires borrowers to grant a charge over the property and deposit the title deeds to the property with it. Borrowers may also be required to obtain a guarantee from a person of good financial standing acceptable to the Issuer. The Issuer may also require the borrower to assign collateral in the form of insurance policies or bonds. These decisions are based on the Issuer's internal credit rating of such a borrower.

The Issuer, as a part of its corporate marketing initiative, advances housing loans for the purchase, construction, extension, repair or renovation of property to employees of approved corporates. These loans are on preferential terms and conditions and the employees of the approved corporates enjoy benefits such as guarantee waiver and real estate counselling.

The disbursement of individual home loans has increased in recent years largely due to increased marketing efforts, increased demand for home loans due to affordable interest rate levels in India, stable property prices, increased fiscal benefits available to home-owners, higher disposable incomes and increased urbanisation.

Of the total loans outstanding as of 31 March 2016, individual loans comprised 69.4 per cent. If individual loans outstanding in respect of loans sold/assigned were to be included, individual loans would comprise 69.6 per cent. of the total outstanding loans.

### *Other individual loan products*

Apart from home loans, the Issuer offers a number of other lending products to individuals:

- *Home Improvement Loans*: loans for internal and external repairs, additions and other structural improvements of homes;

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

The Issuer offers flexible repayment schemes to structure customers' repayment terms in accordance with their unique needs. These include:

- *Step Up Repayment Facility*: in this facility, the repayment schedule is linked to customers' expected growth in income and repayment is accelerated proportionately with the assumed increase in income; and
- *Flexible Loan Instalment Plan*: in this facility, the repayment schedule is in tranches, with an initial higher instalment for a fixed term, followed by lower instalments for the balance of the term.

#### *Non-individual loans*

- Corporate loans

The Issuer offers loans and line of credit facilities to approved corporates and loans to housing boards and co-operative housing societies.

As part of its portfolio, the Issuer also provides loans against rent receivables.

- Developer loans

The Issuer offers loans to approved developers for the construction of housing projects and loans to property owners which are secured by rent receivables from their tenants.

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

#### *Sale of loans*

During Fiscal 2016, the Issuer sold loans amounting to ₹ 127,730 million to HDFC Bank under the loan assignment route, which qualified as priority sector advances for HDFC Bank. The amount of loans that were sold under the mortgage backed securities and loan assignment route as of 31 March 2016 stood at ₹ 323,070 million. The Issuer continues to service these loans. The residual income on loans sold is recognised at the time of actual collections (i.e. over the life of the underlying loans) and not upfront on a net present value basis. Loan pools which were rated by external rating agencies carry a rating indicating the highest degree of safety.

#### *Property services group*

The Issuer property services group assists individuals and companies in locating suitable residential or commercial premises in major cities and towns in India. These facilities are also available to NRIs. The Issuer also undertakes valuation of real estate for companies.

#### *Advance processing facility*

The Issuer has an "Advance Processing Facility" under which developers who are undertaking a residential project can approach it for approval in principle to finance individuals buying a dwelling unit in their project. The facility has been designed to expedite the processing of loan applications and make it more convenient for individuals to obtain loans from the Issuer.

#### *International housing finance initiatives*

The Issuer's expertise in housing finance is well regarded and therefore a number of existing and new housing finance companies are keen to seek training and technical assistance in housing finance from it.

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

The Issuer remains committed to sharing its expertise in countries which have upcoming mortgage markets. It continues to lend its support to housing finance players in Bangladesh and the Maldives.

To develop the capital markets and facilitate access to long-term funding for housing finance, the Issuer participated in the first international conference on capital markets in East Africa. The conference was held in Rwanda and was co-hosted by the Rwanda government and IFC.

### Marketing and Distribution Offices

As of 31 March 2016, the Issuer’s business is conducted through its network of 401 offices across India, including 115 outlets of its wholly owned Subsidiary, HSPL, compared with 378 offices as of 31 March 2015. Deposit and loan products offered by the Issuer are offered at several locations through outreach programmes.

The following map shows the Issuer’s distribution network across India:

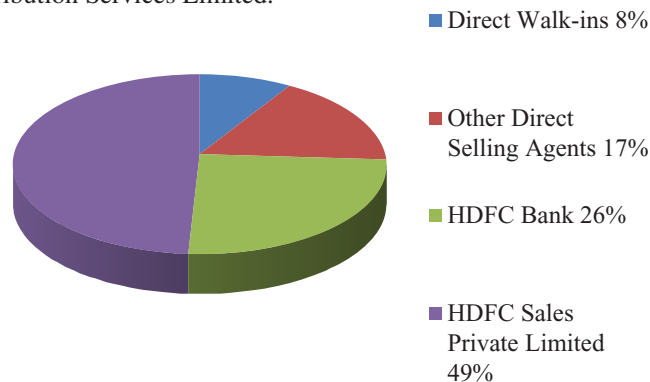


*The map above represents an unofficial map of India and is for illustrative purposes only and the Issuer does not make any representations or warranties regarding the accuracy thereof. This map is not intended to accurately show the size or exact location of the Issuer’s distribution network nor does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

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

## Distribution

The Issuer's distribution network, which include the Issuer's branches, HSPL, HDFC Bank and third party direct selling associates, play an important role in sourcing home loans. As of 31 March 2016, 83 per cent. of the Issuer's mortgages are sourced through itself or its affiliates. It also has distribution tie-ups with banks such as IndusInd Bank, RBL Bank and Lakshmi Vilas Bank as well as with Sundaram Finance Limited, IIFL Limited and Cholamandalam Distribution Services Limited.



As of 31 March 2016

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

## Cross-selling

The Issuer and its Subsidiaries and Associates have strong synergies. This enables the Issuer to provide property related value added services and cross sell products and services under the 'HDFC' brand.

HDFC Realty Limited, a property advisory company, is present in over 23 locations in India and helps individuals and corporate institutions to buy, sell or lease real estate. HDFCRED.com, an on-line real estate search engine, assists potential home buyers in identifying properties and provides leads for potential home loan customers.

The Issuer and HSPL are Composite Corporate Agents for HDFC Standard Life Insurance Company Limited.

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

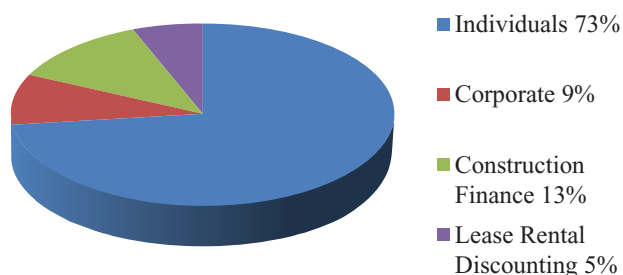
## Lending

### Loan book

The following table sets out some key figures in relation to the Issuer's loan book:

	As of 31 March 2016 ₹ in billion
Gross Loans	2,915
Less: Loans securitised – on which spread is earned over the life of the loan	323
Loans Outstanding	2,592

The following chart demonstrates the Issuer's client sector exposure in respect of its loan portfolio as of 31 March 2016:



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

The following two tables provide further analysis of the Issuer's loan book:

#### Analysis of the Loan Book

As of 31 March 2016	Loan Book o/s <sup>(1)</sup>		Loan Book o/s Before Sell Down in last 12 months	
	₹ billion	per cent. Growth	₹ bn	per cent. Growth
Individuals	1,800	16	1,928	24
Non Individuals	792	9	792	9
Total	2,592	14	2,720	19

(1): Loans sold in the previous 12 months amounted to ₹ 128 billion.

The Issuer's home loans have continued to grow as a result of increased demand for home loans, more affordable interest rates, increased fiscal benefits available to home-owners, higher disposable incomes and increased urbanisation. As of 31 March 2016, its loan book increased to ₹ 2,592,244 million from ₹ 2,281,809 million as of 31 March 2015, representing a growth of 14 per cent. The growth in the loan book would have been 19 per cent. if the loans sold during the preceding 12 months were to be included in the loan book.

The Issuer's loan portfolio is diversified in terms of market segmentation. As of 31 March 2016, individual loans, inclusive of loans sold, constituted 73 per cent. and non-individual loans constituted 27 per cent. of its outstanding loans.

#### Interest rates

An important component of the Issuer's asset and liability management policy is its management of interest rate risk, which is the relationship between market interest rates and interest rates on its interest-earning assets and interest-bearing liabilities. For details of the Issuer's risk management policy, please refer to "Risk Management – Financial Risk Management".

Currently, the housing finance industry in India is principally based on floating rate lending. The interest rates on the Issuer's individual floating rate loans are benchmarked to its RPLR and on non-individual loans to its CPLR. As of 31 March 2016, 88 per cent. of the assets and 74 per cent. of the liabilities were on a floating rate basis.

#### Size and concentration of loans

NHB Guidelines restrict HFCs from making loans to a single borrower, or a group of borrowers, in excess of 15.0 per cent. and 25.0 per cent., respectively, of an HFC's total shareholders' funds. As of 31 March 2016, the Issuer's single largest borrower accounted for ₹ 36,755 million or 10.77 per cent. of its net worth.

As of 31 March 2016, the Issuer's 10 largest performing loans accounted for ₹ 145,945 million or 5.64 per cent. of its outstanding loans.

#### Collateral

Most of the loans provided by the Issuer are secured by an equitable mortgage over the property being financed. Loans could also be secured, or partly secured, by pledges of shares, units or other securities, assignments of life

insurance policies, hypothecation of assets, bank guarantees, company or personal guarantees, negative liens or assignments of hire purchase receivables. There could also be loans provided which are accompanied by undertakings to create a security.

Currently under the regulation, maximum loan size for loans below ₹ 3.0 million is 90.0 per cent. of the cost of the property, for loans above ₹ 3.0 million and up to ₹ 7.5 million is 80.0 per cent. of the cost of the property and for loans above ₹ 7.5 million is 75.0 per cent. of the cost of the property, and further based on the Issuer's evaluation of the repayment capacity of the customer. The security for the loan is an equitable mortgage of the property to be financed and/or such other collateral security as may be necessary.

The Issuer uses in-house valuers to value properties to be given as security. It considers these valuations to be more conservative than market valuations as it is typically the lesser of the transaction value and the market value of the property.

### ***Credit policy***

The Issuer's credit policy is central to all of its lending activities and functions. The Issuer's standard credit norms and procedures are reviewed periodically and are applicable to all segments of its business.

The credit approval process is initiated at the office where the initial application is made. Each loan approval passes through various levels of assessment, from the time a customer requests the loan, until the time the loan is disbursed.

The Issuer's loan approval process is decentralised, with varying approval limits. Loan proposals are referred to Committees of management, which in certain cases include some of the Issuer's Directors.

### ***Key components of the Issuer credit appraisal process***

- *Information Acquisition:* gathering authentic and reliable customer information is essential for the Issuer's credit appraisal processes.
- *Carefully Designed Application Form:* the application form captures the applicant's income and stability factors, such as the employment and dependency details, age and educational status and other financial obligations of the applicant, amongst other details.
- *Standard Document List:* the standard documentation to be provided by the applicant includes evidence of identification, income, employment, asset holdings and details of the property to be financed.
- *Customer Interface:* a personal meeting/telephone discussion is carried out with the customer. This helps in arriving at the credit decision and aids in satisfying any queries.
- *Customer Credit Verifications:* the Issuer ensures that employer and residence field credit investigations are executed to verify that the information supplied by the customer is authentic.
- *Credit Bureau Report:* credit Information Bureau India Limited ("CIBIL") is a repository of information which contains credit histories of customers. CIBIL provides this information to its members in the form of credit information reports.

### ***Credit appraisal***

Post documentation and information gathering, the process of credit appraisal begins. Each loan goes through four levels of assessment; the appraiser at level one, the double checker at level two and two approvers at levels three and four. These levels of assessment are conducted by officers with a stipulated level of experience, with clear financial delegations at each level.

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

### ***Disbursement diligence***

- *Legal Due Diligence:* a specialised in-house team scrutinises the transaction-related documents, checking various legal issues such as the authenticity of the ownership papers of the seller and compliance with

statutory approvals laid down by the relevant authorities. This is an important aspect as, in India, land ownership falls under the purview of state legislation and laws differ from state to state.

- *Technical Due Diligence*: a specialised in-house team assesses the property and confirms that the property selected conforms to the appropriate building plans and standards.
- *Disbursement*: the handing over of the cheque of the approved amount to the customer occurs only if the required legal and technical diligence reports are satisfactory.

### **Asset classification**

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

<u>Asset Classification</u>	<u>Guidelines Period of Default</u>	<u>Provisioning Required (in per cent.)</u>
Standard Assets	<90 days	0.40
	<90 days	0.75 (non individual CRE-RH)
	<90 days	1.00 (non individual CRE-Others)
Sub-standard Assets	90 days to one year	15.00
Doubtful Assets	One to two years	25.00
	Two years to three years	40.00
	More than three years	100.00
Loss Assets	—	100.00

The Issuer's gross non-performing loans as of 31 March 2016 amounted to ₹ 18,330 million, which is equivalent to 0.71 per cent. of the portfolio, comprising loans as well as debentures issued by corporates and corporate deposits placed for financing their real estate projects.

The Issuer is required to make a provision of 0.40 per cent. against its standard assets under the NHB Directions 2010.

In terms of prudential norms as stipulated by the NHB, the Issuer is required to carry a provision of ₹ 19,590 million in respect of NPAs and a general provision on outstanding standard non-housing loans. As a matter of prudence, however, over the years, the Issuer has been transferring additional amounts to the provision for contingencies account. The balance in the provision for contingencies account as of 31 March 2016 stood at ₹ 26,950 million, which is equivalent to 1.03 per cent. of the portfolio.

The following table sets forth the details of the Issuer's gross non-performing loans, as a percentage of its portfolio, and the provision for contingencies as a percentage of its portfolio:

<u>As of 31 March</u>	<u>Gross non-performing loans as a percentage of the portfolio (in per cent.)</u>
2016	0.71
2015	0.67
2014	0.69

There are no loans classified as loss assets. Since inception, the Issuer has written off loans (net of subsequent recovery) aggregating to ₹ 2,600 million.

## **Funding**

### **Overview**

The Issuer has expanded its sources of funds in order to reduce its funding costs, protect interest margins and maintain a diverse funding portfolio that will enable it to achieve funding stability and liquidity.

As of 31 March 2016, 82 per cent. of the Issuer's liabilities comprised borrowings. Its sources of funding comprise debentures and securities, which constitute 51 per cent., term loans, which constitute 18 per cent. and deposits, which account for 31 per cent. of its borrowings.



## ***Sources of borrowings***

### ***Subordinated Debt***

As of 31 March 2016, the Issuer's outstanding subordinated debt stood at ₹ 59,750 million. The debt is subordinated to the Issuer's present and future senior indebtedness. Based on the balance term to maturity, as of 31 March 2016, ₹ 51,000 million of the book value of subordinated debt is considered as Tier II under the guidelines issued by the NHB, for the purpose of capital adequacy computation.

### ***Debentures and securities***

As of 31 March 2016, outstanding debentures and securities amounted to ₹ 1,208,447 million compared to ₹ 1,163,168 million as of 31 March 2015. The Issuer's issuances of non-convertible debentures have been listed on the Wholesale Debt Market segment of either the NSE or BSE, or the Wholesale Debt Market segments of both the Stock Exchanges. These issuances of non-convertible debentures have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/ Stable' by CRISIL and ICRA respectively.

As of 31 March 2016, the Issuer has outstanding zero coupon debentures amounting to ₹ 70,900 million.

### ***Deposit products***

The Issuer offers a range of term deposit products to individuals, associations of persons, co-operatives, educational and charitable trusts and corporate bodies. The term deposit products carry competitive rates of interest and have different features to suit investor requirements. In 2014, 2015 and 2016, the Issuer's deposits have been rated 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA respectively. The Issuer accepts deposits in accordance with the guidelines stipulated in the NHB Directions 2010. As of 31 March 2016, the Issuer had deposits outstanding of ₹ 746,700 million.

### ***Term loans from banks and institutions and refinance from NHB***

As of 31 March 2016, the total loans outstanding from banks, financial institutions and NHB amounted to ₹ 426,780 million, as compared to ₹ 261,940 million on 31 March 2015.

### ***Foreign currency borrowings***

On 31 March 2016, the outstanding foreign currency borrowings constituted borrowings from FCNR (B) loans from commercial banks amounting to US\$601 million, Asian Development Bank under the Housing Finance Facility Project amounting to US\$47 million and External Commercial Borrowing ("ECB") under RBI's Low Cost Affordable Housing Scheme amounting to US\$800 million.

During the current financial year, the Issuer has raised an ECB of USD 500 million under RBI's Low Cost Affordable Housing Scheme.

## ***Rating***

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

### Summary of indebtedness

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

	<u>As of 31 March</u> <u>2015</u>	<u>As of 31 March</u> <u>2016</u>
	<i>(in ₹ billion)</i>	
<b>LONG – TERM BORROWINGS</b>		
Bonds and Debentures	601.92	632.67
<b>Term Loans:</b>		
Banks	63.78	54.16
External Commercial Borrowing – Low Cost Affordable Housing	18.84	53.18
Others	13.00	19.97
Deposits	278.48	331.86
<b>Total</b>	<b>976.02</b>	<b>1,091.84</b>
<b>OTHER LONG – TERM LIABILITIES</b>		
Interest accrued but not due on borrowings	7.72	9.75
<b>Total</b>	<b>7.72</b>	<b>9.75</b>
<b>SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand:</b>		
From Banks – Unsecured	1.16	—
Deposits – Unsecured	28.22	37.86
<b>Other loans and advances:</b>		
<b>Particulars</b>		
Scheduled Banks – Secured	46.60	108.00
National Housing Bank – Secured	—	—
Scheduled Banks – Unsecured	—	—
Commercial Papers – Unsecured	256.59	257.26
<b>Total</b>	<b>332.57</b>	<b>403.12</b>
<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings	777.39	869.52
Interest accrued but not due on borrowings	54.10	55.54
Interest accrued and due on matured deposits	0.79	0.74
Unclaimed matured deposits	6.18	5.54
<b>Total</b>	<b>838.46</b>	<b>931.34</b>

The following table shows the net increase in funding for the Issuer for FY 2016 compared to FY 2015:

	<u>31 March 2016</u>	<u>31 March 2015</u>	<u>Net Increase</u>	<u>FY 2016</u> <u>compared to</u> <u>FY 2015</u>
	<i>(in ₹ billion)</i>		<i>(in ₹ billion)</i>	per cent. of incremental funding
Term Loans	427	262	165	57
Debentures & Securities	1,208	1,163	45	16
Deposits	747	667	80	27
<b>Total</b>	<b>2,382</b>	<b>2,092</b>	<b>290</b>	<b>100</b>

As of 31 March 2016, the Issuer's outstanding subordinated debt stood at ₹ 59,750 million. The debt is subordinated to present and future senior indebtedness of the Issuer and has been assigned the highest rating by CRISIL and ICRA respectively. Based on the balance term to maturity, as of 31 March 2016, ₹ 51,000 million of the book value of subordinated debt was considered as Tier II under the guidelines issued by NHB for the purpose of capital adequacy computation.

The Issuer's ability to incur additional debt in the future is subject to a variety of uncertainties including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect investor demand for its securities and those of other Indian entities, the liquidity of the Indian capital markets and the Issuer's financial condition and results of operations. The Issuer intends to continue to utilise long-term debt.

### **Key Subsidiaries and Associates**

Housing finance continues to remain the Issuer's core business. While the main focus is to grow the housing portfolio, organically and inorganically, the Issuer has made investments in various group companies in order to capitalise on its strong brand and to maximise returns for shareholders. These group companies have strong synergies with the Issuer and such diversification enables it to offer a wide range of financial services and products to its customers. Some of the key subsidiaries and associate companies are described below:

#### ***HDFC Bank Limited***

HDFC Bank, a commercial bank, was promoted by the Issuer in Fiscal 1993. Its equity shares are listed on the BSE and the NSE. As of 31 March 2016, its market capitalisation on the NSE and BSE was ₹ 2,708,067 million and ₹ 2,708,193 million, respectively. It also has ADRs listed on the New York Stock Exchange.

The Issuer and HDFC Bank maintain an arm's length relationship out of good corporate governance and in accordance with the regulatory framework. Both organisations capitalise on the strong synergies through a system of referrals, business arrangements, cross sell and distribution networks in order to effectively provide a wide range of products and services under the 'HDFC' brand name. HDFC Bank sources the home loans for a fee and the loans are originated in the Issuer's books. The Issuer offers a part (up to 70 per cent.) of the disbursed loans for assignment to HDFC Bank.

As at 31 March 2016, advances of HDFC Bank stood at ₹ 4,646 billion, an increase of 27.1 per cent. over the same period in 2015. Total deposits stood at ₹ 5,464 billion, an increase of 21.2 per cent. over the same period in 2015. As at 31 March 2016, HDFC Bank's distribution network included 4,520 branches and 12,000 ATMs.

For the year ended 31 March 2016, HDFC Bank reported a profit after tax of ₹ 122.96 billion as compared to ₹ 102.16 billion in the same period in 2015, representing an increase of 20.4 per cent. The board of HDFC Bank has recommended a dividend of ₹ 9.5 per equity share of ₹ 2 each for Fiscal 2016 compared to a dividend payout of ₹ 8 per equity share for the Fiscal 2015.

As of 31 March 2016, the Issuer together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited held 21.5 per cent. of the equity share capital of HDFC Bank.

#### ***HDFC Life***

HDFC Life is a joint venture between HDFC and Standard Life (Mauritius Holdings) 2006 Limited . It had a paid up share capital (including securities premium) of ₹ 21.64 billion as at 31 March 2016.

As of 31 March 2016, HDFC Life has a portfolio of 28 individual products and eight group products covering saving, investment, protection and retirement needs of its customers, along with seven optional rider benefits.

As of 31 March 2016, HDFC Life's distribution Network included 398 branches across India. In addition, HDFC Life has over 100,000 financial consultants and access to over 9,000 distributor touch-points through bancassurance partners, pan-India brokers and corporate agency tie-ups.

Gross premium income of HDFC Life for the year ended 31 March 2016 stood at ₹ 163.1 billion, an increase of 10.0 per cent. as compared to the previous year. As at 31 March 2016, its assets under management stood at ₹ 742.5 billion, an increase of 11 per cent. over 31 March 2015.

In FY 2016, HDFC Life ranked third among private sector life insurers based on the individual weighted received premium with market share of 14.7 per cent. (*Source: Life Insurance Council of India disclosures*). Individual new business premium income (including single premium) was ₹ 36.6 billion in FY 2016. In FY 2016, HDFC Life ranked third in overall new business received premium in the private sector with market share of 15.8 per cent. (*Source: Life Insurance Council of India disclosures*). It ranked first amongst private sector life insurers in terms of group business with a market share of 18.3 per cent. (*Source: Life Insurance Council of India disclosures*).

HDFC Life reported a profit after tax of ₹ 8.2 billion for the year ended 31 March 2016, as compared to ₹ 7.9 billion in the same period in 2015.

During the year ended 31 March 2016, HDFC Life paid a dividend of ₹ 0.90 per equity share of ₹ 10 each. The solvency ratio of HDFC Life was 198 per cent. as at 31 March 2016, as compared to the minimum regulatory requirement of 150 per cent.

The Issuer's holding in HDFC Life as on 30 June 2016 was 61.58 per cent. and that of Standard Life (Mauritius Holdings) 2006 Limited was 34.96 per cent., and the balance was held by others.

The Board of Directors of HDFC Life, at its meeting held on 18 April 2016, had approved the initiation of the process for an Initial Public Offer (“**IPO**”) of HDFC Life by way of an offer for sale, by the Issuer, of up to 10 per cent. of the paid-up and issued equity share capital of HDFC Life. The IPO is subject to certain relevant regulatory and other approvals, including that of the Insurance Regulatory and Development Authority of India and SEBI.

On 8 August 2016, the Board of Directors of HDFC Life, Max Life Insurance Company Limited (“**Max Life**”), Max Financial Services Limited (“**Max Financial**”) and Max India Limited (“**Max India**”), at their respective board meetings, approved entering into definitive agreements for the amalgamation of the businesses between the above entities through a composite Scheme of Arrangement (“**Scheme**”). Further, a Committee of the Board of Directors of the Issuer at its meeting held on 8 August 2016, approved entering into definitive agreements for the amalgamation of the businesses of the above entities through the Scheme. Pursuant to the Scheme, a Merger Co-operation Agreement was executed by various transaction parties, *inter alia*, to ensure co-operation between the parties for undertaking the transactions proposed under the Scheme.

As part of the Scheme, the life insurance business of Max Financial, currently held in Max Life, will be demerged and amalgamated with HDFC Life and the residual business of Max Financial will be merged into Max India. The shares of HDFC Life are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited as a consequence of the Scheme. Therefore, once the Scheme is given effect to, HDFC Life will not be required to undertake the IPO described above.

Pursuant to the Scheme and subject to receipt of the requisite approvals, the shareholding of the Issuer in HDFC Life post completion of the proposed transaction under the Scheme is expected to be approximately 42.5 per cent. and consequently, pursuant to Indian regulations, HDFC Life would cease to be a subsidiary of the Issuer (*see “— Recent Developments”*).

#### ***HDFC Asset Management Company Limited (“HDFC-AMC”)***

HDFC-AMC is the investment manager to HDFC Mutual Fund, with HDFC Trustee Company Limited acting as trustee. HDFC-AMC is a joint venture between the Issuer and Standard Life Investments Limited.

As at 31 March 2016, HDFC-AMC managed 79 schemes comprising debt, equity, gold exchange traded fund and fund of fund schemes of HDFC Mutual Fund. The average assets under management for the month of March 2016 stood at ₹ 1.81 trillion, including assets under discretionary portfolio management and advisory services. HDFC Mutual Fund has been ranked second in the industry on the basis of quarterly average assets under management for the quarter ended 31 March 2016.

The assets under management (managed/advised by HDFC-AMC) as at 31 March 2016 was ₹ 1,685,271 million, as compared to ₹ 1,546,094 million as at 31 March 2015, representing an increase of 9.0 per cent. or ₹ 139,177 million. For the year ended 31 March 2016, HDFC-AMC reported a profit after tax of ₹ 4.78 billion, as compared to ₹ 4.16 billion in the previous period.

As of 31 March 2016, the Issuer held 59.99 per cent. and Standard Life held 39.99 per cent. of the equity share capital of HDFC-AMC.

#### ***HDFC ERGO General Insurance Company Limited (“HDFC ERGO”)***

HDFC ERGO is a joint venture of the Issuer and ERGO International AG, Düsseldorf, Germany (“**ERGO**”).

HDFC ERGO offers a diverse range of insurance products like motor, health, travel, home and personal accident in the retail segment and customised products like property, marine, aviation and liability insurance in the corporate segment. As of 31 March 2016, HDFC ERGO was the fourth largest private sector player in the general insurance industry. Further, as of 31 March 2016, it was the largest player in the personal accident insurance line of business.

HDFC ERGO continues to leverage on the HDFC group's distribution capability to drive its growth and on the technical capability of ERGO in the field of general insurance. It has a balanced portfolio mix with the retail segment accounting for 63.1 per cent. of the business. As of 31 March 2016, it managed operations through 108 offices across India.

The gross written premium (excluding motor declined risk pool) of HDFC ERGO increased by 6 per cent. to ₹ 34,668 million in the year ended 31 March 2016, as compared to ₹ 32,556 million in the previous year.

The profit before tax of HDFC ERGO for the year ended 31 March 2016 stood at ₹ 2,028 million, as compared to ₹ 1,408 million in the previous year. In the year ended 31 March 2016, profits were affected in the region of ₹ 300 million due to the Tamil Nadu floods.

During the year ended 31 March 2016, HDFC ERGO paid an interim dividend of ₹ 1.25 per equity share of ₹ 10 each, as compared to ₹ 0.75 per equity share in the previous year. The combined ratio as at 31 March 2016 stood at 105.3 per cent. The solvency ratio of HDFC ERGO was 1.67 times as at 31 March 2016, as compared to the minimum regulatory requirement of 1.50 times.

As of 31 March 2016, the Issuer held 73.63 per cent. and ERGO held 25.84 per cent. of the equity share capital of HDFC ERGO.

On 3 June 2016, upon receipt of requisite approvals, the Issuer and ERGO, completed the share sale transaction agreed on 17 December 2015. Pursuant to the above-mentioned share sale, the Issuer transferred 22.902 per cent. of the shareholding in HDFC ERGO to ERGO, which meant that the Issuer's shareholding in HDFC ERGO stood at 50.73 per cent. and ERGO's shareholding increased to 48.74 per cent. (see “– *Recent Developments*”).

### ***HDFC Property Funds***

HDFC Venture Capital Limited (“**HVCL**”) is the investment manager to HDFC Property Fund, a venture capital fund registered with SEBI. HDFC Property Fund was registered with SEBI in 2004.

HDFC Property Fund has two domestic schemes. The first scheme is HDFC India Real Estate Fund (“**HI-REF**”), which was set up with a corpus of ₹ 10,000 million in 2005. HI-REF has so far distributed the entire corpus amount and returns to its investors and is in the midst of concluding final exits from the balance portfolio. The second scheme was HDFC IT Corridor Fund, a ₹ 4,644 million rent yielding portfolio. This scheme has been fully exited.

HDFC Property Ventures Limited (“**HPVL**”) provides investment advisory services to Indian and overseas asset management companies (“**AMCs**”). Such AMCs in turn manage and advise Indian and offshore private equity funds.

As of 31 March 2016, the Issuer held 80.5 per cent. of the equity share capital of HVCL and 100.0 per cent. of the equity share capital of HPVL.

In addition, the Issuer has sponsored two off shore funds – HIREF International LLC and HIREF International Fund II Pte. Ltd. domiciled at Mauritius and Singapore respectively. HIREF International LLC was launched in 2007 as a 9 year close-ended fund for international investors and has a commitment of US\$800 million (including co-investment by the Issuer). Exits have commenced and the fund is in the process of exiting the balance investments. HIREF International Fund II Pte Ltd., an 8 year close-ended fund for international investors, had its second and final closing in April 2015 with a total value of US\$321 million (including co-investment by the Issuer and other investors).

### ***GRUH Finance Limited (“GRUH”)***

GRUH is a registered HFC offering loans to individuals for purchase, construction, repairs and renovation of dwelling units and to the self-employed segment where formal income proofs (salary slips, income tax returns and such documents that may be used to substantiate the income of the individual) are not easily available. As of 31 March 2016, it had a retail network of 179 offices spread across 10 states. During the year ended 31 March 2016, GRUH disbursed loans amounting to ₹ 38,560 million, compared to ₹ 31,210 million in the previous year – an increase of 24.0 per cent. As at 31 March 2016, the loan portfolio stood at ₹ 111.15 billion, recording a growth of 25.0 per cent. over the previous year. The gross non-performing loans stood at 0.32 per cent. of the total loans outstanding and the net non-performing loans are 0.09 per cent. The average size of loans disbursed during the year was ₹ 886,000. Its equity shares are listed on the BSE and the NSE. As of 31 March 2016, its market capitalisation on the NSE and BSE was ₹ 87,010 million and ₹ 86,974 million, respectively.

As at 31 March 2016, the capital adequacy ratio stood at 17.8 per cent., of which Tier I capital was 16.1 per cent. and Tier II capital was 1.7 per cent.

For the year ended 31 March 2016, GRUH reported a profit after tax of ₹ 2,435 million, compared to ₹ 2,038 million as of 31 March 2015 – representing a growth of 19.52 per cent.

The board recommended the payment of a dividend for the year ended 31 March 2016 of ₹ 2.30 per equity share of ₹ 2 each, as against ₹ 2 per equity share in the previous year.

As of 31 March 2016, the Issuer's holding in GRUH stood at 58.59 per cent.

#### ***HDFC Sales Private Limited***

HSPL continues to strengthen the Issuer's marketing and sales efforts by providing a dedicated sales force to sell home loans and other financial products.

HSPL has a presence in 115 locations (excluding HDFC satellite offices) as of 31 March 2016. During the year under review, HSPL sourced loans accounting for 49.37 per cent. of individual loans disbursed by the Issuer.

As of 31 March 2016, HSPL is a wholly owned subsidiary of the Issuer.

#### ***Credila Financial Services Private Limited ("Credila")***

Credila is the Issuer's dedicated education loan company, providing loans to students pursuing higher education in India and abroad. It was the first Indian lender to exclusively focus on education loans.

As of 31 March 2016, Credila had cumulatively disbursed ₹ 33.2 billion to 27,679 customers. The outstanding loan book stood at ₹ 24.65 billion, registering a growth of 43 per cent. over the previous year. The average loan amount disbursed was ₹ 1.2 million. For the year ended 31 March 2016, Credila reported a profit after tax of ₹ 450.6 million, a growth of 62 per cent. as compared to the same period in the previous year. The gross non-performing loans stood at 0.05 per cent. of the total loans outstanding.

In addition to having its own offices and sourcing applications through various direct sourcing channels and partners, Credila uses the Issuer's distribution network to source and market education loans. Credila's borrowers are entitled to income tax exemption under Section 80E of the IT Act.

As of 31 March 2016, the Issuer held 89.5 per cent. of the shareholding in Credila on a fully diluted basis.

#### ***HDFC Education and Development Services Private Limited ("HDFC Edu")***

HDFC Edu is the Issuer's wholly owned subsidiary which focuses on the education sector.

The objective of the Issuer in entering into the education space is to imbibe best practices in education and facilitate innovation, thereby creating a visible impact on the schooling system in the country.

HDFC Edu has helped 3E Education Trust set up the first school of the group called 'The HDFC School' which was inaugurated in Gurgaon. The motto of the school is 'Educate, Excel and Empower'. The school has started its primary wing and is in the process of setting up a 5-acre school campus for its secondary wing. The HDFC School is intended to be a full-fledged K-12 school, which will follow the National Curriculum Framework 2005 and will be a Central Board of Secondary Education ("CBSE") affiliated school.

#### **Employees**

As of 5 August 2016, the Issuer had 2,255 full-time employees.

The Issuer recognises that training and continuous upgrading of skill sets are essential to ensure a high calibre workforce. New recruits participate in an induction programme at the Centre for Housing Finance, which is the Issuer's training centre in Lonavla. Other in-house training programmes are conducted on subjects like Know Your Customer, Credit Fraud Risk and Mitigation, Disbursement Processes, Rural Housing and Appraisal Techniques for Customers from the Unorganised Sector. Training is also imparted in specialised fields of legal and credit risk management. In addition, staff members are nominated for a variety of external training programmes in India and overseas.

Total assets per employee as of 31 March 2016 was ₹ 1,270 million, as compared to ₹ 1,150 million as of 31 March 2015, and net profit per employee for FY 2016 was ₹ 32 million, as compared to ₹ 31 million for FY 2015.

The Issuer offers its employees a range of incentives, including housing loans at reduced rates, vehicle/consumer financing, healthcare benefits and performance incentives. The Issuer also has employee share option schemes.

The Issuer's employees are not represented by a union, which is consistent with other HFCs in India. The Issuer considers its relations with its employees to be good.

### **Information Technology**

The Issuer's investments in technology have always been dictated by value enhancements for customers. Most of its systems have been developed in-house and all of its offices are electronically inter-connected. Technology has helped to reduce cycle time and has enabled the organisation to enhance customer satisfaction.

The Issuer website, [www.hdfc.com](http://www.hdfc.com), offers a number of interactive features and email based services.

The website offers information on the Issuer's products and services, including interactive tools such as a monthly instalment calculator and a deposit calculator. Through the website, the Issuer provides customers with an option of applying for housing loans on-line. The number of applications received for online loans, particularly from NRIs, has been encouraging.

An investor help desk has been incorporated into the website providing relevant information on the Issuer, including responses to frequently asked questions by investors. An up-to-date corporate profile has also been made available to investors and lenders on the website. In order to reach out and connect more effectively with customers, the Issuer embarked on a number of digital initiatives including a revamped website, development of a mobile application, and building a stronger presence on various social media platforms.

### **Insurance**

The Issuer's policy is to insure all of its properties adequately against fire and other usual risks. The Issuer also maintains insurance for operational risks such as the loss or theft of cash or securities.

The Issuer's insurance policies are subject to exclusions which are customary for those insurance policies, including those exclusions which relate to war and terrorism-related events.

The Issuer believes that its insurance policies as described above are appropriate for its business.

### **Litigation**

The Issuer, its Subsidiaries and Associates are, from time to time, involved in various legal proceedings in the ordinary course of business, which involve matters pertaining to, amongst others, tax, regulatory and other disputes. As on the date of this Prospectus, except as disclosed hereunder, the Issuer, its Subsidiaries and Associates are not involved in any material governmental, legal or arbitration proceedings or litigation and it is not aware of any pending or threatened material governmental, legal or arbitration proceedings or litigation relating to it which, in either case, to the extent quantifiable, exceeds ₹ 850 million or may have a significant effect on the financial condition, the results of operations or cash flows of the Issuer, on a consolidated basis.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

#### ***Litigation against the Issuer***

The Issuer is involved in a number of legal proceedings in the ordinary course of its business. Accordingly, the Issuer believes that there are currently no legal proceedings which, if adversely determined, might materially affect its financial condition or results of operations. Set out below are details of a recent order passed by the Supreme Court of India against the Issuer in relation to alleged non-compliance with the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and certain outstanding disputes with the Indian tax authorities:

- The Supreme Court of India by way of an order dated 22 July 2015, directed the Issuer to pay a penalty of ₹ 75,000 to SEBI for an inadvertent delay in filing a report under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. This pertained to the acquisition of equity shares on a preferential basis of Hindustan Oil Exploration Company Limited in 1997, which resulted in the Issuer holding 10.92 per cent. of the voting rights of the company. The Issuer has paid the penalty and has therefore settled the issue.
- The Issuer's dispute with the Indian tax authorities relates to the computation of the profit derived from the business of long-term housing finance eligible for special deduction. The dispute revolves around the correct classification of eligible incomes and related expenses that constitute the long-term housing finance business. The Issuer has recognised a contingent liability in respect of all the disputed income tax demands up to 31 March 2016 (inclusive) in the amount of ₹ 12,908 million. The Issuer has already paid this amount to the Indian tax authorities and will receive this amount as a refund if the disputes are resolved in its favour.

### ***Litigation against HDFC Life***

The Issuer's Subsidiary, HDFC Life is involved in a number of legal proceedings in the ordinary course of its business. Accordingly, HDFC Life believes that except as disclosed below, there are currently no legal proceedings which, if adversely determined, might materially affect its financial condition or results of operations.

In the case of the assessment years 2002-03 to 2009-10, the Commissioner of Income Tax, Mumbai filed eight separate appeals against HDFC Life before the Bombay High Court challenging the favourable orders granted by the Income Tax Appellate Tribunal, Mumbai, dated 20 September 2013. These appeals are currently pending admission before the Bombay High Court and the aggregate amount relating to such appeals is ₹ 8,674 million.

In the case of the assessment years 2010-11 and 2011-12, as per the information available on the official website of Income Tax Appellate Tribunal, Mumbai, HDFC Life has filed appeals before the Income Tax Appellate Tribunal, Mumbai, against the favourable orders passed by the Commissioner of Income Tax Appeals, Mumbai, in the case of HDFC Life. The hearings are yet to take place before the Income Tax Appellate Tribunal. The aggregate amount relating to such appeals is ₹ 13,246 million.

In the case of the assessment years 2012-13 and 2013-14, HDFC Life has appealed before the Commissioner of Income Tax (Appeals), Mumbai. The aggregate amount relating to such appeals is ₹ 16,579 million. HDFC Life has completed the appeal hearings in these matters and is awaiting the orders.

In the case of the assessment years 2008-09 to 2010-11, HDFC Life has appealed before the Commissioner of Income Tax (Appeals), Mumbai, against TDS orders u/s 201(1)/201(1A) of the Income Tax Act, 1961. The aggregate amount relating to such appeals is ₹ 69.79 million. These appeals are partially heard by the CIT(Appeal) and are currently pending for a remand report from the Tax Deducted at Source Officer.

In the case of service tax, the total amount of ₹ 1,053 million is under dispute at various stages i.e. either before Commissioner of Service Tax or before Custom Excise and Service Tax Appellate Tribunal.

### ***Litigation against HDFC Bank***

The Issuer's Associate, HDFC Bank is involved in a number of legal proceedings in the ordinary course of its business, including certain proceedings that HDFC Bank believes are spurious or vexatious proceedings with significant financial claims present on the face of the complaint, which, to HDFC Bank's belief, lack any merit based on the historical dismissals of similar claims. Accordingly, HDFC Bank believes that there are currently no legal proceedings which, if adversely determined, might materially affect its financial condition or results of operations.

### ***Defaults in respect of dues payable***

As of the date of this Prospectus, there is no outstanding default in payment of statutory dues (except on account of certain outstanding disputes with the Indian tax authorities, as stated above), repayment of debentures and interest thereon, repayment of deposits and interest thereon and repayment of loans from any bank or financial institution and interest thereon. As at Fiscal 2015, the outstanding statutory dues of the Issuer relating to wealth tax, interest on lease tax and employees' state insurance, are as follows:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Forum where Dispute is Pending</b>	<b>Period to which the Amount Relates</b>	<b>Amount Involved (INR million)</b>
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-1999	1.2
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.2
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant /Deputy Director – ESIC	2010-2011	0.1

### **Recent Developments**

#### ***Increase in ERGO's Shareholding in HDFC ERGO***

On 17 December 2015, the Issuer announced that subject to the receipt of requisite approvals, it had agreed to sell 123,357,262 equity shares of ₹ 10 each of HDFC ERGO, representing 22.902 per cent. of HDFC ERGO's



issued and paid-up share capital to ERGO at a price of ₹ 90.973 per equity share, aggregating to a consideration of ₹ 11,220 million.

On 3 June 2016, the Issuer concluded the above-mentioned transfer of shares. As a result, the Issuer's holding in HDFC ERGO now stands at 50.73 per cent., while ERGO's share is 48.74 per cent.

#### *Acquisition of L&T General Insurance Company Limited by HDFC ERGO*

The Board of Directors of HDFC ERGO at its meeting held on 3 June 2016, subject to receipt of requisite approvals, including but not limited to, approvals from the Insurance Regulatory & Development Authority of India (“**IRDAI**”), the Competition Commission of India (“**CCI**”), approved the acquisition of 100 per cent. of the share capital of L&T General Insurance Company Limited (“**L&T General Insurance**”), from its promoter Larsen & Toubro Limited, for an aggregate purchase price of ₹ 5510 million and approved the proposal to merge these two entities, subject to receipt of requisite approvals, including IRDAI, CCI and the Hon'ble High Court / Tribunal of Judicature at Bombay.

#### *Merger of Max Life Insurance Company Limited and Max Financial Services Limited with HDFC Standard Life Insurance Company Limited*

The Board of Directors of HDFC Life, at its meeting held on 18 April 2016, had approved the initiation of the process for an IPO of HDFC Life by way of an offer for sale, by the Issuer, of up to 10 per cent. of the paid-up and issued equity share capital of HDFC Life. The IPO is subject to certain relevant regulatory and other approvals, including that of the Insurance Regulatory and Development Authority of India and SEBI.

On 8 August 2016, the Board of Directors of HDFC Life, Max Life, Max Financial and Max India, at their respective board meetings, approved entering into definitive agreements for the amalgamation of the businesses between the above entities through a Scheme. Further, a Committee of the Board of Directors of the Issuer at its meeting held on 8 August 2016, approved entering into definitive agreements for the amalgamation of the businesses of the above entities through the Scheme. Pursuant to the Scheme, a Merger Co-operation Agreement was executed by various transaction parties on 8 August 2016 inter alia to ensure co-operation between the parties for undertaking the transactions proposed under the Scheme.

As part of the Scheme, the life insurance business of Max Financial, currently held in Max Life, will be demerged and amalgamated with HDFC Life and the residual business of Max Financial will be merged into Max India. The shares of HDFC Life are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited as a consequence of the Scheme. Therefore, once the Scheme is given effect to, HDFC Life will not be required to undertake the IPO described above.

Pursuant to the Scheme and subject to receipt of the requisite approvals, the shareholding of the Issuer in HDFC Life post completion of the proposed transaction under the Scheme is expected to be approximately 42.5 per cent. and consequently, pursuant to Indian regulations, HDFC Life would cease to be a subsidiary of the Issuer.

#### *Rupee Denominated Bond Issues*

On 21 July 2016, the Issuer issued INR 30,000,000,000 of unsecured rupee denominated synthetic notes, bearing a fixed coupon of 7.875 per cent. per annum, payable semi-annually by the Issuer and having a tenor of 3 years and 1 month. The issue price of the notes was 99.24 per cent. of the par value and the notes will be redeemed at par. The notes were admitted to the Official List of the UK Listing Authority and trade on the London Stock Exchange's regulated market.

The Issuer will tap the Notes by issuing INR 10,000,000,000 unsecured rupee denominated synthetic notes on or about 12 September 2016 to be consolidated and form a single series with the Notes.

#### *Interim Financials*

The Board of Directors of the Issuer at a meeting held on 27 July 2016 approved the unaudited standalone financial results and the unaudited consolidated financial results of the Issuer for the quarter ended 30 June 2016, which were subject to limited review by the Auditors, in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). See “*Financial Statements*” below.

#### *Amalgamation of Grandeur Properties Private Limited, Haddock Properties Private Limited, Winchester Properties Private Limited, Pentagram Properties Private Limited and Windermere Properties Private Limited (wholly owned subsidiaries of the Issuer), into and with the Issuer*

The Board of Directors of the Issuer at its meeting held on 27 July 2016 granted its in-principle approval for the amalgamation of Grandeur Properties Private Limited, Haddock Properties Private Limited, Winchester Properties Private Limited, Pentagram Properties Private Limited and Windermere Properties Private Limited (wholly owned subsidiaries of the Issuer), into and with the Issuer. The said amalgamation is subject to various regulatory approvals as applicable. Post-merger of the said wholly owned subsidiaries with the Issuer, all the shares held by the Issuer in the said companies will be cancelled.

## RISK MANAGEMENT

As a financial intermediary, the Issuer is exposed to risks that are particular to its lending business and the environment in which it operates. The Issuer's goal in risk management is to ensure that it understands, measures and monitors the various risks that arise and it adheres strictly to the policies and procedures which are established to address these risks.

As a financial intermediary, the Issuer is primarily exposed to liquidity risk, interest rate risk, credit risk, operational risk and legal risk.

### Financial Risk Management

The financial risk management and hedging policy as approved by the Audit Committee sets limits for exposures on currency and interest rates. The Issuer manages its interest rate and currency risk in accordance with the guidelines prescribed. The risk management strategy is to protect against foreign exchange risk, whilst at the same time exploring any opportunities for an upside, so as to keep the maximum all-in cost on the borrowing in line with or lower than the cost of a borrowing in the domestic market for a similar maturity.

The Issuer has to manage various risks associated with the lending business. These risks include credit risk, liquidity risk, foreign exchange risk and interest rate risk. It manages credit risk through stringent credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles.

The Issuer has, from time to time, entered into risk management arrangements in order to hedge its exposure to foreign exchange and interest rate risks. The currency risk on the borrowings is actively hedged through a combination of dollar denominated assets, long term forward contracts, principal only swaps and currency options.

As of 31 March 2016, the Issuer had foreign currency borrowings of US\$1,447 million equivalents. The entire principal on the foreign currency borrowings has been fully hedged through the above-mentioned instruments. Hence, as of 31 March 2016, the Issuer's foreign currency exposure on borrowings net of risk management arrangements is nil.

In addition, the Issuer has entered into cross currency swaps of a notional amount of US\$243 million equivalent to convert its rupee liabilities into foreign currency liabilities. The interest rate is linked to benchmarks of the respective currencies. As of 31 March 2016, the total net foreign currency exposure on cross currency swaps stood at US\$81 million. As of 31 March 2016, the open position stood at 0.23 per cent. of the Issuer's total borrowings.

As a part of asset liability management and on account of the predominance of the Issuer's Adjustable Rate Home Loan product, as well as to reduce the overall cost of borrowings, the Issuer has entered into interest rate swaps to convert its fixed rate rupee liabilities, of a notional amount as of 31 March 2016 of ₹ 199,350 million, for varying maturities into floating rate liabilities linked to various benchmarks. Further, interest rate swaps on a notional amount of US\$70 million equivalents are outstanding and have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

### Revaluation of foreign currency assets and liabilities

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

Cross currency interest rate swaps are recorded by marking the foreign currency component to the relevant spot rate.

The net loss/gain on translation of long-term monetary assets and liabilities in foreign currencies is amortised over the maturity period of monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the balance sheet as 'foreign currency monetary item translation difference account'. The net loss/gain on translation of short-term monetary assets and liabilities in foreign currencies is recorded in the statement of profit and loss.

As of 31 March 2016, ₹ 1,220 million (net of future tax benefit of ₹ 422 million) is carried forward in the foreign currency monetary item translation difference account. This amount is to be amortised over the period of the monetary assets / liabilities.

The Institute of Chartered Accountants of India (“ICAI”) has issued a guidance note on Accounting for Derivative Contracts effective from 1 April 2016. The guidance note requires all derivative contracts and their underlying to be marked to market and tested for hedge effectiveness and the ineffective portion if any would be charged to the Statement of Profit and Loss. There would be a one-time adjustment to the reserves on all such outstanding contracts as at 1 April 2016 i.e. the transition date. Thereafter the charge / credit to the Hedging Reserve / Statement of Profit and Loss will depend upon the changes in the mark to market based on the actual exchange rates prevalent at each quarter end. The exchange difference on the long-term foreign currency monetary assets and liabilities which are not covered by derivative contracts (such as dollar denominated loans) would continue to be amortised over the life of the contracts.

### **Asset-liability management (“ALM”)**

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

The Issuer’s ALM position is based on maturity buckets as per guidelines issued by NHB. In computing the information, certain estimates, assumptions and adjustments have been made by the management.

The ALM position as of 31 March 2016 is as follows:

Assets and liabilities with maturity up to 1 year amounted to ₹ 709,024 million and ₹ 783,247 million respectively. Asset and liabilities with maturity greater than one year and up to five years amounted to ₹ 1,309,759 million and ₹ 1,371,858 million respectively and assets and liabilities with maturity beyond five years amounted to ₹ 868,745 million and ₹ 732,423 million respectively.

The Issuer’s loan book is predominantly floating rates whereas liabilities, especially deposits and non-convertible debentures, are fixed rates. In normal economic conditions, the fixed rate liabilities are converted into floating rate denominated liabilities by way of interest rate swaps. However, during Fiscal 2016, due to an uncertain economic environment, short term rates remained higher than the long term rates throughout the year. This resulted in the cost of floating rate liabilities post the interest rate swap being higher than fixed rate liabilities. Hence, the Issuer did not convert a part of its liabilities into floating rate basis to avoid negative carry. The Issuer monitors money market conditions and will enter into interest rate swaps at an appropriate time to minimise the interest rate gap.

As of 31 March 2016, 88 per cent. of the assets and 74 per cent. of the liabilities were on a floating rate basis.

Further, the Issuer has a Fixed Rate Home Loan Scheme and has kept some liabilities on a fixed rate basis to match out the expected disbursements under the fixed rate product.

### **Operational risk**

Operational risk can result from a variety of factors, including the failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. The Issuer attempts to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training.

### **Legal risk**

The uncertainty of enforcement of the obligations of the Issuer’s customers and counterparties, including the Issuer’s ability to foreclose on collateral, creates legal risk. Changes in law and regulation could adversely affect the Issuer’s operations. It seeks to minimise legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorised and consulting internal and external legal advisers.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Board of Directors

The Board presently consists of 11 Directors and, as per the Issuer's Articles of Association, the Issuer shall have at least three Directors and not more than 15 Directors. The quorum for meetings of the Board is one third of the total number of Directors or two Directors, whichever is higher, present at a meeting. Where the number of interested Directors exceeds, or is equal to, two thirds of the total number at a meeting, the number of remaining Directors present at such meeting, not being less than two, shall be the quorum during such time.

For the purposes hereof, the business address for Directors of the Issuer is HDFC House, H. T. Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai 400 020, India.

No Director has any potential conflict of interest between their duties to the Issuer and their private interests and/or other duties.

The following table sets forth details regarding the Board as of the date of this Prospectus:

Sr. No.	Name, Occupation, DIN, Current Term and Nationality	Age	Designation	Details of other principal activities
1.	<b>Mr. Deepak S. Parekh</b> <b>Occupation:</b> Professional <b>DIN:</b> 00009078 <b>Term:</b> Liable to retire by rotation <b>Nationality:</b> Indian	71	Non-executive Chairman	1. Mahindra and Mahindra Limited 2. GlaxoSmithKline Pharmaceuticals Limited (Chairman) 3. Breach Candy Hospital Trust 4. The Indian Hotels Company Limited 5. HDFC Asset Management Company Limited (Chairman) 6. HDFC Standard Life Insurance Company Limited (Chairman) 7. HDFC ERGO General Insurance Company Limited (Chairman) 8. Siemens Limited (Chairman) 9. Indian Institute for Human Settlements 10. Network 18 Media & Investments Limited 11. BAE Systems India (Services) Private Limited (Chairman) 12. H T Parekh Foundation (Chairman)
				<b><u>Foreign Companies</u></b>
				1. DP World 2. Vedanta Resources PLC, London 3. Fairfax India Holdings Corporation 4. Economic Zones World FZE

<b>Sr. No.</b>	<b>Name, Occupation, DIN, Current Term and Nationality</b>	<b>Age</b>	<b>Designation</b>	<b>Details of other principal activities</b>
2.	<p><b>Mr. Keki M. Mistry</b></p> <p><b>Occupation:</b> Company Executive</p> <p><b>DIN:</b> 00008886</p> <p><b>Term:</b> 14 November 2015 to 13 November 2018, liable to retire by rotation within such term</p> <p><b>Nationality:</b> Indian</p>	61	Vice-Chairman and CEO	<ol style="list-style-type: none"> <li>1. Greatship (India) Limited</li> <li>2. GRUH Finance Limited (Chairman)</li> <li>3. HCL Technologies Limited</li> <li>4. HDFC Asset Management Company Limited</li> <li>5. HDFC Bank Limited</li> <li>6. HDFC ERGO General Insurance Company Limited</li> <li>7. HDFC Standard Life Insurance Company Limited</li> <li>8. Sun Pharmaceutical Industries Limited</li> <li>9. Torrent Power Limited</li> <li>10. H T Parekh Foundation</li> </ol> <p><b><u>Foreign Companies</u></b></p> <ol style="list-style-type: none"> <li>1. Griha Investments, Mauritius</li> <li>2. Griha Pte. Limited, Singapore</li> <li>3. CDC Group, London</li> </ol>
3.	<p><b>Ms. Renu Sud Karnad</b></p> <p><b>Occupation:</b> Company Executive</p> <p><b>DIN:</b> 00008064</p> <p><b>Term:</b> 1 January 2015 to 31 December 2019, liable to retire by rotation within such term</p> <p><b>Nationality:</b> Indian</p>	63	Managing Director	<ol style="list-style-type: none"> <li>1. Feedback Infra Private Limited</li> <li>2. HDFC Asset Management Company Limited</li> <li>3. GRUH Finance Limited</li> <li>4. HDFC ERGO General Insurance Company Limited</li> <li>5. HDFC Bank Limited</li> <li>6. Indraprastha Medical Corporation Limited</li> <li>7. HDFC Standard Life Insurance Company Limited</li> <li>8. Bosch Limited</li> <li>9. EIH Limited</li> <li>10. ABB India Limited</li> <li>11. H T Parekh Foundation</li> </ol> <p><b><u>Foreign Companies</u></b></p> <ol style="list-style-type: none"> <li>1. HDFC PLC, Maldives</li> <li>2. HIREF International LLC</li> <li>3. WNS (Holdings) Limited</li> </ol>

<u>Sr. No.</u>	<u>Name, Occupation, DIN, Current Term and Nationality</u>	<u>Age</u>	<u>Designation</u>	<u>Details of other principal activities</u>
				4. HIREF International Fund II Pte. Limited
				5. HIF International Fund Pte. Limited
4.	<b>Mr. V. Srinivasa Rangan</b> <b>Occupation:</b> Company Executive <b>DIN:</b> 00030248 <b>Term:</b> 1 January 2015 to 31 December 2019, liable to retire by rotation within such term <b>Nationality:</b> Indian	56	Executive Director and CFO	1. HDFC Investments Limited 2. HDFC Property Ventures Limited 3. IVF Advisors Private Limited 4. HDFC Trustee Company Limited 5. Credila Financial Services Private Limited 6. HDFC Developers Limited 7. Atul Limited 8. Cholamandalam Investment and Finance Company Limited 9. TVS Credit Services Limited 10. HDFC Education and Development Services Private Limited 11. Computer Age Management Services Private Limited 12. H T Parekh Foundation
5.	<b>Mr. Dattatraya M. Sukthankar</b> <b>Occupation:</b> Professional Director <b>DIN:</b> 00034416 <b>Term:</b> Liable to retire by rotation <b>Nationality:</b> Indian	84	Non-executive Director	1. HDFC Developers Limited 2. Phoenix Township Limited
6.	<b>Mr. Bansidhar S. Mehta</b> <b>Occupation:</b> Practicing Chartered Accountant <b>DIN:</b> 00035019 <b>Term:</b> 21 July 2014 to 20 July 2019; not liable to retire by rotation <b>Nationality:</b> Indian	80	Independent Director	1. Century Enka Limited 2. Procter & Gamble Hygiene and Health Care Limited 3. IL&FS Investment Managers Limited 4. Atul Limited 5. Pidilite Industries Limited 6. Sasken Communication Technologies Limited 7. Gillette India Limited 8. NSDL e-Governance Infrastructure Limited 9. Thyssenkrupp Industrial Solutions (India) Private Limited

Sr. No.	Name, Occupation, DIN, Current Term and Nationality	Age	Designation	Details of other principal activities
				<b>Foreign Companies</b>
				Jumbo World Holdings Limited (BVI)
7.	<p><b>Mr. Dhruba N. Ghosh</b></p> <p><b>Occupation:</b> Professional Director</p> <p><b>DIN:</b> 00012608</p> <p><b>Term:</b> 21 July 2014 to 20 July 2019; not liable to retire by rotation</p> <p><b>Nationality:</b> Indian</p>	88	Independent Director	<ol style="list-style-type: none"> <li>1. Birla Corporation Limited</li> <li>2. Peerless Hospitex Hospital &amp; Research Center Limited</li> </ol>
8.	<p><b>Dr. Surendra A. Dave</b></p> <p><b>Occupation:</b> Professional Director</p> <p><b>DIN:</b> 00001480</p> <p><b>Term:</b> 21 July 2014 to 20 July 2019; not liable to retire by rotation</p> <p><b>Nationality:</b> Indian</p>	80	Independent Director	<ol style="list-style-type: none"> <li>1. Centre For Monitoring Indian Economy Private Limited</li> <li>2. Ankar Capital India Private Limited</li> <li>3. Phoenix Township Limited</li> <li>4. India Value Fund Trustee Company Private Limited</li> <li>5. Shrenuj and Company Limited</li> <li>6. Escorts Limited</li> <li>7. IVF Trustee Company Private Limited</li> <li>8. Deccan Cements Limited</li> <li>9. HDFC Standard Life Insurance Company Limited</li> <li>10. HDFC Pension Management Company Limited</li> </ol>
9.	<p><b>Mr. Nasser M. Munjee</b></p> <p><b>Occupation:</b> Professional Director</p> <p><b>DIN:</b> 00010180</p> <p><b>Term:</b> 21 July 2014 to 20 July 2019; not liable to retire by rotation</p> <p><b>Nationality:</b> Indian</p>	63	Independent Director	<ol style="list-style-type: none"> <li>1. ABB India Limited</li> <li>2. Ambuja Cements Limited</li> <li>3. Britannia Industries Limited</li> <li>4. Cummins India Limited</li> <li>5. Tata Chemicals Limited</li> <li>6. Tata Motors Limited</li> <li>7. DCB Bank Limited (Chairman)</li> <li>8. Go Airlines (India) Limited</li> <li>9. Tata Motors Finance Limited (Chairman)</li> <li>10. Aarusha Homes Private Limited (Chairman)</li> <li>11. Aga Khan Rural Support Programme (India) (Chairman)</li> <li>12. Indian Institute for Human Settlements</li> </ol>

Sr. No.	Name, Occupation, DIN, Current Term and Nationality	Age	Designation	Details of other principal activities
				<u>Foreign Companies</u>
				<ol style="list-style-type: none"> <li>1. Tata Chemicals North America, Inc., USA</li> <li>2. Jaguar Land Rover Automotive Plc., U.K.</li> <li>3. Strategic Foods International Co. (LLC), Dubai, U.A.E.</li> <li>4. Astarada Limited., Dubai, UAE</li> <li>5. Tata Chemicals Europe Holdings Ltd., U.K.</li> </ol>
10.	<b>Dr. Bimal N. Jalan</b> <b>Occupation:</b> Professional Director <b>DIN:</b> 00449491 <b>Term:</b> 21 July 2014 to 20 July 2019; not liable to retire by rotation <b>Nationality:</b> Indian	75	Independent Director	<ol style="list-style-type: none"> <li>1. Associated Advisory Services Private Limited</li> </ol>
11.	<b>Dr. Jamshed J. Irani</b> <b>Occupation:</b> Professional Director <b>DIN:</b> 00311104 <b>Term:</b> 21 July 2014 to 20 July 2019; not liable to retire by rotation <b>Nationality:</b> Indian	80	Independent Director	<ol style="list-style-type: none"> <li>1. Repro India Limited</li> <li>2. Electro Steel Castings Limited</li> </ol>

**Mr. Deepak S. Parekh** is the Non-executive Chairman of the Issuer. He is a Fellow of The Institute of Chartered Accountants in England & Wales. He joined the Issuer in a senior management position in 1978 and was inducted as a whole-time director of the Issuer in 1985 and subsequently appointed as the Managing Director of the Issuer (designated as “Chairman”) in 1993. He retired as the Managing Director, on 31 December 2009. He was appointed as a Director of the Issuer, liable to retire by rotation, by the shareholders of the Issuer at its AGM held on 14 July 2010. He is a director on the boards of several companies in India.

**Mr. Keki M. Mistry** is the Vice Chairman and Chief Executive Officer of the Issuer. He is a Fellow of The Institute of Chartered Accountants of India. He joined the Issuer in 1981 and was appointed as an Executive Director in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman and Managing Director of the Issuer in October 2007 and as the Vice Chairman and Chief Executive Officer, with effect from 1 January 2010. He has been re-appointed as the Managing Director of the Issuer (designated as “Vice Chairman & Chief Executive Officer”), for a period of 3 years with effect from 14 November 2015.

**Ms. Renu Sud Karnad** is the Managing Director of the Issuer. She holds a Bachelor’s degree in Law from the University of Mumbai and a Master’s degree in Economics from the University of Delhi. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She joined the Issuer in 1978 and was appointed as the Executive Director of the Issuer in 2000 and was re-designated as the Joint Managing Director of the Issuer in October 2007. She was appointed as the Managing Director of the Issuer, with effect from 1 January 2010.

**Mr. V. Srinivasa Rangan** is the Executive Director and CFO of the Issuer. He holds a Bachelor’s degree in Commerce and is an Associate of The Institute of Chartered Accountants of India and of The Institute of Cost Accountants of India. He joined the Issuer in 1986 and served as a Senior General Manager-Corporate Planning and Finance since 2000. He was appointed as the Executive Director of the Issuer with effect from 1 January 2010 and is responsible for the Treasury, Resources and Accounts functions of the Issuer.



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

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

**Mr. Dhruba N. Ghosh** is an Independent Director of the Issuer. He holds a Master's degree in Economics from Calcutta University. He was the former Chairman of the State Bank of India. He is the Chairman Emeritus of ICRA Limited. He has been a Director of the Issuer since 1989.

**Dr. Surendra A. Dave** is an Independent Director of the Issuer. He holds a Master's degree in Economics from the University of Rochester and a Doctorate degree in economics from University of Cambridge. He was the former Chairman of the Securities and Exchange Board of India and the Unit Trust of India. He is the Chairman of Centre for Monitoring Indian Economy. He is a director on the boards of several companies in India. He has been a Director of the Issuer since 1990. He is the representative of the Issuer on the board of HDFC Standard Life Insurance Company Limited as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

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

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

#### ***Relationship with other Directors***

None of the Directors of the Issuer are related to each other.

#### ***Borrowing powers of the Issuer's Board***

The Board is authorised to borrow money upon such terms and conditions and with or without security as the Board may think fit, which may exceed the aggregate of the Issuer's paid up capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed INR 350,000 crore at any time.

#### ***Interest of the Directors***

All the Directors may be deemed to be interested to the extent of fees payable to them for attending Board or committee meetings, commission as well as to the extent of reimbursement of expenses payable to them. The whole-time/Executive Directors may also be deemed to be interested to the extent of remuneration paid to them for their services rendered.

All the Directors may also be regarded as interested in any equity shares or any stock options held by them and also to the extent of any dividend payable to them and other distributions in respect of such equity shares held by

them. All Directors may also be regarded to be interested in the deposits placed by them or their respective relatives or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees with the Issuer, housing loans availed from the Issuer, and Equity Shares held by, or subscribed by, and allotted to, their respective relatives or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees.

Except for the agreements entered into with the whole-time/executive Directors of the Issuer in relation to their terms of appointment, the Issuer has not entered into any contract, agreement or arrangement in which any of the Directors are interested, directly or indirectly, during the two years preceding the date of this Prospectus and no payments have been made to them in respect of any such contracts, agreements or arrangements.

### ***Shareholding of Directors***

The following table sets forth the shareholding of the Directors in the Issuer as of 29 July 2016:

<b><u>Name</u></b>	<b><u>Number of Equity Shares</u></b>	<b><u>Percentage of Total Number of Outstanding Equity Shares</u></b>
Mr. Deepak S. Parekh	1,600,000	0.10
Mr. Keki M. Mistry	550,000	0.04
Ms. Renu Sud Karnad	2,567,010	0.16
Mr. V. Srinivasa Rangan	364,750	0.02
Mr. Bansidhar S. Mehta	435,000	0.03
Mr. Dhruva N. Ghosh	153,935	0.01
Dr. Surendra A. Dave	375,215	0.02
Mr. Nasser M. Munjee	8,000	0.00
Dr. Bimal N. Jalan	15,000	0.00
Dr. Jamshed J. Irani	65,000	0.00
Mr. Dattatraya M. Sukthankar	165,206	0.01

### **Key Managerial Personnel**

The following table sets forth details regarding the Issuer's key managerial personnel in terms of the Companies Act, other than the Issuer's whole-time/executive Directors including the Issuer's Managing Director, as of the date of this Prospectus:

#### ***Biographies of the key managerial personnel***

<b><u>Name</u></b>	<b><u>Age (years)</u></b>	<b><u>Designation</u></b>
Mr. Ajay Agarwal	44	Company Secretary

The details of the key management personnel other than the Issuer's whole-time/executive Directors, as on the date of this Prospectus, are set out below:

Mr. Ajay Agarwal, aged 44 years, is the Company Secretary of the Issuer. He is an Associate Member of the Institute of Company Secretaries of India. He has 20 years of experience in corporate and securities laws. He has been associated with the Issuer since September 2000. He has been appointed as the Company Secretary and the key managerial person of the Issuer under Section 203 of the Companies Act, 2013 with effect from 20 March 2015. He is responsible for ensuring compliances with the applicable corporate and securities laws, secretarial standards etc. He is also the Compliance Officer of the Issuer under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

All the key management personnel are permanent employees of the Issuer.

#### ***Shareholding of key managerial personnel***

The following table sets forth the shareholding of the Issuer's key managerial personnel other than the Issuer's whole-time/executive Directors as of 29 July 2016:

<b><u>Name</u></b>	<b><u>Number of Equity Shares</u></b>	<b><u>Percentage of Total Number of Outstanding Equity Shares</u></b>
Mr. Ajay Agarwal	43,690	0.00

### ***Interest of key managerial personnel***

The key managerial personnel of the Issuer do not have any interest in the Issuer other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the equity shares held by them or their dependents in the Issuer, if any or any stock options held by them.

### **Senior Management Personnel**

The following is list of the senior management personnel of the Issuer as of the date of this Prospectus together with a brief description of their respective biographies:

**Mr. Conrad D'Souza** is a Member of Executive Management and Chief Investor Relations Officer of the Issuer and his responsibilities include corporate planning and budgeting, corporate finance and investor relations. He holds a Masters' degree in Commerce from University of Mumbai, a Masters degree in Business Administration from South Gujarat University and is a Senior Executive Program (SEP) graduate of the London Business School. He has been associated with the Issuer since 1984. He was earlier the Treasurer of the Issuer and his responsibilities included resource mobilisation, both domestic and international, and asset liability management. Mr. D'Souza has also worked earlier in the operations and management services at the Issuer and was also the Regional Manager for the State of Maharashtra. He has been a consultant to USAID, United Nations Development Programme and International Finance Corporation (Washington) and has undertaken assignments in Asia, Africa and Eastern Europe. He has also been a speaker at various international seminars on housing finance. He is a member of the Asset Liability Committee and the Risk Management Committee of the Issuer.

**Mr. Suresh Menon** is a Member of Executive Management of the Issuer and is responsible for policy implementation and process monitoring, internal audit and Information Technology User Support Group. He holds a Bachelor's degree in Commerce from Maharaja Sayajirao University of Baroda and a Master's degree in Business Administration from South Gujarat University. He has been associated with the Issuer since 1984. He has previously held the positions of the Head of the Recoveries department, Area Manager in Baroda and Regional Manager for Mumbai. He was also responsible for laying down the Retail Lending policies for the Issuer and coordinating with the marketing, information technology, legal and communications department for development and implementation of new lending products. He was also deputed as the CEO of HDFC General Insurance Company in 2007-2008. He is currently co-ordinating the consultancy and training assignments with Sarana Multigriya Finansial – Indonesia. He is also a member of the core faculty at the Frankfurt School of Finance and Management, Germany – Housing Finance Summer Academy. He is a member of the Risk Management Committee of the Issuer.

**Ms. Madhumita Ganguli** is a Member of Executive Management of the Issuer and is responsible for the home loan operations of the Issuer in the National Capital Region and the states of Punjab and Madhya Pradesh. She holds a Bachelor's degree in Law from University of Delhi. She has been associated with the Issuer since 1981 and was responsible for steering the Business Process Reengineering program in the Issuer for retail lending, which has helped the Issuer accentuate its competitive edge by introducing technology in the underwriting process. She was a key member of the team that provided consultancy for setting up the operations of Mauritius Housing Finance Company. She is a member of the National Housing Bank Working Committee on Standardizing of Loan Documentation for Retail Housing Loans and a committee set up by FICCI to formulate recommendations for the Government of India for the real estate sector. She has also been a speaker at various international and national seminars on housing finance. She is a member of the Risk Management Committee of the Issuer.

**Mr. M. Ramabhadran** is a Member of Executive Management of the Issuer and is responsible for Accounts, Information Technology User Support Group (Accounts). He is a Fellow member of the Institute of Chartered Accountants of India. He has been associated with the Issuer since 1983. He is a member of the Asset Liability Committee of the Issuer.

**Mr. Mathew Joseph** is a Member of Executive Management of the Issuer and is responsible for the operations and business of the Issuer in the States of Tamil Nadu, Andhra Pradesh and Telangana. He is a member of the Institute of Chartered Accountants of India. He has been associated with the Issuer since 1988. He is also a member of a group formulating policies and processes for individual loans. He has been involved in consultancy assignments undertaken by the Issuer in Africa and Asia to support and establish their housing finance institutions.

**Mr. Gautam Bhagat** is a Member of Executive Management of the Issuer. He holds a Master's degree in Business Administration from the Symbiosis Institute of Business Management, Pune. He has been associated with the Issuer since 1988 and represented the Issuer in the Issuer's joint venture with the Chubb Corporation and was responsible for the Accidental and Health Insurance vertical of the newly formed company, HDFC Chubb General Insurance Company. He is currently deputed as the CEO of HDFC Sales Private Limited, a wholly owned subsidiary of the Issuer which serves as a distribution arm of the Issuer offering doorstep service to prospective clients.

**Mr. R. Arivazhagan** is a Member of Executive Management of the Issuer and is responsible for all information technology decisions at the Issuer and HDFC Mutual Fund. He holds a post graduate diploma in Management from IIM Calcutta. He has been associated with the Issuer since 1986. He has previously worked with Larsen and Toubro Limited as a management trainee.

**Mr. Rajeev Sardana** is a Member of Executive Management of the Issuer and is the National Head – Self Employed Business and Loan against Property and also the Business Head for the states of Uttar Pradesh, Uttarakhand and Bihar. He is a member of the Institute of Chartered Accountants of India. He has been associated with the Issuer since 1987 and is also involved in the development of products and policies for retail mortgage loans. He has been involved in consultancy assignments undertaken by the Issuer in various countries across Asia to support and establish their housing finance institutions.

### **Corporate Governance**

The Board presently consists of 11 Directors. In compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors consists of six independent Directors. The Issuer is in compliance with the applicable provisions of the Companies Act, 2013.

#### ***Committees of the Board of Directors***

The Board has constituted committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committees constituted in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; (v) Corporate Social Responsibility Committee; and (vi) Allotment Committee – Equity Shares.

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

<b><u>Committee</u></b>	<b><u>Members</u></b>
Audit Committee	Dr. S. A. Dave (Chairman), Mr. B. S. Mehta and Mr. D. N. Ghosh
Nomination and Remuneration Committee	Mr. B. S. Mehta (Chairman), Mr. Nasser Munjee and Dr. J. J. Irani
Stakeholders Relationship Committee	Dr. S. A. Dave (Chairman), Mr. D. M. Sukthankar and Mr. V. Srinivasa Rangan
Risk Management Committee	Dr. S. A. Dave (Chairman), Mr. Keki M. Mistry, Ms. Renu Sud Karnad, Mr. V. Srinivasa Rangan, Mr. Conrad D'Souza, Ms. Madhumita Ganguli and Mr. Suresh Menon
Corporate Social Responsibility Committee	Mr. Deepak S. Parekh (Chairman), Mr. Keki M. Mistry, Ms. Renu Sud Karnad, Mr. V. Srinivasa Rangan and Mr. D. N. Ghosh
Allotment Committee – Equity Shares	Mr. Deepak S. Parekh (Chairman), Mr. Keki M. Mistry, Ms. Renu Sud Karnad, Mr. V. Srinivasa Rangan and Mr. D. M. Sukthankar

### **Other Confirmations**

1. None of the Directors or key managerial personnel of the Issuer have any financial or other material interest in the Notes.

2. None of the Issuer's Directors have been named in the RBI defaulter list and/or the Export Credit Guarantee Corporation of India default list.

### **Related Party Transactions**

For details in relation to the related party transactions entered by the Issuer during the last three Fiscals, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants in India, see "*Financial Statements*".

### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

The Insider Trading Regulations, 2015 applies to the Issuer's employees and to the Issuer which requires the Issuer to implement a code of internal procedures and conduct for the prevention of insider trading. The Issuer is in compliance with the same and has implemented a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information for all employees, officers, directors and persons authorised to speak on behalf of the Issuer. Mr. Conrad D'Souza, a Member of Executive Management of the Issuer, acts as the Chief Investor Relations Officer of the Issuer under the aforesaid Code. In terms of the Companies Act, 2013, the Issuer's Directors and key managerial personnel are prohibited from (a) acquiring an option over, or entering into forward dealings in securities of the Issuer, its subsidiaries or associate companies; and (b) engaging in insider trading.

The Issuer has also implemented a Share Dealing Code which prescribes the detailed procedures and guidelines to be adopted whilst dealing in the Equity Shares of the Issuer. The Share Dealing Code is applicable to all Directors, employees and their immediate relatives. Mr. Ajay Agarwal, the Company Secretary is the Compliance Officer under the said code.

## PRINCIPAL SHAREHOLDERS

The Issuer does not have an identifiable promoter or any principal shareholder. The following table sets forth the shareholding pattern of the Issuer as on 30 June 2016:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialised Form	Total Shareholding as a per cent. of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a per cent. of (A+B)	As a per cent. of (A+B+C)	Number of shares	As a per cent. of Total No. of Shares
<b>(A) Shareholding of Promoter and Promoter Group</b>							
<b>(1) Indian</b>							
<b>(2) Foreign</b>							
<b>(B) Public Shareholding</b>							
<b>(1) Institutions</b>							
Mutual Funds / UTI	290	49,638,435	49,633,685	3.14	3.14	0	0.00
Financial Institutions / Banks	95	22,737,465	22,729,865	1.43	1.43	0	0.00
Central Government / State Government(s)	8	1,267,383	1,267,383	0.08	0.08	0	0.00
Insurance Companies	25	106,435,390	106,434,890	6.73	6.73	0	0.00
Foreign Institutional Investors	1,403	1,216,034,839	1,216,034,839	76.86	76.86	0	0.00
<b>Any Others (Specify)</b>							
Foreign Financial Institutions/Banks	4	51,590	51,590	0.00	0.00	0	0.00
<b>Sub Total</b>	<b>1,825</b>	<b>1,396,165,102</b>	<b>1,396,152,252</b>	<b>88.24</b>	<b>88.24</b>	<b>0</b>	<b>0.00</b>
<b>(2) Non-Institutions</b>							
<b>Bodies Corporate</b>							
Bodies Corporate	2,352	22,388,835	22,042,000	1.42	1.42	0	0.00
<b>Individuals</b>							
Individual shareholders holding nominal share capital up to ₹ 0.1 million	206,646	114,157,588	100,452,864	7.23	7.23	0	0.00
Individual shareholders holding nominal share capital in excess of ₹ 0.1 million	209	27,380,728	27,172,178	1.73	1.73	0	0.00
<b>Any Others (Specify)</b>							
Hindu Undivided Families	3,867	1,309,329	1,309,329	0.08	0.08	0	0.00
Non Resident Indians	5,090	3,734,445	3,718,945	0.24	0.24	0	0.00
Clearing Members	375	1,647,184	1,647,184	0.10	0.10	0	0.00
Trusts	64	5,025,343	5,025,343	0.32	0.32	0	0.00
Directors & their Relatives	35	8,305,104	8,305,104	0.52	0.52	0	0.00
Foreign Corporate Bodies	4	1,934,732	1,934,732	0.12	0.12	0	0.00
Foreign Nationals	3	3,650	3,650	0.00	0.00	0	0.00
<b>Sub Total</b>	<b>218,645</b>	<b>185,886,938</b>	<b>171,611,329</b>	<b>11.76</b>	<b>11.76</b>	<b>0</b>	<b>0.00</b>
<b>Total Public shareholding (B)</b>	<b>220,470</b>	<b>1,582,052,040</b>	<b>1,567,763,581</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>Total (A)+(B)</b>	<b>220,470</b>	<b>1,582,052,040</b>	<b>1,567,763,581</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>							
<b>(1) Promoter and Promoter Group</b>							
Promoter Group	0	0	0	0.00	0.00	0	0.00
<b>(2) Public</b>							
Public	0	0	0	0.00	0.00	0	0.00
<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>Total (A)+(B)+(C)</b>	<b>220,470</b>	<b>1,582,052,040</b>	<b>1,567,763,581</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

The following table sets forth the shareholding of persons belonging to the category “Public” and holding more than 1.00 per cent. of the total number of equity shares as at 30 June 2016:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Total Shareholding as a per cent. of total No. of Equity Shares
1.	OPPENHEIMER DEVELOPING MARKETS FUND	69,150,345	4.37 per cent.
2.	LIFE INSURANCE CORPORATION OF INDIA	59,949,467	3.79 per cent.
3.	EUROPACIFIC GROWTH FUND	51,986,265	3.29 per cent.
4.	GOVERNMENT OF SINGAPORE	31,901,492	2.02 per cent.
5.	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND	23,664,195	1.50 per cent.
6.	COPTHALL MAURITIUS INVESTMENT LIMITED	20,433,699	1.29 per cent.
7.	VIRTUS EMERGING MARKETS OPPORTUNITIES FUND	20,016,636	1.27 per cent.
8.	ISHARES INDIA INDEX MAURITIUS COMPANY	17,497,107	1.11 per cent.
9.	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	17,064,986	1.08 per cent.
10.	ABERDEEN GLOBAL INDIAN EQUITY LIMITED	16,818,335	1.06 per cent.
11.	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	15,959,351	1.01 per cent.
	<b>Total</b>	<b><u>344,441,878</u></b>	<b><u>21.79 per cent.</u></b>

## KEY REGULATION AND POLICIES

*The following description is a summary of relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to the Issuer. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bylaws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

*In addition to the regulations and policies specified below, taxation law, labour law, intellectual property law, environmental law and other miscellaneous laws apply to the Issuer as they do to any other Indian company.*

### ***The National Housing Bank Act 1987***

The National Housing Bank Act 1987 (the “**NHB Act**”) was enacted to establish a NHB to operate as a principal agency to promote HFCs, both at the local and regional levels, and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB includes, among others, promoting, establishing, supporting or aiding in the promotion, establishment and housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions, as may be notified by the Central Government; making loans and advances or other forms of financial assistance; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilisation of resources and extension of credit for housing; providing guidelines to HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs; and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

Under the NHB Act, the NHB has the power to direct deposit accepting HFCs to provide such statements, information or particulars relating to deposits received by the HFC, as they may specify. Every HFC is required to obtain a certificate of registration and meet the net owned funds requirement of ₹ 20 million, or such other higher amount as the NHB may specify, for commencing or carrying on the business of a HFC. Every HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than 5 per cent. (or such higher percentage as the NHB may specify, not exceeding 25 per cent.) of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain an account in India with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10 per cent. (or such higher percentage as the NHB may specify, not exceeding 25 per cent.), of the deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than 20 per cent. of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

The NHB may inspect any deposit accepting HFCs in order to verify the correctness or completeness of any statement, information or particulars provided to the NHB, or for the purpose of obtaining any information or particulars which the HFC has failed to provide on being called upon to do so. If any HFC accepting deposits fails to comply with any direction given by the NHB, the NHB may prohibit the acceptance of deposits by that HFC.

### ***The Recovery of Debts due to Banks and Financial Institutions Act 1993***

The Recovery of Debts due to Banks and Financial Institutions Act 1993 (“**DRT Act**”) provides for the establishment of Debts Recovery Tribunals (“**DRTs**”), for expeditious adjudication and recovery of debts due to banks, public financial institutions or a consortium of banks and public financial institutions. Under the DRT Act, the procedures for the recovery of debt have been simplified and time frames have been fixed for the speedy



disposal of cases. The DRT Act lays down the rules for the establishment of DRTs, procedures for making applications to the DRTs, powers of the DRTs and the modes of recovery of debts determined by DRTs. These include the attachment and sale of moveable and immovable property of the defendant, the arrest of and detention in prison of the defendant and the appointment of a receiver for managing the movable or immovable properties of the defendant.

The DRT Act also provides that a bank, or public financial institution, having a claim to recover a debt may join ongoing proceedings filed by another bank or public financial institution, against the debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

### ***The Housing Finance Companies (National Housing Bank) Directions 2010***

The objective of the NHB Directions 2010 is to consolidate and issue directions in relation to the acceptance of deposits by the HFCs. Additionally, the NHB Directions 2010, provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by the auditors of HFCs.

Pursuant to the NHB Directions 2010, no HFC shall accept or renew public deposits unless the HFC has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year, and a copy of the rating is sent to the NHB and it is complying with all the prudential norms, provided that:

- a HFC which has obtained credit rating for its fixed deposits not below the minimum investment grade rating as above, and complied with all the prudential norms, may accept public deposits not exceeding five times of its net owned funds (“NOF”); and
- a HFC which does not have the requisite rating for its fixed deposits, shall obtain the same within a period of six months from the date of notification, or such extended period as may be permitted by the NHB, to obtain the prescribed rating for its fixed deposit.

Under the NHB Directions 2010, no HFC shall have deposits, inclusive of public deposits, the aggregate amount of which, together with the amounts, if any, held by it which are referred to in Section 45(I)(bb)(iii) to Section 45(I)(bb)(vii) of the Reserve Bank of India Act 1934, and loans or other assistance from the NHB, is in excess of 16 times its NOF. In addition, no HFC shall accept or renew any public deposit which is (a) repayable on demand or on notice; or (b) unless such deposit is repayable after a period of 12 months or more, but not later, than 120 months from the date of acceptance or renewal of such deposits. On and from 6 July 2007, no HFC shall invite, accept or renew any public deposit at a rate of interest exceeding 12.5 per cent. per annum, such interest being payable or compounded at rests which should not be shorter than monthly rests. On and from 20 September 2003, no HFC shall invite, accept or renew repatriable deposits from non-resident Indians in terms of Schedule 1 of Notification no. FEMA.5/2000-RB dated 3 May 2000 under Non-Resident (External) Rupee Account Scheme at a rate exceeding the rates specified by the RBI for such deposits with scheduled commercial banks.

A HFC which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such a deposit, as provided in the NHB Act, is not permitted to grant any loan or other credit facility, by whatever name called, or make any investment or create any other asset as long as the default exists.

In accordance with the prudential norms mentioned in the NHB Directions 2010, income recognition shall be based on recognised accounting principles. Every HFC shall, after taking into account the degree of well-defined credit weaknesses and the extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into certain specified classes, such as standard assets, sub-standard assets, doubtful assets and loss assets. Every HFC, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, is required to make provision against sub-standard assets, doubtful assets and loss assets as provided under the NHB Directions 2010.

The NHB has amended the provisioning norms in the NHB Directions 2010, pursuant to the notification no. NHB.HFC.DIR.3/CMD/2011 dated 5 August 2011, as further amended by NHB *vide* notification no. NHB.HFC.DIR.4/CMD/2012 dated 19 January 2012, as amended by notification no. NHB.HFC.DIR.9/CMD/2013 dated 6 September 2013. The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted are required to be:

- (a) *loss assets*: the entire assets are required to be written off. If assets are permitted to remain in the books for any reason, then 100 per cent. of the outstanding amounts should be provided for;

- (b) *doubtful assets*: 100 per cent. provision to the extent to which the advance is not covered by the realisable value of the security, to which a HFC has a valid recourse, shall be made and in addition, depending upon the period for which the asset has remained doubtful, provision to the extent of 25 per cent. to 100 per cent. of the secured portion i.e. the estimated realisable value of the outstanding shall be made in the following manner: (i) 25 per cent. up to the period of one year; (ii) 40 per cent. for the period of one year to three years; and (iii) 100 per cent. for the period more than three years;
- (c) *substandard assets*: provision of 15 per cent. of the total outstanding amounts should be made without making any allowance for export credit guarantee, corporation guarantee and securities available; and
- (d) *standard assets*: (i) standard assets with respect to housing loans at teaser/special rates – provision of 2 per cent. on the total outstanding amount of such loans and the provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain standard; (ii)(a) standard assets in respect of Commercial Real Estates Residential Housing (“**CRE-RH**”) (consisting of loans to builders/ developers for residential housing projects (except for captive consumption). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprising of some commercial space (e.g. shopping complex, school etc.) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10 per cent. of the total floor space index (“**FSI**”) of the project. In case the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as Commercial Real Estate (“**CRE**”) (and not CRE-RH) – provision of 0.75 per cent. on the total outstanding amount of such loans; (ii)(b) standard assets in respect of all other CRE (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc., other than those covered in (ii)(a). Loans for third dwelling unit onwards to an individual will also be treated as CRE exposure) – provision of 1 per cent. on the total outstanding amount of such loans; and (iii) standard assets in respect of all loans other than (i) and (ii) – a general provision of 0.4 per cent. of the total outstanding amount of loans which are standard assets is required to be made.

Pursuant to the notification No NHB.HFC.DIR.17/MD & CEO/2015 dated 9 October 2015, wherein no HFC shall grant: (i) housing loans up to ₹ 3 million to individuals with a loan to value (“**LTV**”) ratio exceeding 90 per cent.; (ii) grant housing loans above ₹ 3 million and up to ₹ 7.5 million to individuals with LTV exceeding 80 per cent.; and (iii) grant housing loans above ₹ 7.5 million to individuals with LTV exceeding 75 per cent. Further the risk weights assigned to the categories described above are as follows:

Category	LTV( per cent.)	Risk Weights
Individual Housing Loans <sup>5</sup>		
– Up to 3 million	< 80	35 per cent.
	>80 and < 90	50 per cent.
– Above 3 to 7.5 million	< 75	35 per cent.
	>75 and < 80	50 per cent.
– Above 7.5 million	< 75	75 per cent.

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

Under the NHB Directions 2010, degrees of credit risk expressed as percentage weighting have been assigned to balance sheet assets. Hence, the face value of each asset is multiplied by the relevant risk weights to arrive at the risk adjusted value of the asset. The aggregate shall be taken into account for calculating the minimum capital adequacy ratio of a housing finance institution.

Further, in terms of the NHB Directions 2010, no HFC shall invest in land or buildings, except for its own use, an amount exceeding 20 per cent. of its capital fund (aggregate of Tier I capital and Tier II capital), provided that such investment over and above 10 per cent. of its owned funds is required to be made only in residential units. Additionally, no HFC shall lend to any single borrower an amount exceeding 15 per cent. of its owned funds, and to any single group of borrowers, an amount exceeding 25 per cent. of its owned funds. A HFC is not allowed to invest in the shares of another company an amount exceeding 15 per cent. of its owned funds; and in the shares of a single group of companies an amount exceeding 25 per cent. of its owned funds. A HFC shall not lend and invest (loans/investments together) amounts exceeding 25 per cent. of its owned funds to a single party and 40 per cent. of its owned funds to a single group of parties. Additionally, a HFC is not allowed to lend against its own shares and any outstanding loan granted by a HFC against its own shares on the date of commencement of the NHB Directions 2010 shall be recovered by the HFC in accordance with the repayment schedule.

<sup>5</sup> Secured by way of mortgage of immovable property.

The NHB Directions 2010 provide for exposure limits for HFC to the capital markets. Pursuant to the NHB Directions 2010, the aggregate exposure of a HFC to the capital markets in all forms should not exceed 40 per cent. of its net worth as on 31 March of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to VCFs should not exceed 20 per cent. of its net worth.

The NHB *vide* circular no NHB(ND)/DRS/POL-No. 36/2010 dated 18 October 2010 has directed all HFCs not to charge any prepayment levy or penalty on pre-closure of housing loans by borrowers out of their own sources. Further, NHB, *vide* circular no NHB(ND)/DRS/POL-No. 43/2011-2012 dated 19 October 2011 has directed all HFCs to discontinue the pre-payment levy or penalty on pre-closure of housing loans when: (i) the housing loan is on a floating rate basis and pre-closed by the borrower from funds received from any source; and (ii) the housing loan is on a fixed rate basis if pre-closed by the borrowers from their “own sources” which means any source other than by borrowing from a bank, HFC, NBFC or a financial institution. It has been clarified *vide* circular no NHB(ND)/DRS/Pol-No.48/2011-12 dated 4 April 2012 that the instruction applicable to fixed interest rate housing loans referred to in the circular dated 19 October 2011 will be applicable to such loans which carry a fixed rate of interest at the time of origination of the loan. Further, it has been directed *vide* circular no NHB(ND)/DRS/Pol-No.51/2012-13 dated 7 August 2012 that all dual or special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to a fixed or floating rate depending on whether at the time of pre-closure, the loan is on a fixed or a floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for the entire duration of the loan. Thus, in the case of dual or special rate housing loans, the pre-closure norm for a floating rate will be applicable once the loan has been converted into a floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter. Further *vide* NHB (ND)/DRS/Policy circular No. 63/2014-15 dated 14 August 2014 directed that HFCs shall not charge foreclosure charges or pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect. Subsequently, it was clarified *vide* circular no NHB(ND)/DRS/Policy circular 66/2014-15 dated 3 September 2014 that provisions of the circular issued on 14 August 2014 are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction and prepaid on or after 14 August 2014. The provisions of the said circular cover part as well as full prepayment. It was also clarified that the aforesaid circular is applicable to term loans sanctioned to individual borrowers and therefore loans in which companies, or firms etc. is a borrower or co-borrower are therefore is excluded from its purview.

The NHB *vide* circular no NHB (ND)/DRS/POL-No. 58/2013-14 dated 18 November 2013 has directed all HFCs to ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects or houses and upfront disbursal should not be made in cases of incomplete, under-construction or greenfield housing projects or houses.

### ***The Prevention of Money Laundering Act 2002***

The Prevention of Money Laundering Act 2002 (“PMLA”) was enacted to prevent money laundering and to provide for the confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, are required to maintain records of all transactions, including the value and nature of such transactions, provide information of such transactions to the director defined under PMLA, and verify and maintain the records of the identity of all of its clients, in such a manner as may be prescribed. The PMLA also provides for a power of summons, searches and seizures to the authorities under the PMLA. In terms of PMLA, whosoever directly or indirectly attempts to indulge, knowingly assists, knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering. The NHB *vide* circular NHB(ND)/DRS/POL No. 13/2006 dated 10 April 2006 had introduced anti-money laundering measures wherein the HFCs were advised inter-alia to follow the customer identification procedure, maintenance of records of transactions and period of preservation of such record keeping in view of the provisions of PMLA. Further, the aforesaid circular introducing anti-money laundering measures was reviewed, and revised *vide* circular NHB (ND)/DRS/POL-No. 33/2010-11 dated 11 October 2010 (“**2010 Notification**”) in light of amendments in the PMLA and the rules framed thereunder. Furthermore, the 2010 Notification requires the HFC to verify the identities of non-account based customers while carrying out transactions of an amount equal to, or exceeding, ₹ 50,000, whether conducted as a single transaction or several transactions, that appear to be conducted or any international money transfer operations. Furthermore, it was directed *vide* NHB(ND)/DRS/ Misc. circular No.13/2014 dated 20 January 2014, that the HFCs shall ensure that the documents are not given directly to the customers for verification, etc. to obviate any frauds.

### ***The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002***

SARFAESI Act regulates the securitisation and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in the case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank, or a financial institution, may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution may sell a financial asset only if the borrower has a consortium or multiple banking arrangements and at least 75 per cent. by value of the assets to the borrower are classified as an NPA and at least 75 per cent. by the value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale of the asset to the securitisation or reconstruction company.

The SARFAESI Act provides for the acquisition of financial assets by a securitisation company or reconstruction company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitisation company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures, such as rescheduling of payment of debts payable by the borrower and enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fees or charges as may be mutually agreed between the parties.

### ***Refinance Scheme for Housing Finance Companies 2003***

Pursuant to the Refinance Scheme for Housing Finance Companies 2013 as amended, (“**Refinance Scheme**”), and clarification provided *vide* circular NHB(ND)/ROD/HFC/Refinance Circular 1/2015-16 dated 15 October 2015, HFCs registered with the NHB if they fulfill the following criteria.

- a. The HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers;
- b. Should invest at least 75 per cent. of capital employed by way of long term finance for housing;
- c. The HFC should have a NOF of not less than Rs. one billion. NOF will carry the same meaning as defined in Housing Finance Companies (NHB) Directions, 2010;
- d. The HFC should comply with the provisions of the National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions, 2010, as amended from time to time;
- e. The Net Non Performing Assets (“**NNPA**”) of the HFC should not be more than 2.50 per cent. of the Net Advances. NPA shall carry the same meaning as defined in Housing Finance Companies (NHB) Directions, 2010. NNPA means ‘NPA less provision’. Net Advances shall mean ‘Advances less provision’. ‘Advances’ shall, apart from housing loans, include mortgage loans, lease transactions, hire purchase assets, bills of exchange, inter-corporate deposits and unquoted debentures; and
- f. The HFC should have completed at least three years of operations (i.e. the HFC should be able to furnish three years’ audited financial statements).

The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of a HFC. If, at any time, the NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to provide such additional security including, inter-alia, charges on immovable/moveable property or a requisite guarantee.

### ***Master Circular on Housing Finance issued by the RBI***

Pursuant to the Master Circular on Housing Finance dated 1 July 2015, issued by the RBI (“**Master Circular**”), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, i.e. (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB, Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Master Circular, banks may grant loans to housing finance institutions taking into account (long-term) debt equity ratio, track record, recovery performance and other relevant factors including the other applicable regulatory guidelines. While deciding the quantum of term loans to be sanctioned to them, banks are required to adhere to the loan to value ratio for loans as specified in the Master Circular.

### ***Master Circular on Priority Sector Lending issued by the RBI***

Pursuant to the Master Circular on Priority Sector Lending – Targets and Classification dated 1 July 2015, as amended up to 15 December 2015 issued by the RBI, assistance given to a non-governmental agency approved by the NHB for the purpose of refinance for construction or reconstruction of dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹ 1 million per dwelling unit would be classified under priority sector, provided that all inclusive interest rate charged to the ultimate borrower does not exceed the lowest lending rate of the lending bank for housing loans plus 8 per cent. p.a. However, the eligibility under this measure is restricted to 5 per cent. of the individual bank’s total priority sector lending, on an ongoing basis. The maturity of bank loans should be co-terminus with average maturity of loans extended by HFCs. Banks should maintain necessary borrower-wise details of the underlying portfolio.

### ***Guidelines for Asset Liability Management System for HFCs vide circular NHB/ND/DRS/Pol-No. 35/2010- 11 dated 11 October 2010***

The guidelines for introduction of asset liability management systems by HFCs were issued by NHB vide circular NHB (ND)/HFC(DRS-REG)/ALM/1407/2002 dated 28 June 2002, (“**ALM Guidelines**”). NHB has since revised the guidelines. The revised guidelines would be applicable to all HFCs, irrespective of whether they are accepting or holding public deposits or not. The ALM Guidelines for HFCs lay down broad guidelines in respect of systems for the management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for the management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted, consisting of the HFC’s senior management including the chief executive officer, for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC’s budget and decided risk management objectives. Asset-liability management support groups to be constituted of operating staff are responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

The ALM Guidelines also recommended the classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). The gap is the difference between rate sensitive assets and rate sensitive liabilities for each time bucket. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data or empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

### ***Guidelines on Fair Practices Code for HFCs***

The Guidelines on Fair Practices Code for HFCs (“**Fair Practices Code**”) were issued by the NHB vide circular NHB(ND)/DRS/POL-No-16/2006 dated 5 September 2006, and were revised by the NHB vide circular NHB/ND/DRS/Pol No. 34/2010-11 dated 11 October 2010, and further amended vide circular NHB (ND)/DRS/Pol. No. 38/2010-11, dated 25 April 2011 and notification no. NHB/(ND)/DRS/REG/MC-03/2015 dated 9 September 2015, to bring more clarity and transparency and to cover all aspects of loan sanctioning, disbursement and repayment issues. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increasing transparency, encouraging market forces, promoting fair and cordial relationship between customers and HFCs and fostering confidence in the housing finance system.

The Fair Practices Code provides for regular and appropriate updates to the customer, prompt resolution of grievances and confidentiality of customer information. The HFCs are required to disclose information on interest rates, common fees and charges through notices etc. and ensure that all advertising and promotional materials are clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Furthermore, whenever loans are given, HFCs should explain the repayment process to the customer by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for the recovery of dues. The process will involve reminding the customer by sending him/her a notice or by making personal visits and/or repossession of security, if any.

#### ***Guidelines for Recovery Agents Engaged by HFCs***

The Guidelines for Recovery Agents Engaged by HFCs ("**Recovery Agents Guidelines**") were issued on 14 July 2008 by the NHB in relation to the practices and procedures regarding the engagement of recovery agents by the HFCs. Under the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for the engagement of recovery agents, which should cover, *inter alia*, individuals involved in the recovery process. HFCs are required to ensure that the agents engaged by them in the recovery process carry out verification of the backgrounds of their employees, which may include pre-employment police verification as a matter of caution. HFCs can decide the periodicity at which re-verification should be resorted to. They are required to ensure that the recovery agents are properly trained to handle their responsibilities with care and sensitivity, in particular, aspects like hours of calling and privacy of customer information, among others. They are also required to inform the borrower of the details of recovery agency firms or companies while forwarding default cases to the recovery agency.

Under the Recovery Agents Guidelines, any person authorised to represent a HFC in a collection and/or security repossession should follow guidelines which ordinarily includes contacting the customer at the place of his/her choice, interaction with the customer in a civil manner and assistance to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner. Each HFC should have a mechanism whereby the borrower's grievances with regard to the recovery process can be addressed. The details of the mechanism should also be provided to the borrower. HFCs have been advised to constitute grievance redressal machinery within the company and give wide publicity about it through electronic and print media.

HFCs are required, at least on an annual basis, to review the financial and operational condition of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider, should highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

#### ***Guidelines on Know Your Customer and Anti Money Laundering measures for Housing Finance Companies***

The Know Your Customer ("**KYC**") Guidelines issued by NHB on NHB(ND)/DRS/policy circular No. 72/2014-15 dated 23 April 2015, mandate the KYC policies and anti-money laundering measures for HFCs to have certain key elements, including inter-alia a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to NHB KYC Guidelines and the exercise of due diligence by the NBFC, including its brokers and agents.

#### ***Norms for Excessive Interest Rates***

The NHB *vide* circular NHB(ND)/DRS/POL-No-29/2009 dated 2 June 2009, has advised all HFCs to revisit internal policies in determining interest rates, fees and other charges. According to this notification, the board of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and approve the same. HFCs are advised to put in place an internal mechanism to monitor the process and operations in relation to the disclosure of interest rates and charges in view of the guidelines indicated in the Fair Practices Code, to ensure transparency in communications with borrowers.

#### ***Foreign Investment in HFCs***

Foreign Investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the presently applicable Consolidated FDI Policy, effective from 7 June 2016 ("**Consolidated FDI Policy**") (provisions of the Circular 2016) issued by the Department of Industrial Policy and

Promotion from time to time. As per the provisions of the Consolidated FDI Policy, 100 per cent. FDI under the automatic route is permitted for investment in the NBFCs which carry out certain specified activities, which includes HFCs, subject to the following conditions:

1. Minimum Capitalisation:
  - (a) For FDI up to 51 per cent. – US\$0.5 million to be brought upfront;
  - (b) For FDI above 51 per cent. and up to 75 per cent. – US\$5 million to be brought upfront; and
  - (c) For FDI above 75 per cent. and up to 100 per cent. – US\$50 million out of which US\$7.5 million to be brought up front and the balance to be brought up in 24 months.
2. Foreign investors can set up 100 per cent. step down subsidiaries for specific NBFC activities, subject to bringing in US\$50 million without any restriction on number of operating subsidiaries and without bringing in additional capital.
3. Joint venture operating NBFCs that have 75 per cent. or less than 75 per cent. foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries complying with the applicable minimum capitalisation norms mentioned above.
4. Compliance with guidelines of the relevant regulator is required in this regard.
5. The minimum capitalisation norms would apply where the foreign holding in the NBFC (both direct and indirect) exceeds the limits indicated above.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required, except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to a non-resident purchaser.

#### **List of primary Noteholders**

In relation to the Notes, the Issuer is required to provide the list of primary Noteholders procured from the Registrar to the relevant regulatory authorities in India as and when required.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of India of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

### 1. India

The following is a summary of the principal existing Indian tax consequences for non-resident investors subscribing to the Notes issued by the Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Prospectus and is subject to change. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction of acquiring, owning and disposing of the Notes.

#### *Taxation of interest and withholding in respect thereof*

Interest on the Notes may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for purposes of business carried on by the Issuer outside India or for the purposes of making or earning any income from any source outside India. However, should the proceeds of the issuance of the Notes be used for the purposes of carrying on the Issuer's business in India or for the purposes of making or earning any income from any source in India, non-resident investors would be liable to pay tax on the interest paid on the Notes at the prevailing tax rates subject to and in accordance with the existing conditions contained in the Income Tax Act, 1961. The rates of tax will be reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (each a "**Tax Treaty**"), which, provided the provisions of such Tax Treaty are complied with, provides for the taxation in India of income by way of interest at a rate lower than that stated below. The Noteholder could be required to provide certain documents or other information as prescribed by law to apply the beneficial withholding tax rate.

In a press release dated 29 October 2015 issued by the Central Board of Direct Taxes, it has been clarified that on interest income from Notes in the case of non-resident investors, withholding tax at the rate of 5 per cent. plus applicable surcharge and cess (which is a final tax, in that if Indian withholding tax is applied then there would normally be no further tax liability attaching to a recipient on interest income) would be applicable in the same way as it is applicable for off-shore dollar denominated bonds. However, the rate of 5 per cent. is not enacted under the Income Tax Act, 1961. Further, a Permanent Account Number ("**PAN**"), other details or documents from Noteholders would not be required if certain conditions are satisfied. Otherwise, Noteholders may be required to provide documentation including a tax residency certificate, a tax identification number and other details including their name, address, email details and contact number, pursuant to the circular issued by the Central Board of Direct Taxes dated 24 June 2016. In case the 5 per cent. rate (plus applicable surcharge and cess) is not applicable, the tax rates could range from 30 per cent. to 40 per cent. plus applicable surcharge and cess.

If interest payable on the Notes is subject to tax in India, there is a requirement to withhold tax at the prevailing tax rate under the provisions of the Income Tax Act, 1961, subject to any lower rate of tax provided for by an applicable Tax Treaty. The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim relevant Tax Treaty benefits.

All payments of, or in respect of, interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 8 (*Taxation*), the Issuer will pay additional amounts as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, although this is subject to certain exceptions.

#### *Taxation of gains arising on transfer*

Some key considerations in relation to taxation of gains arising on transfer of Notes are as follows:

- (i) a non-resident investor who has held the Notes as a capital asset for a period of more than 36 months immediately preceding the date of their disposal, would be liable to pay capital gains tax at rates ranging up



to 20 per cent. or 10 per cent. (without indexation and foreign currency conversion benefit) of the capital gains (plus applicable surcharge and educational cess and secondary and higher education cess) and non-resident Indian investors in certain cases would be liable to pay a capital gains tax of 10 per cent. (without indexation) of the capital gains (plus applicable surcharge, education cess and secondary and higher education cess) for a similar period, subject to and in accordance with the provisions of the Income Tax Act, 1961. These rates are subject to any exemption or lower rate provided for by an applicable Tax Treaty, subject to fulfilment of the conditions prescribed under any such Tax Treaty;

- (ii) a non-resident investor who has held the Notes as a capital asset for a period of 36 months or less would be liable to pay capital gains tax at rates ranging from 30 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess) of capital gains depending on the legal status of the non-resident investor and his taxable income in India, subject to any exemption or lower rate provided for by an applicable Tax Treaty, subject to fulfilment of the conditions prescribed under any such Tax Treaty;
- (iii) in the case of a non-resident investor, any gains arising on account of appreciation of the Rupee against a foreign currency at the time of redemption of Rupee denominated bonds of an Indian Company subscribed by such non-resident investor, shall be ignored for the computation of full value of consideration. Accordingly, such gains arising to the original non-resident investor on account of the appreciation of the Rupee against a foreign currency at the time of redemption of the Notes subscribed by such non-resident investor, shall not be taxable as capital gains; and
- (iv) any gains arising to a non-resident investor from disposal of the Notes held as stock-in-trade would be subject to income tax in India or in the case where a Tax Treaty is applicable to the extent, if any, that the gains are attributable to a “permanent establishment” of the non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such gains at rates of tax ranging from 30 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess) depending upon the legal status of the non-resident investor and his taxable income in India.

The above tax rates are subject to any relevant Tax Treaty benefit, if any. The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim such benefit. These details will also be required in order to apply the 10 per cent. tax rate under the provisions of the Income Tax Act, 1961, as mentioned in paragraph (i) above.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

#### ***Wealth Tax***

No wealth tax is payable at present in relation to the Notes.

#### ***Estate Duty***

No estate duty is payable at present in relation to the Notes. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

#### ***Gift Tax***

No gift tax is payable at present in relation to the Notes in India.

#### ***Stamp Duty***

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty would be payable if the Notes are brought into India for enforcement or for any other purpose. This stamp duty will have to be paid within a period of three months from the date the Notes are first received in India. The amount of Stamp duty payable would depend on the applicable Stamp Act of the relevant state into which the Notes are brought.

## **2. The proposed financial transactions tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## COMPARISON OF INDIAN GAAP AND IFRS

The audited financial statements of the Issuer included in this Prospectus are presented in accordance with Indian GAAP, which differs from IFRS in certain respects. The matters described below cannot necessarily be expected to reveal all differences between Indian GAAP and IFRS which are relevant to the Issuer. Consequently, there can be no assurance that these are the only differences in the accounting principles that could have a significant impact on the financial information included in this Prospectus. Furthermore, the Issuer has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and IFRS which may result from prospective changes in accounting standards. The Issuer has not considered matters of Indian GAAP presentation and disclosures, which also differ from IFRS. In making an investment decision, investors must rely upon their own examination of the Issuer's business, the terms of the offerings and the financial information included in this Prospectus. Potential investors should consult with their own professional advisors for a more thorough understanding of the differences between Indian GAAP and IFRS and how those differences might affect the financial information included in this Prospectus.

The Ministry of Corporate Affairs ("MCA") via its notification dated 30 March 2016, has included Housing Finance Companies in the definition of a "Non-Banking Financial Company" ("NBFCs"). The notification further explains that NBFCs having a net worth of Rs 5,000 million or more as of 31 March 2016, shall comply with Indian Accounting Standards (Ind AS) for accounting periods beginning on or after 1 April 2018, with comparatives for the periods ending on 31 March 2018. Therefore the Issuer would be subject to this notification.

<b>Areas of Difference</b>	<b>Indian GAAP</b>	<b>IFRS</b>
Primary literature	AS 1 – Disclosure of Accounting Policies / Schedule III to the Companies Act, 2013  AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	IAS 1 – Presentation of Financial Statements
Formats	Schedule III prescribes the minimum requirements for disclosure on the face of the balance sheet and statement of profit and loss and notes.	Specifies the line items to be presented in the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity.
Fair presentation	Fair presentation requires compliance with the applicable requirements of the Companies Act, 2013 and the other regulatory requirements and the application of the qualitative characteristics of the Accounting Standards Framework.  Departures from Accounting Standards or Companies Act, 2013 are prohibited unless permitted by other regulatory framework for example, the Insurance Regulatory and Development Authority.	Fair presentation requires faithful representation of the effects of the transactions, other events and conditions in accordance with the definitions of and recognition criteria for assets, liabilities, income and expenses set out in the Framework.
Presentation of income statement / statement of comprehensive income	Schedule III requires an analysis of expense by nature.	An analysis of expenses is presented using a classification based on either the nature of expenses or their function whichever provides information that is reliable and more relevant.
Statement of profit or loss and other comprehensive income (statement of comprehensive income)	Statement of profit and loss is the Indian GAAP equivalent of separate statement of profit or loss under IFRS.  Some items such as revaluation surplus which are treated as "other comprehensive income" under IFRS/ Ind AS are recognised directly in equity under Indian GAAP.	The statement of profit or loss and other comprehensive income includes all items of income and expense – (i.e. all "non-owner" changes in equity) including:  (a) components of profit or loss; and  (b) other comprehensive income.

**Areas of  
Difference**

**Indian GAAP**

**IFRS**

	<b>Indian GAAP</b>	<b>IFRS</b>
		These items may be presented either: <ul style="list-style-type: none"><li>• in a single statement of profit or loss and other comprehensive income; or</li><li>• in a separate statement of profit or loss.</li></ul>
Statement of changes in equity	A statement of changes in equity is currently not presented.  Movements in share capital, retained earnings and other reserves are to be presented in the notes to accounts.	The statement of changes in equity includes the following information: <ul style="list-style-type: none"><li>• total comprehensive income for the period;</li><li>• the effects on each component of equity of retrospective application or retrospective restatement in accordance with IAS 8; and</li><li>• for each component of equity, a reconciliation between the opening and closing balances, separately disclosing each change.</li></ul>
Extraordinary items	Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.  Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	Presentation of any items of income or expense as extraordinary is prohibited.
Reclassification	A disclosure is made in financial statements that comparative amounts have been reclassified to conform to the presentation in the current period without additional disclosures for the nature, amount and reason for reclassification.	When comparative amounts are reclassified, nature, amount and reason for reclassification are disclosed.
Critical judgements	AS1 does not specifically require disclosure of judgements that management has made in the summary of significant accounting policies or other notes.	Requires disclosure of critical judgements made by management in applying accounting policies.
Estimation uncertainty	AS1 does not specifically require an entity to disclose information about the assumptions that it makes about the future and other major sources of estimation uncertainty at the end of the reporting period though other standards may require certain disclosures of the same.	Requires disclosure of key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
Primary literature	AS 3 – Cash Flow Statements	IAS 7 – Statement of Cash Flows
Bank overdrafts	Bank overdrafts are considered as financing activities.	Included as cash and cash equivalents if they form an integral part of an entity's cash management.
Interest and dividend	For Financial enterprises:  Interest paid and interest and dividend received are to be classified as operating activities. Dividend paid is to be classified as financing activity.	May be classified as operating, investing or financing activities in a manner consistent from period to period.

<u>Areas of Difference</u>	<u>Indian GAAP</u>	<u>IFRS</u>
	For other enterprises:	
	Interest and dividends received are required to be classified as investing activities. Interest and dividends paid are required to be classified as financing activities.	
Primary literature	AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
Changes in accounting policies	<p>Changes in accounting policies should be made only if it is required by statute, for compliance with an Accounting Standard or for a more appropriate presentation of the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material.</p> <p>If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.</p>	Requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
Errors	Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet.
New accounting pronouncements	Not required to be disclosed.	Non-application of new accounting pronouncements that have been issued but are not yet effective as at the end of the reporting period is disclosed. In such a case, known or reasonably estimable information relevant to assessing the possible impact that application of the new accounting pronouncements will have on the financial statements on initial application is also disclosed.
Primary literature	AS 4 – Contingencies and Events Occurring after the Balance Sheet Date	IAS 10 – Events After the Reporting Period
Dividends	Schedule III requires disclosure of proposed dividend in the notes to accounts. However, as per the requirements of AS 4 which override the provisions of Schedule III, dividends stated to be in respect of the period covered by the financial statements, which are proposed or declared after the balance sheet date but before approval of the financial statements will have to be recorded as a provision.	Liability for dividends declared to holders of equity instruments are recognised in the period when declared. It is a non-adjusting event.

<b>Areas of Difference</b>	<b>Indian GAAP</b>	<b>IFRS</b>
Primary Literature	AS 22 – Accounting for Taxes on Income	IAS 12 – Income Taxes SIC 25 – Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Deferred income taxes	Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes.	Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.
Recognition of deferred tax assets and Liabilities	Deferred taxes are generally recognised for all timing differences.	Deferred income taxes are recognised for all temporary differences between accounting and tax base of assets and liabilities.
Recognition of deferred tax assets for unused tax losses etc.	Deferred tax asset for unused tax losses and unabsorbed depreciation is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset for all other unused credits/timing differences are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Deferred tax asset is recognised for carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Where an entity has a history of tax losses, the entity recognises a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.
Investments in subsidiaries, branches, and associates and interests in joint arrangements	No deferred tax liability is recognised. Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.	Deferred tax liability for all taxable temporary differences are recognised except to the extent: <ul style="list-style-type: none"> <li>• the parent, the investor, the venturer or joint operator is able to control timing of the reversal of the temporary difference; and</li> <li>• it is probable that the temporary difference will not reverse in the foreseeable future.</li> </ul>
Primary Literature	AS 9 – Revenue Recognition AS7 – Construction	IAS 18 Revenue IAS 11 Construction Contracts
Definition	Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. Revenue is measured by the charges made to customers for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. Revenue is presented as under:  Turnover ₹100  Less: Excise Duty ₹15  Turnover (Net) ₹85	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Amounts collected on behalf of third parties such as sales and service taxes and value added taxes are excluded from revenue.

**Areas of  
Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
Measurement	Revenue is recognised at the nominal amount of consideration receivable.	Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognised as interest revenue using the effective interest method.
Interest	Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.	Interest income is recognised using the effective interest method.
Primary literature	AS 6 – Depreciation Accounting AS 10 – Accounting for Fixed Assets	IAS 16 – Property, Plant and Equipment
Depreciation	AS 10 does not require assets to be componentised and depreciated separately, although it states that such an approach may improve the accounting for an item of fixed asset.  Schedule II to the Companies Act, 2013 sets out the useful lives based on the nature of assets and the useful life should not ordinarily be different from the life specified in the Schedule. However, a different useful life may be used if such difference is disclosed and a justification, backed by technical advice, is provided in this regard. It also mandates fixed assets to be componentised for depreciation purposes in respect of financial years commencing on or after 1 April 2015.	Property, plant and equipment are componentised and are depreciated separately. There is no concept of minimum statutory depreciation under IFRS.
Transfers from revaluation reserve	The Companies Act, 2013 precludes transfers from the revaluation reserve to the statement of profit and loss.	Transfers from revaluation reserve to retained earnings are made directly and not through profit or loss.
Change in method of depreciation	Requires retrospective re-computation of depreciation and any excess or deficit on such re-computation is required to be adjusted in the period in which such change is affected.  Such a change is treated as a change in accounting policy and its effect is quantified and disclosed.	Changes in depreciation method are considered as change in accounting estimate and applied prospectively.
Primary Literature	AS 19 – Leases	IAS 17 – Leases  IFRIC 4 – Determining Whether an Arrangement Contains a Lease
Interest in leasehold land	Leasehold land is recorded and classified as fixed assets.	Recognised as operating lease or finance lease as per definition and classification criteria.
Determining whether an arrangement contains a lease	No specific guidance. Payments under such arrangements are recognised in accordance with the nature of expense incurred.	Arrangements that do not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which convey the right to use the assets are accounted for as lease.

<b>Areas of Difference</b>	<b>Indian GAAP</b>	<b>IFRS</b>
Primary literature	AS – 15 – (Revised 2005) – Employee Benefits	IAS 19 – Employee Benefits (2011)
Short-term compensated Absences	Short-term employee benefits include short-term compensated absences where the absences are expected to occur within 12 months after the end of the period in which the employees render the related service.	IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction Short-term employee benefits include paid annual leave and paid sick leave if it is expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services.
Actuarial valuation	Similar to Ind AS, except that detailed actuarial valuation to determine present value of the benefit obligation is carried out at least once every three years and fair value of plan assets are determined at each balance sheet date.	Detailed actuarial valuation to determine the present value of the net defined benefit liability (asset) is performed with sufficient regularity so that the amounts recognised in the financial statements do not differ materially from the amounts that would have been determined at the end of the reporting period. IAS 19 does not specify sufficient regularity.
Actuarial gains and losses	All actuarial gains and losses should be recognised immediately in the statement of profit and loss.	Actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognised in OCI and not reclassified to profit or loss in a subsequent period.
Discount rate	Market yields at the balance sheet date on government bonds are used as discount rates. The currency and term of the government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations.	Post-employment benefit obligations (both funded and unfunded) are discounted using a discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds denominated in that currency should be used.
Past service cost and curtailments	<p>Past service cost is recognised as under:</p> <ul style="list-style-type: none"> <li>• as an expense on a straight-line basis over the average period until the benefits become vested.</li> <li>• if benefits already vested, recognised as an expense immediately.</li> </ul> <p>Entities recognise a curtailment when it occurs. However when a curtailment is linked with a restructuring, it is accounted for at the same time as the related restructuring.</p>	<p>Past service cost (includes curtailments) is recognised as an expense at the earlier of the following dates:</p> <ul style="list-style-type: none"> <li>• when the plan amendment or curtailment occurs; and</li> <li>• when the entity recognises related restructuring costs or termination benefits.</li> </ul>
Primary literature	AS 12 – Accounting for Government Grants	IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance



<b>Areas of Difference</b>	<b>Indian GAAP</b>	<b>IFRS</b>
Government loans with below market rate of Interest	No specific guidance.	Benefit of government loans with below market rate of interest should be accounted for as government grant, measured as the difference between the initial carrying amount of the loan determined in accordance with IFRS 9 and the proceeds received.
Non-monetary government Grants	If the asset is given by the Government at a discounted price, the asset and the grant is accounted at the discounted purchase price. Non-monetary grants free of cost are accounted for at nominal values.	The asset and the grant may be accounted at fair value.  Alternatively, these can be recorded at nominal amount.
Primary literature	AS 11 – The Effects of Changes in Foreign Exchange Rates	IAS 21 – The Effects of Changes in Foreign Exchange Rates
Functional and presentation Currency	Foreign currency is a currency other than the reporting currency which is the currency in which financial statements are presented. There is no concept of functional currency.	Functional currency is the currency of the primary economic environment in which the entity operates. Foreign currency is a currency other than the functional currency.  Presentation currency is the currency in which the financial statements are presented.
Translation in the consolidated financial Statements	<p>Translation of financial statements of a foreign operation to the reporting currency of the parent/investor depends on the classification of that operation as integral or non-integral.</p> <p>In the case of an integral foreign operation, monetary assets are translated at closing rate. Non-monetary items are translated at historical rate if they are valued at cost.</p> <p>For non-integral foreign operations, closing rate method should be followed (i.e. all assets and liabilities are to be translated at closing rate while profit and loss account items are translated at actual/average rates). The resulting exchange difference is taken to reserve and is recycled to profit and loss on the disposal of the non-integral foreign operation.</p>	Assets and liabilities should be translated from functional currency to presentation currency at the closing rate at the date of the statement of financial position; income and expenses at actual/average rates for the period; exchange differences are recognised in OCI and accumulated in a separate component of equity. These are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.
Forward exchange contracts	<p>Forward exchange contracts not intended for trading or speculation purposes:</p> <p>(a) Any premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.</p> <p>(b) Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.</p>	Accounted for as a derivative.

**Areas of  
Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
	Forward exchange contract intended for trading or speculation purposes:  The premium or discount on the contract is ignored and at each balance sheet date, the value of the contract is marked to its current market value and the gain or loss on the contract is recognised.	
Change in functional currency	Change in reporting currency is not dealt with in AS 11, though reason for change is required to be disclosed.	Change in functional currency is applied prospectively. The fact of change in functional currency and the reason for the change in functional currency should be disclosed.
Primary literature	AS 16 – Borrowing Costs	IAS 23 – Borrowing Costs
Scope	No such scope exception similar to IFRS / Ind AS is available.	Borrowing costs need not be capitalised in respect of:  (a) qualifying assets measured at fair value (e.g. biological assets); and  (b) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis (even if they are otherwise qualifying assets). This is an option.
Components of borrowing costs	No reference to effective interest rate.	Description of specific components are linked to effective interest rate.
Primary literature	AS 18 – Related Party disclosures	IAS 24 – Related Party disclosures
Post – employment benefit plans	Post-employment benefit plans are not included as related parties.	Related party includes post-employment benefit plans for the benefit of employees of the reporting entity or any entity that is related to the reporting entity.
Key management personnel	Compensation of key management personnel is disclosed in total as an aggregate of all items of compensation except when a separate disclosure is necessary for the understanding of the effects of related party transactions on the financial statements.	Compensation of key management personnel is disclosed in total and separately for:  (a) Short-term employee benefits;  (b) Post-employment benefits;  (c) Other long-term benefits;  (d) Termination benefits; and  (e) Share-based payments.
Items to be disclosed	If an entity has related party transactions during the period covered by the financial statements, the enterprise should disclose the volume of transactions either as an amount or as an appropriate proportion and amounts or appropriate proportions of outstanding items.	If an entity has related party transactions during the period covered by the financial statements, the amount of such transactions and the amount of outstanding balances including commitments need to be disclosed.
Primary Literature	AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements	IAS 28 – Investments in Associates and Joint Ventures

<b>Areas of Difference</b>	<b>Indian GAAP</b>	<b>IFRS</b>
Significant influence	Significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies.	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
Potential voting rights	Potential voting rights are not considered in assessing significant influence.	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence.
Scope	Currently there is no exemption for investments made by venture capital organisations, mutual funds, unit trusts and similar entities from applying the equity method.	Investments by venture capital organisations, mutual funds, unit trusts and similar entities including investment-linked insurance funds are exempted from applying equity method, if an election is made to measure such investments at FVTPL in accordance with IFRS 9 or IAS 39 where the entity is yet to apply IFRS 9.
Goodwill	Goodwill arising on the acquisition of an associate by an investor should be included in the carrying amount of investment in the associate but should be disclosed separately.	Goodwill (i.e. excess of the cost of the investment over the investor's share of the net fair value of the associate's identifiable assets and liabilities) is included in the carrying amount of the investment.
Capital reserve/ negative goodwill	Capital reserve arising on the acquisition of an associate by an investor should be included in the carrying amount of investment in the associate but should be disclosed separately.	Any excess of the investor's share of net fair value of the associate's identifiable assets and liabilities over the cost of investments is included as income in the determination of the investor's share of associate's profit or loss in the period in which the investment is acquired.
Uniform accounting policies	If not practicable to use uniform accounting polices while applying the equity method, that fact should be disclosed together with a brief description of the differences between the accounting policies.	Uniform accounting policies should be followed while applying the equity method. No exception is provided.
Reporting date	The maximum difference between the reporting date of the associate and that of the parent is not specified.	The difference between the reporting date of the associate and that of the investor should be no more than three months.
Separate financial statements of the investor	At cost less impairment loss, if any, as per AS 13 – Accounting for Investments.	Either at cost or as an investment in accordance with IFRS 9 or IAS 39 (if the entity is yet to apply IFRS 9) or using the equity method as described in IAS 28, Investments in Associates and Joint Ventures. The option to use the equity method will be applicable for annual periods beginning on or after 1 January 2016.
Primary literature	Since AS 31 Financial Instruments: Presentation is not yet mandatory (since not notified under the Companies (Accounting Standards) Rules, 2006) the differences discussed below are based on the existing Indian Standards and generally accepted accounting practices.	IAS 32 – Financial Instruments: Presentation

**Areas of Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
Classification of financial liabilities	<p>Financial instruments are classified based on legal form – redeemable preference shares will be classified as equity.</p> <p>Preference dividends are always recognised similar to equity dividend and are never treated as interest expense.</p>	<p>Financial instruments are classified as a liability or equity according to the substance of the contractual arrangement, (and not its legal form), and the definition of financial liabilities and equity instruments.</p> <p>Dividends on financial instruments classified as financial liability is recognised as an interest expense in the statement of profit or loss and other comprehensive income. Hence if preference shares meet the definition of financial liability, the dividend is treated as an interest expense.</p>
Treasury shares	<p>Acquiring own shares is permitted only in limited circumstances. Shares repurchased should be cancelled immediately and cannot be held as treasury shares.</p>	<p>Cost of treasury shares is deducted from equity and resales of treasury shares are equity transactions.</p> <p>Costs of issuing or reacquiring equity instruments are accounted for as a deduction from equity, net of any related income tax benefit.</p>
Offsetting	<p>There are no offset rules. However, in practice the rules under IFRS are applied.</p>	<p>A financial asset and financial liability can only be offset if the entity currently has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.</p>
Classification of convertible debts	<p>Currently, the entire instrument is classified as debt based on its legal form and any interest expense is recognised based on the coupon rate. Premium on redemption of the debt is recognised in securities premium to the extent available.</p>	<p>Split the instrument into liability and equity component / conversion option as an embedded derivative depending on the contractual terms of the financial instrument at issuance.</p>
Primary literature	<p>AS 20 – Earnings Per Share</p>	<p>IAS 33 – Earnings Per Share</p>
Disclosure in separate financial statements	<p>AS 20 requires disclosure of basic and diluted EPS information both in the separate and consolidated financial statements of the parent.</p>	<p>When an entity presents both separate and consolidated financial statements, EPS is required to be presented only in the consolidated financial statements. An entity may disclose EPS in its separate financial statements voluntarily.</p>
Disclosure of EPS from continuing and discontinued operations	<p>No separate disclosure for EPS from continuing and discontinuing operations.</p>	<p>The statement of comprehensive income will present basic and diluted earnings per share from continuing operations and if applicable, basic and diluted earnings per share from discontinued operations. EPS from discontinued operations may alternatively be disclosed in the notes.</p>
Primary literature	<p>AS 28 – Impairment of Assets AS 26 – Intangible Assets</p>	<p>IAS 36 – Impairment of Assets</p>

**Areas of Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
Goodwill	AS 28 requires goodwill to be tested for impairment using the “bottom-up/top-down” approach under which the goodwill is, in effect, tested for impairment by allocating its carrying amount to each cash-generating unit or smallest group of cash-generating units to which a portion of that carrying amount can be allocated on a reasonable and consistent basis.	Allocated to cash generating units that are expected to benefit from the synergies of business combination.  Allocated to the lowest level at which goodwill is internally monitored by management which should not be larger than an operating segment before aggregation of segments as defined in IFRS 8.
Annual impairment test for goodwill and intangibles	Goodwill and other intangibles are tested for impairment only when there is an indication that they may be impaired.	Goodwill, intangible assets not yet available for use and indefinite life intangible assets are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.
Reversal of impairment loss for goodwill	Impairment loss for goodwill is reversed if the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.	Impairment loss recognised for goodwill is prohibited from reversal in a subsequent period.  Goodwill impaired in an interim period is not subsequently reversed in subsequent interim or annual financial statements.
Primary literature	AS 29 – Provisions, Contingent Liabilities and Contingent Assets	IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
Recognition of provisions	Provisions are not recognised based on constructive obligations though some provisions may be needed in respect of obligations arising from normal practice, custom and a desire to maintain good business relations or to act in an equitable manner.	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably.
Discounting	Discounting of liabilities is not permitted and provisions are carried at their full values.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.
Contingent assets	Contingent assets are neither recognised nor disclosed in the financial statements. They are usually disclosed as part of the report of the approving authority (e.g. board of directors’ report).	Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.
Primary literature	AS 26 – Intangible Assets	IAS 38 – Intangible Assets
Measurement	Measured only at cost.	Intangible assets can be measured at either cost or revalued amounts.
Useful Life	The useful life may not be indefinite. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.	Useful life may be finite or indefinite.
Goodwill	Goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years (as per AS 14).	Not amortised but subject to annual impairment test or more frequently whenever there is an impairment indication.

**Areas of  
Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
Primary literature	NHB Directions 2010 & AS 13 – Accounting for Investments	IAS 39 – Financial Instruments: Recognition & Measurement
	<p>An enterprise should assess the provision for doubtful debts at each period end which, in practice, is based on relevant information such as:</p> <ul style="list-style-type: none"> <li>• past experience,</li> <li>• actual financial position and</li> <li>• cash flows of the debtors.</li> </ul>	<p>Impairment is recognised if, and only if,</p> <ul style="list-style-type: none"> <li>• there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (referred to as “loss event”), and</li> <li>• the loss event(s) has an impact on the estimated cash flows that can be reliably estimated.</li> </ul>
	<p>Different methods are used for making provisions for bad debts, including:</p> <ul style="list-style-type: none"> <li>• the ageing analysis,</li> <li>• an individual assessment of recoverability.</li> </ul>	<p>Impairment losses recognised in profit or loss for equity classified as ‘available for sale’ cannot be reversed through profit or loss.</p>
	<p>Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss (as per AS 13).</p>	
	<p>For housing finance entities, the National Housing Bank (NHB) has laid down specific provisioning norms based on the age of the outstandings.</p>	
Primary literature	No equivalent standard on investment property. At present, covered by AS 13 – Accounting for Investments	IAS 40 – Investment Property
Definition and scope	AS 13 defines investment property as an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of the investing enterprise.	Investment property is land or building (or part thereof) or both held (whether by owner or by a lessee under a finance lease) to earn rentals or for capital appreciation or both.
Measurement	Classified as long-term investments and measured at cost less impairment. For presentation purposes, classified as non-current investments.	Investment property is measured initially at cost. Transaction costs are included in the initial measurement. Investment properties can subsequently be measured using the cost or the fair value model, with changes in fair value recognised in profit or loss.
Primary literature	<p>No equivalent standard. However, the ICAI has issued a Guidance Note that deals only with employee share-based payments.</p> <p>The SEBI has also issued the SEBI (Share Based Employee Benefits) Regulations, 2014 which requires that the Guidance Note on Accounting for Employee Share-based Payments or Accounting Standards as may be prescribed by the ICAI, including the disclosure requirements prescribed therein, should be followed while accounting for share based schemes.</p>	IFRS 2 – Share-based Payment (covers share-based payments both for employees and non-employees and transactions involving receipt of goods and services)

**Areas of  
Difference**

**Measurement**

**Indian GAAP**

**IFRS**

The guidance note permits the use of either the intrinsic value method or the fair value method for determining the costs of benefits arising from employee share-based compensation plans. The guidance note recommends the use of the fair value method.

For equity settled share-based transactions with non-employees, goods and services received and the corresponding increase in equity is measured at the fair value of the goods and services received. If the fair value of the goods and services cannot be estimated reliably, then the value is measured with reference to the fair value of the equity instruments granted. In case of equity settled transactions with employees and others providing similar services, grant date fair value of the equity instrument should be used.

Different valuation techniques may be applied.

**Primary literature**

AS 14 – Accounting for Amalgamations

IFRS 3 – Business Combinations

**Scope**

There is no comprehensive standard dealing with all business combinations. Guidance for amalgamations is contained in AS 14. AS 21 deals with investments in subsidiaries and AS 10 deals with a demerged unit acquired in a slump sale.

Applies to a transaction or other event in which an acquirer obtains control of one or more businesses. IFRS 3 does not apply to:

- (a) The formation of a joint arrangement in the financial statements of the joint arrangement itself.
- (b) Combinations of entities or business under common control.
- (c) Acquisition of an asset or group of assets that do not constitute a business.

**The pooling of  
interests and purchase  
method**

Amalgamations in the nature of purchase are accounted for by recording the identifiable assets and liabilities of the acquiree either at the fair values or at book values.

Amalgamations in the nature of merger are accounted under the pooling of interests method.

All business combinations, other than those between entities under common control, are accounted for using the purchase method. An acquirer is identified for all business combinations, which is the entity that obtains control of the other combining entity.

**Non-controlling  
interest**

At the time of acquisition, minority interests in the net assets consist of the amount of equity attributable to minorities at the date on which investment in the acquiree is made. This is determined on the basis of information contained in the financial statements of the acquiree as on the date of investment.

At the date of acquisition, may elect to measure, on a transaction by transaction basis, the non-controlling interest at:

- (a) fair value; or
- (b) the non-controlling interest's proportionate share of the fair value of the identifiable net assets of the acquiree.

**Subsequent  
measurement of  
Goodwill**

Goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years.

Not amortised but tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate impairment.

**Contingent  
Consideration**

Where the scheme of amalgamation provides for an adjustment to the consideration contingent on one or more future events, the amount of the additional payment should be included in the

Consideration for the acquisition includes the acquisition-date fair value of contingent consideration.

**Areas of  
Difference**

**Indian GAAP**

**IFRS**

	<b>Indian GAAP</b>	<b>IFRS</b>
	consideration if payment is probable and a reasonable estimate of the amount can be made. In all other cases, the adjustment should be recognised as soon as the amount is determinable.	
Primary literature	No equivalent standard	IFRS 4 – Insurance Contracts.  The IASB is developing a comprehensive IFRS for insurance contracts to replace IFRS 4 – Insurance Contracts.
General	No equivalent standard.	Applicable to insurance and reinsurance contracts and to discretionary participation features in insurance contracts. The insurer is required at the end of each reporting period to make a liability adequacy test to assess whether its recognised insurance liabilities are adequate. If the test shows carrying amount of its liabilities are inadequate, the deficiency is recognised in profit or loss.  Reinsurance assets are tested for impairment. Insurance liabilities may not be offset against related reinsurance assets.
Primary literature	AS 17 – Segment Reporting	IFRS 8 – Operating Segments
Determination of segments	AS 17 requires an enterprise to identify two sets of segments (business and geographical), using a risks and rewards approach, with the enterprise’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
Measurement	Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.  Segment revenue, segment expense, segment result, segment asset and segment liability have been defined.  A reconciliation is presented between the information disclosed for reportable segments and the aggregated information in the enterprise’s financial statements.	Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker.  There is no definition of segment revenue, segment expense, segment result, and segment asset or segment liability nor does it require segment information to be prepared in conformity with the accounting policies adopted for the entity’s financial statement.  Requires reconciliation of segment performance measures with the corresponding amounts reported in the financial statements.



**Areas of  
Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
Entity wide disclosures	Disclosures are required based on the classification of segments as primary or secondary. Disclosure requirements for secondary reporting format are less detailed than those required for primary reporting formats.	Requires disclosure of: (a) external revenues from each product or service; (b) revenues from customers in the country of domicile and from foreign countries; and (c) geographical information on non-current assets located in the country of domicile and foreign countries.
Primary literature	AS 13 – Accounting for Investments AS 30 – Financial Instruments: Recognition and Measurement	IAS 39 Financial Instruments: Recognition and Measurement
Investments, and loans and receivables	Investments are classified as long-term or current. Long term investments are carried at cost less provision for diminution in value, which is other than temporary. Current investments carried at lower of cost and fair value. Loans and receivables are measured at cost less valuation allowance.	Financial assets are classified as at fair value through Profit and Loss, held-to-maturity, loans and receivable and available-for-sale.  Financial assets are classified as held for trading if these are acquired principally for the purpose of selling and are part of a portfolio that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.  Held-to-maturity investments are investments with fixed or determinable payments and fixed maturity for which an entity has positive intent and ability to hold to maturity. Held to maturity investments are measured at amortised cost using effective interest method.
Impairment	Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss.	Impairment losses recognised in profit or loss for equity investment cannot be reversed through profit or loss.
Foreign currency contracts	Premium or discount on forward exchange contracts is amortised and recognised in the profit and loss account over the period of such contracts.	Forward exchange contract is measured at fair value at the balance sheet date. If the forward exchange contract meets the criteria of an effective hedge in accordance with IAS 39 (Revised) Financial Instruments: Recognition and Measurement, the gain or loss arising on fair valuation is recognised in the statement of changes in equity. If the hedge is ineffective, the gain or loss is recognised in determination of net income.
Derivatives and embedded derivative	Currently there is no equivalent standard on derivatives except for certain forward exchange contracts within the scope of AS 11.	All derivatives are measured at fair value.
Derivatives and hedge accounting	Currently there is no equivalent standard on derivatives. Forward contracts (including those intended for speculative/trading purposes) are covered by AS 11. An announcement made by the ICAI on	Hedge accounting (recognising the offsetting effects of fair value changes of both the hedging instrument and the hedged item in the same period's profit or loss) is permitted in certain circumstances,

**Areas of  
Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
	<p>29 March 2008 and applicable to financial statements for the period ending 31 March 2008 or thereafter requires an entity to provide for losses in respect of all outstanding derivative contracts not covered by AS 11 by marking them to market at the balance sheet date.</p>	<p>provided that the hedging relationship is clearly defined, measurable, and actually effective. IAS 39 provides for three types of hedges:</p> <ul style="list-style-type: none"> <li>• fair value hedge: if an entity hedges a change in fair value of a recognised asset or liability or firm commitment, the change in fair values of both the hedging instrument and the hedged item are recognised in profit or loss when they occur;</li> <li>• cash flow hedge: if an entity hedges changes in the future cash flows relating to a recognised asset or liability or a highly probable forecast transaction, then the change in fair value of the hedging instrument is recognised in other comprehensive income until such time as those future cash flows occur. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss in the period of such change; and</li> <li>• hedge of a net investment in a foreign entity: this is treated as a cash flow hedge.</li> </ul> <p>A hedge of foreign currency risk in a firm commitment may be accounted for as a fair value hedge or as a cash flow hedge.</p>
Primary Literature	No specific standard	IFRS 5 Non-current assets held for sale
Recognition and measurement	<p>There is no standard dealing with non-current assets held for sale, though AS 10 deals with assets held for disposal Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.</p> <p>Any expected loss is recognised immediately in the statement of profit and loss</p>	<p>Non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable.</p> <p>Depreciation ceases on the date when the assets are classified as held for sale.</p> <p>Non-current assets classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell.</p>
Discontinued operations	An operation is classified as discontinuing at the earlier of (a) a binding sale agreement for sale of the operation; and (b) on approval by the board of directors of a detailed formal plan and announcement of the plan.	An operation is classified as discontinued when it has either been disposed of or is classified as held for sale.
Primary Literature	AS 21 – Consolidated Financial Statements	<p>IAS 27 – Separate Financial Statements</p> <p>IFRS 10 – Consolidated Financial Statements</p> <p>IFRS 12 – Disclosure of Interests in Other Entities</p>

**Areas of Difference**

	<u>Indian GAAP</u>	<u>IFRS</u>
Definition of control	<p>Control is:</p> <p>(a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or</p> <p>(b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.</p> <p>Therefore a mere ownership of more than 50 per cent. of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under IFRS.</p>	<p>Control is based on whether an investor has:</p> <p>(a) power over the investee;</p> <p>(b) exposure, or rights, to variable return from its involvement with the investee; and</p> <p>(c) the ability to use its power over the investee to affect the amounts of the returns.</p>
Investment property measurement by investment entities	No specific guidance.	One of the criteria to qualify as an investment entity is to measure and evaluate the performance of substantially all of its investments on a fair value basis. Accordingly, an investment entity would need to account for any investment property using the fair value model in IAS 40 – Investment Property.
Potential voting rights	Potential voting rights are not considered in assessing control.	Potential voting rights are considered only if the rights are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.
Exclusion of subsidiaries, associates and joint ventures	Excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary/investment/interest was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/investor/venturer.	Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for “temporary control”, “different lines of business” or “subsidiary / associate / joint venture that operates under severe long- term funds transfer restrictions”.
Uniform accounting policies	If not practicable to use uniform accounting policies in the preparation of consolidated financial statements, that fact should be disclosed together with the proportions of the items in the consolidated financial statements to which different accounting policies have been applied.	Consolidated financial statements should be prepared using uniform accounting policies.
Disclosure of nature and risk associated with interest in other entities	There is no equivalent standard. AS 21, AS 23 and AS 27 require certain minimum disclosures in respect of subsidiaries, investments in associates and investments in joint ventures respectively.	IFRS 12 requires disclosures for significant judgements and assumptions such as how control, joint control and significant influence has been determined along with detailed analysis.

<b>Areas of Difference</b>	<b>Indian GAAP</b>	<b>IFRS</b>
Primary Literature	AS 27 – Financial Reporting of Interests in Joint Ventures	IFRS 11 – Joint Arrangements IAS 28 – Investments in Associates and Joint Ventures
Joint control	<p>Joint control is the contractually agreed sharing of control over an economic activity.</p> <p>However, where an enterprise by a contractual arrangement establishes joint control over an entity which is a subsidiary of that enterprise within the meaning of AS 21, the entity is consolidated under AS 21 by the said enterprise, and is not treated as a joint venture.</p>	<p>Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.</p>
Classification	AS 27 identifies three broad types of joint ventures – jointly controlled operations, jointly controlled assets and jointly controlled entities.	IFRS 11 classifies joint arrangements into two types – joint operations and joint ventures depending upon the rights and obligations of the parties to the arrangement.
Scope	There is no exemption for investments made by venture capital organisations, mutual funds, unit trusts and similar entities from applying the proportionate consolidation method.	The scope exemption applicable for investments in associates under IAS 28 is equally applicable for a venturer’s interest in a joint venture.
Accounting of interest	<p>Interest in a jointly controlled entity should be accounted for as an investment in accordance with AS 13 – Accounting for Investments.</p> <p>For jointly controlled operations, the venturer should recognise the assets that it controls and liabilities that it incurs and the expenses it incurs and its share of income that it earns from the joint venture in separate (as well as consolidated) financial statements.</p> <p>For jointly controlled assets, a venturer recognises its share of jointly controlled assets, liabilities, expenses, any liabilities it has incurred, any income from the sale or use of its share of output of the joint venture and any expenses which it has incurred in respect of its interest in the joint venture, in separate (as well as consolidated) financial statements.</p>	<p>Joint operations: a joint operator recognises the assets it controls, and expenses and liabilities it incurs, and its share of income earned, in both its separate and consolidated financial statements.</p> <p>In the separate financial statements, interests in joint ventures are accounted for either at cost or as investments in accordance with IFRS 9 or using the equity method. (The option to use the equity method will be applicable for annual periods beginning on or after 1 January 2016).</p>
Goodwill	Goodwill arising on the proportionate consolidation of the jointly controlled entity (i.e. excess of the cost to the venturer of its interest in the jointly controlled entity over its share of net assets of the jointly controlled entity) is separately disclosed in the consolidated financial statements.	Goodwill (i.e. excess of the cost of the investment over the entity’s share of the net fair value of the joint venture’s identifiable assets and liabilities) is included in the carrying amount of the investment.

<b>Areas of Difference</b>	<b>Indian GAAP</b>	<b>IFRS</b>
Capital reserve / negative goodwill	When the cost to the venturer of its interest in a jointly controlled entity is less than its share of the net assets of the jointly controlled entity, at the date of acquisition the difference is treated as capital reserve in the consolidated financial statements.	Any excess of the entity's share of net fair value of the joint venture's identifiable assets and liabilities over the cost of investments is included as income in the determination of the investor's share of joint venture's profit or loss in the period in which the investment is acquired.
Uniform accounting policies	If not practicable to use uniform accounting policies while applying the proportionate consolidation method, that fact should be disclosed together with proportions of items in the consolidated financial statements to which different accounting policies have been applied.	Uniform accounting policies should be followed while applying the equity method. No exception is provided.
Primary Literature	No equivalent standard	IFRS 13 – Fair Value Measurement
Scope	No equivalent standard.	Applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements such as fair value less cost to sell).
Definition	No equivalent standard. Fair value is defined in the context of each accounting standard, wherever applicable.	Fair value is defined as 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.
Classification and disclosure	No equivalent standard.	Requires with some exceptions, classification of these measurements into a 'fair value hierarchy' based on the nature of inputs: <ul style="list-style-type: none"> <li>• Level 1 – quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date;</li> <li>• Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;</li> <li>• Level 3 – unobservable inputs for the asset or liability.</li> </ul> Requires various disclosures depending on the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.

## GENERAL INFORMATION

### 1. Authorisations

The issue of the Notes was duly authorised by resolutions of the Board dated 26 October 2015 and 2 May 2016.

### 2. Listing and Admission to Trading

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market.

It is expected that official listing will be granted on or about 12 September 2016 subject only to the issue of the Global Certificate. Prior to the listing of the Notes, dealings will be permitted by the London Stock Exchange in accordance with its rules.

The total expenses relating to the admission of the Notes to trading are approximately £3,850.

### 3. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for this issue is XS1486517367 and the Common Code is 148651736.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### 4. No Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2016 (the end of the last financial period for which interim financial information has been published).

There has been no material adverse change in the prospects of the Issuer or the Group since 31 March 2016 (the date of the last published audited financial statements).

### 5. Litigation

Save as set out in “*Description of the Issuer and the Group – Litigation*” on pages 67 and 68 of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or the profitability of the Issuer or the Group.

### 6. Accounts

The auditors of the Issuer are Deloitte Haskins & Sells LLP (registered chartered accountants in India) of Indiabulls Finance Centre, 27th – 32nd Floor, Tower 3, Senapati Bapat Marg, Elphinstone Mill Compound, Elphinstone Road (W), Mumbai 400 013, India, who have audited the Issuer’s standalone and consolidated financial statements for each of the financial years ended 31 March 2015 and 31 March 2016 and reviewed the Issuer’s standalone and consolidated financial results for the three months ended 30 June 2016.

### 7. Documents

For the life of the Prospectus, copies of the following documents will be available for inspection from the specified offices of the Principal Paying Calculation and Transfer Agent in London, during normal business hours:

- (a) the Articles of Association of the Issuer;
- (b) this Prospectus, the Trust Deed and the Agency Agreement; and
- (c) the audited standalone financial statements as at and for the years ended 31 March 2016 and 2015 and the respective audit reports of the Auditors thereon, the audited consolidated financial statements as at and for the years ended 31 March 2016 and 2015 and the respective audit reports of the Auditors thereon, the unaudited standalone financial results for the three months ended 30 June 2016 and the respective review report of the Auditors thereon and the unaudited consolidated financial results for the three months ended 30 June 2016 and the respective review report of the Auditors thereon.

In addition, a copy of this Prospectus will also be available for viewing on the website of the Regulatory Information Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

## **8. Yield**

The yield on the Notes will be 7.500 per cent. per annum, calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

## **9. Trustee's action**

The Terms and Conditions of the Notes and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

## **10. Interests involved**

Save for the fees payable to the Trustee and the Paying Agents, so far as the Issuer is aware, no person, natural or legal, involved in the issue of the Notes has an interest that is material to the issue of the Notes.

## GLOSSARY AND DEFINITIONS

This Prospectus uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Prospectus is intended for the convenience only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Prospectus shall have the meaning as defined in this section “*Glossary and Definitions*”. Further, any references to any statute or regulations or policies shall, unless the context otherwise requires include amendments thereto, from time to time.

### Issuer Related Terms

“ <b>Issuer</b> ”, “ <b>HDFC</b> ”	Housing Development Finance Corporation Limited, a public limited company incorporated on 17 October 1977 under the Companies Act, 1956 and having its registered office at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020.
“ <b>Articles</b> ” or “ <b>Articles of Association</b> ”	Articles of association of the Issuer, as amended from time to time.
“ <b>Associate(s)</b> ”	The associates of the Issuer within the meaning of Section 2(6) of the Companies Act, 2013, currently being HDFC Bank Limited, India Value Fund Advisors Private Limited and Magnum Foundations Private Limited.
“ <b>Auditors</b> ”	Statutory auditors of the Issuer, namely Deloitte Haskins & Sells LLP, Chartered Accountants.
“ <b>Board of Directors</b> ” or “ <b>Board</b> ”	The board of directors of the Issuer or any duly constituted committee thereof.
“ <b>Corporate Office</b> ”	the corporate office of the Issuer located at HDFC House, H.T. Parekh Marg, 165-166 Backbay Reclamation, Churchgate, Mumbai 400 020.
“ <b>Director(s)</b> ”	The directors of the Issuer.
“ <b>Equity Share(s)</b> ”	The equity shares of the Issuer having a face value of ₹ 2 each.
“ <b>Group</b> ”	Our Companies and Subsidiaries on a consolidated basis.
“ <b>Registered Office</b> ”	The registered office of the Issuer located at Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020.
“ <b>RoC</b> ”	Registrar of Companies, Maharashtra at Mumbai.
“ <b>Subsidiaries</b> ”	The subsidiaries of the Issuer as defined under Section 2(87) of the Companies Act, 2013, currently being: <ul style="list-style-type: none"><li>• Credila Financial Services Private Limited;</li><li>• HDFC Asset Management Company Limited;</li><li>• HDFC Capital Advisors Limited;</li><li>• HDFC Developers Limited;</li><li>• HDFC Education and Development Services Private Limited;</li><li>• HDFC ERGO General Insurance Company Limited;</li><li>• HDFC Holdings Limited;</li></ul>



- HDFC Investments Limited;
- HDFC International Life and Re Company Limited;
- HDFC Pension Management Company Limited;
- HDFC Property Ventures Limited;
- HDFC Realty Limited;
- HDFC Sales Private Limited;
- HDFC Standard Life Insurance Company Limited;
- HDFC Trustee Company Limited;
- HDFC Venture Capital Limited;
- HDFC Ventures Trustee Company Limited;
- Grandeur Properties Private Limited;
- Griha Investments;
- Griha Pte. Ltd.;
- GRUH Finance Limited;
- Haddock Properties Private Limited;
- Pentagram Properties Private Limited;
- Windermere Properties Private Limited; and
- Winchester Properties Private Limited.

#### **Conventional and General Terms/Abbreviations**

<b>“AGM”</b>	Annual general meeting.
<b>“AMC”</b>	Asset management company.
<b>“AS”</b>	Accounting Standards issued by ICAI.
<b>“AY”</b>	Assessment year.
<b>“BSE”</b>	BSE Limited.
<b>“CAGR”</b>	Compounded annual growth rate calculated as 1/nth root of (Ending value divided by beginning value) less one, where n is the count of years being considered.
<b>“Calendar Year”</b>	Year ending on 31 December.
<b>“CBSE”</b>	Central Board of Secondary Education.
<b>“CCI”</b>	Competition Commission of India.
<b>“CEO”</b>	Chief executive officer.
<b>“CFO”</b>	Chief financial officer.
<b>“CIBIL”</b>	Credit Information Bureau (India) Limited.
<b>“CIN”</b>	Corporate identity number.
<b>“Companies Act”</b>	Companies Act, 1956 and the rules thereunder, to the extent not repealed, and/or the Companies Act, 2013.
<b>“Companies Act, 1956”</b>	Companies Act, 1956, as the context requires.

<b>“Companies Act, 2013”</b>	Companies Act, 2013 and the rules and clarifications thereunder, to the extent notified.
<b>“Competition Act”</b>	Competition Act, 2002, as amended.
<b>“Consolidated FDI Policy”</b>	Consolidated Foreign Direct Investment Policy notified under Circular No. 1 of 2015, effective from 12 May 2015, as amended from time to time.
<b>“CRE”</b>	Commercial real estate.
<b>“CRISIL”</b>	CRISIL Limited.
<b>“Depositories Act”</b>	The Depositories Act, 1996, as amended.
<b>“Depository”</b>	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended.
<b>“DRT Act”</b>	Recovery of Debts due to Banks and Financial Institutions Act, 1993.
<b>“DRT”</b>	Debts Recovery Tribunal.
<b>“EaR”</b>	Earnings at risk.
<b>“ECB”</b>	External commercial borrowing.
<b>“EGM”</b>	Extraordinary general meeting.
<b>“EPS”</b>	Earnings per share.
<b>“ESOP Guidelines”</b>	Erstwhile, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.
<b>“FATF”</b>	Financial Action Task Force.
<b>“FCNR(B)”</b>	Foreign currency non-resident (bank).
<b>“FDI”</b>	Foreign direct investment.
<b>“FEMA”</b>	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder.
<b>“FEMA 20”</b>	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
<b>“Financial year”</b> or <b>“Fiscal Year”</b> or <b>“FY”</b> or <b>“Fiscal”</b>	Period of 12 months ended 31 March of that particular year, unless otherwise stated.
<b>“FIPB”</b>	Foreign Investment Promotion Board of the Ministry of Finance, Government of India.
<b>“FPI”</b>	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations. Any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration is deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
<b>“FSI”</b>	Floor space index.
<b>“GAAP”</b>	Generally accepted accounting principles.
<b>“GAAR”</b>	General Anti-Avoidance Rules.

<b>“GDP”</b>	Gross domestic product.
<b>“GoI”/“Government”/ “Central Government”/ “State Government”</b>	Government of India, unless otherwise specified.
<b>“HFCs”</b>	Housing finance companies.
<b>“ICAI”</b>	The Institute of Chartered Accountants of India.
<b>“ICRA”</b>	ICRA Limited.
<b>“IFC”</b>	International Finance Corporation.
<b>“IFRS”</b>	International Financial Reporting Standards of the International Accounting Standards Board.
<b>“IAS”/“Ind AS”/“IND-AS”</b>	Indian accounting standards converged with IFRS, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India.
<b>“Indian GAAP”</b>	Generally accepted accounting principles in India as applicable to NBFCs.
<b>“IT”</b>	Information technology.
<b>“IT Act”</b>	The Income Tax Act, 1961, as amended.
<b>“Master Circular”</b>	Master Circular on Housing Finance dated I July 2015 issued by the RBI.
<b>“MAT”</b>	Minimum alternate tax.
<b>“MCA”</b>	The Ministry of Corporate Affairs, Government of India.
<b>“MoU”</b>	Memorandum of understanding.
<b>“NHB Directions 2010”</b>	The Housing Finance Companies (National Housing Bank) Directions, 2010, as amended from time to time.
<b>“NRI”</b>	Non-resident Indian, being an individual resident outside India who is a citizen of India or is an ‘overseas citizen of India’ cardholder, within the meaning of section 7(A) of the Citizenship Act, 1955.
<b>“NSE”</b>	National Stock Exchange of India Limited.
<b>“PAN”</b>	Permanent account number.
<b>“PMLA”</b>	The Prevention of Money Laundering Act, 2002.
<b>“RBI”</b>	Reserve Bank of India.
<b>“Refinance Scheme”</b>	Refinance Scheme for Housing Finance Companies, 2003, as amended.
<b>“₹”/“Rupees”/“INR”/“₹”</b>	Indian Rupees.
<b>“SEBI”</b>	Securities and Exchange Board of India.
<b>“SEBI Debt Regulations”</b>	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.
<b>“SEBI FPI Regulations”</b>	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, amended.

<b>“Stock Exchanges”</b>	BSE and NSE.
<b>“U.K.”</b>	United Kingdom.
<b>“U.S. \$”/“U.S. dollar”</b>	United States Dollar, the legal currency of the United States of America.
<b>“USA”/“U.S.”/ “United States”</b>	The United States of America.
<b>“VCFs”</b>	Venture capital funds as defined in and registered with SEBI under the erstwhile SEBI (Venture Capital Fund) Regulations, 1996.
<b>“WDM”</b>	Wholesale debt market.

## **FINANCIAL STATEMENTS**

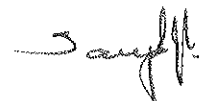
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| 1. | Unaudited standalone financial results for the three months ended 30 June 2016 and the review report of the Auditors thereon                            | F-2   |
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## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation") for the Quarter ended 30<sup>th</sup> June 2016 (the "Statement"), being submitted by the Corporation pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Corporation's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Corporation personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sanjiv V. Pilgaonkar**  
Partner  
(Membership No. 39826)

MUMBAI, July 27, 2016



With you, right through

## UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016

### PART I – STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016

PARTICULARS	Quarter ended 30.6.2016	Quarter ended 31.3.2016	Quarter ended 30.6.2015	Year ended 31.3.2016
	(Reviewed)			(Audited)
₹ in Crore				
<b>1. Income :</b>				
- Income from Operations	7,460.66	7,690.67	6,995.52	29,257.31
- Profit on Sale of Investments (Note 2)	921.61	1,519.86	23.03	1,647.81
<b>Total Income</b>	<b>8,382.27</b>	<b>9,210.53</b>	<b>7,018.55</b>	<b>30,905.12</b>
<b>2. Expenses :</b>				
- Finance Cost	5,126.16	4,869.87	4,824.51	19,374.51
- Employee benefits expense	106.22	83.44	93.40	349.09
- Provision for Contingencies (Note 3)	340.00	545.00	50.00	715.00
- Other Expenses	107.11	71.68	96.09	355.59
- Depreciation and Amortisation expense	14.11	13.68	13.39	54.28
<b>Total Expenses</b>	<b>5,693.60</b>	<b>5,583.67</b>	<b>5,077.39</b>	<b>20,848.47</b>
<b>3. Profit before Other Income (1-2)</b>	<b>2,688.67</b>	<b>3,626.86</b>	<b>1,941.16</b>	<b>10,056.65</b>
4. Other Income	11.06	15.19	10.82	51.45
<b>5. Profit Before Tax (3+4)</b>	<b>2,699.73</b>	<b>3,642.05</b>	<b>1,951.98</b>	<b>10,108.10</b>
6. Tax Expense	829.00	1,035.00	591.00	3,015.00
<b>7. Net Profit After Tax (5-6)</b>	<b>1,870.73</b>	<b>2,607.05</b>	<b>1,360.98</b>	<b>7,093.10</b>

Earnings per Share - (₹) #				
- Basic	11.79	16.15	8.64	44.43
- Diluted	11.72	16.06	8.56	44.10
Paid-up Equity Share Capital (Face value ₹ 2)	316.40	315.97	315.20	315.97
Reserves excluding Revaluation Reserves as at March 31, 2016				33,753.99

# Not Annualised for the quarters

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**Housing Development Finance Corporation Limited**



With you, right through

**Notes :**

- 1) As at June 30, 2016, the loan book stood at ₹ 2,65,731 crore as against ₹ 2,31,224 crore in the Previous Year. This is after considering the loans sold during the preceding 12 months amounting to ₹ 14,011 crore. During the quarter, the Corporation sold loans amounting to ₹ 5,108 crore, of which, ₹ 3,296 crore was sold to HDFC Bank and the balance to other banks.
- 2) During the quarter ended June 30, 2016, the Corporation has sold 12,33,57,262 equity shares of ₹ 10/- each of HDFC ERGO General Insurance Company Ltd to Ergo International AG, resulting in a pre tax gain of ₹ 921.61 crore.
- 3) Provision for contingencies includes an additional one time provision made during the quarter ended June 30, 2016 of ₹ 275 crore towards standard assets and other contingencies.
- 4) Consequent to the Guidance Note on Accounting for Derivative Contracts (the "GN") issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2016, the Corporation has changed its accounting policy relating to derivative contracts.

On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability.

As a result of the change, in accordance with the transitional provisions of the GN, the Corporation has debited an amount of ₹ 369.01 crore on account of the cumulative impact of all derivatives contracts outstanding as of March 31, 2016, to the opening reserves. There is no material impact on the results of the Corporation for the quarter ended June 30, 2016.

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**Housing Development Finance Corporation Limited**





With you, right through

- 5) The Board of Directors of the Corporation at its meeting held on July 27, 2016, subject to regulatory and other approvals as applicable, approved the composite scheme of amalgamation, for the merger of 5 wholly owned subsidiaries of the Corporation viz., Grandeur Properties Private Limited, Winchester Properties Private Limited, Windermere Properties Private Limited, Pentagram Properties Private Limited and Haddock Properties Private Limited, with the Corporation. This is being done for administrative convenience and has no material impact on the financials of the Corporation.
- 6) During the quarter ended June 30, 2016, the Corporation has allotted 22,05,700 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees / directors.
- 7) The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17), specified under section 133 of the Companies Act, 2013.
- 8) Figures for the previous period / year have been regrouped wherever necessary, in order to make them comparable.

**The above results were reviewed and recommended by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on July 27, 2016.**

**Keki M Mistry**

**Vice Chairman & CEO**

Place: Mumbai

Date: July 27, 2016

**Housing Development Finance Corporation Limited**

## INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group"), and its share of the profit of its associates for the Quarter ended 30<sup>th</sup> June 2016 (the "Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Holding Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. The Statement includes the results of the following entities:

**Subsidiaries:** HDFC Developers Limited, HDFC Realty Limited, HDFC Holdings Limited, HDFC ERGO General Insurance Company Limited, HDFC Trustee Company Limited, HDFC Sales Private Limited, HDFC Standard Life Insurance Company Limited, HDFC Property Ventures Limited, HDFC Venture Capital Limited, Credila Financial Services Private Limited, HDFC Ventures Trustee Company Limited, Griha Pte. Limited, GRUH Finance Limited, HDFC Pension Management Company Limited, Griha Investments, HDFC Education and Development Services Private Limited, HDFC International Life and Re Company Limited, Windermere Properties Private Limited, Winchester Properties Private Limited, HDFC Investments Limited, Grandeur Properties Private Limited, HDFC Asset Management Company Limited, Pentagram Properties Private Limited, HDFC Capital Advisors Limited, Haddock Properties Private Limited, HDFC Investment Trust and HDFC Investment Trust – II.

**Associates:** HDFC Bank Limited Group and India Value Fund Advisors Private Limited.

4. (a) We did not review the interim financial results of ten subsidiaries included in the Statement, whose interim financial results reflect total revenues of ₹ 4,535.08 crore for the Quarter ended 30<sup>th</sup> June 2016, and total profit after tax of ₹ 435.78 crore for the Quarter ended 30<sup>th</sup> June 2016, as considered in the Statement. These interim financial

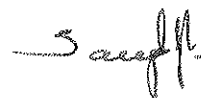
results have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

- (b) Claims paid pertaining to Insurance Business includes charge for actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, in respect of one subsidiary and the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the subsidiaries' appointed actuaries, and in their respective opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of these subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their conclusion on the financial results of the said subsidiaries.
- (c) The Statement includes the interim financial results of one branch and two subsidiaries which have not been reviewed/audited by their auditors, whose interim financial results reflect total revenue of ₹ 0.99 crore for the Quarter ended 30<sup>th</sup> June 2016 and total loss after tax of ₹ 2.18 crore for the Quarter ended 30<sup>th</sup> June 2016, as considered in the Statement. The Statement also includes the Group's share of profit after tax of ₹ 37.70 crore for the Quarter ended 30<sup>th</sup> June 2016 as considered in the consolidated financial results, in respect of one associate and components of an associate (i.e. two subsidiaries and 2 associate companies of the associate), based on their interim financial statements/information/results which have not been reviewed/audited by their auditors.

Our conclusion on the Statement is not modified in respect of the above matters.

5. Based on our review conducted as stated above, and based on the consideration of the reports of the other auditors referred to, and read with other comments para 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sanjiv V. Pilgaonkar**  
Partner  
(Membership No. 39826)

MUMBAI, July 27, 2016

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS  
FOR THE QUARTER ENDED JUNE 30, 2016**

<b>PART I – STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016</b>				
<b>PARTICULARS</b>	<b>Quarter ended 30.6.2016</b>	<b>Quarter ended 31.3.2016</b>	<b>Quarter ended 30.6.2015</b>	<b>Year ended 31.3.2016</b>
	<b>(Reviewed)</b>			<b>(Audited)</b>
	<b>₹ in crore</b>			
<b>1. Income :</b>				
- Income from Operations	<b>8,311.24</b>	8,389.41	7,735.52	<b>31,873.34</b>
- Premium Income from Insurance business	<b>3,635.72</b>	6,578.03	3,163.11	<b>17,876.25</b>
- Other Operating Income from Insurance business	<b>702.51</b>	568.99	469.61	<b>1,856.81</b>
- Profit on Sale of Investments	<b>867.52</b>	1,475.57	29.05	<b>1,616.53</b>
<b>Total Income</b>	<b>13,516.99</b>	17,012.00	11,397.29	<b>53,222.93</b>
<b>2. Expenses :</b>				
- Finance Cost	<b>5,385.35</b>	5,022.57	5,034.97	<b>20,295.60</b>
- Employee benefits expense	<b>227.68</b>	200.57	193.72	<b>788.14</b>
- Claims paid pertaining to Insurance Business	<b>2,729.93</b>	2,885.89	2,177.72	<b>9,486.04</b>
- Commission and Operating Expenses pertaining to Insurance Business	<b>568.56</b>	960.94	417.96	<b>2,524.69</b>
- Other expenses and appropriations pertaining to Insurance Business	<b>764.51</b>	2,921.65	808.99	<b>6,682.58</b>
- Provision for Contingencies	<b>350.36</b>	521.43	59.68	<b>732.90</b>
- Other expenses	<b>280.74</b>	281.21	236.85	<b>1,013.67</b>
- Depreciation and Amortisation expense	<b>26.84</b>	64.88	18.24	<b>120.52</b>
<b>Total Expenses</b>	<b>10,333.97</b>	12,859.14	8,948.13	<b>41,644.14</b>
<b>3. Profit before Other Income (1-2)</b>	<b>3,183.02</b>	4,152.86	2,449.16	<b>11,578.79</b>
<b>4. Other Income</b>	<b>14.49</b>	15.21	4.42	<b>34.18</b>
<b>5. Profit Before Tax (3+4)</b>	<b>3,197.51</b>	4,168.07	2,453.58	<b>11,612.97</b>
<b>6. Tax Expense</b>	<b>946.34</b>	1,287.70	714.44	<b>3,639.34</b>
<b>7. Net Profit (before profit of Associates and adjustment for minority interest) (5-6)</b>	<b>2,251.17</b>	2,880.37	1,739.14	<b>7,973.63</b>
<b>8. Net share of profit of Associates (Equity Method)</b>	<b>722.53</b>	743.66	602.75	<b>2,744.62</b>
<b>9. Minority Interest</b>	<b>(176.78)</b>	(163.57)	(137.60)	<b>(527.99)</b>
<b>10. Net Profit after taxes, minority interest and share of profit / (loss) of associates (7+8+9)</b>	<b>2,796.92</b>	3,460.46	2,204.29	<b>10,190.26</b>

<b>Earnings per Share - (₹) #</b>				
- Basic	<b>17.65</b>	21.55	13.99	<b>64.07</b>
- Diluted	<b>17.54</b>	21.45	13.86	<b>63.59</b>
<b>Paid-up Equity Share Capital (Face value ₹ 2)</b>	<b>316.40</b>	315.97	315.20	<b>315.97</b>
<b>Reserves excluding Revaluation Reserves as at March 31, 2016</b>				<b>50,502.76</b>

# Not Annualised for the quarters

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**Notes:**

- 1) The disclosure in terms of Accounting Standard 17 on 'Segment Reporting' as specified under Section 133 of the Companies Act, 2013 :

PARTICULARS	Quarter ended	Quarter ended	Quarter ended	Year ended
	30.6.2016	31.3.2016	30.6.2015	31.3.2016
	(Reviewed)			(Audited)
	₹ in crore			
<b>Segment Revenues</b>				
- Loans	8,828.84	9,555.83	7,390.31	32,217.55
- Life Insurance	3,846.93	6,654.42	3,220.37	17,953.52
- General Insurance	559.34	573.55	481.60	2,069.46
- Asset Management	369.05	557.13	349.99	1,602.56
- Others	83.06	132.66	64.67	327.57
<b>Total Segment Revenues</b>	<b>13,687.22</b>	<b>17,473.59</b>	<b>11,506.94</b>	<b>54,170.66</b>
Add : Unallocated Revenues	7.71	39.06	4.62	57.87
Less: Inter-segment Adjustments	(163.45)	(485.44)	(109.85)	(971.42)
<b>Total Revenues</b>	<b>13,531.48</b>	<b>17,027.21</b>	<b>11,401.71</b>	<b>53,257.11</b>
<b>Segment Results</b>				
- Loans	2,613.40	3,784.54	2,042.65	10,223.70
- Life Insurance	251.10	350.89	253.49	1,007.92
- General Insurance	53.01	69.18	34.99	202.81
- Asset Management	177.51	236.17	173.89	735.75
- Others	(7.51)	(29.52)	4.16	(33.82)
<b>Total Segment Results</b>	<b>3,287.51</b>	<b>4,411.26</b>	<b>2,509.18</b>	<b>12,136.36</b>
Add / (Less) : Unallocated	7.71	39.06	4.47	57.85
Less: Inter-segment Adjustments	(97.71)	(282.25)	(60.07)	(581.24)
<b>Profit before Tax</b>	<b>3,197.51</b>	<b>4,168.07</b>	<b>2,453.58</b>	<b>11,612.97</b>
<b>Segment Assets</b>				
- Loans	3,03,360.14	2,91,072.75	2,57,092.70	2,91,072.75
- Life Insurance	79,273.87	76,080.32	69,843.88	76,080.32
- General Insurance	4,912.04	4,775.55	4,401.11	4,775.55
- Asset Management	1,044.80	1,101.37	1,055.12	1,101.37
- Others	400.92	415.13	274.05	415.13
<b>Total Segment Assets</b>	<b>3,88,991.57</b>	<b>3,73,445.12</b>	<b>3,32,666.86</b>	<b>3,73,445.12</b>
<b>Unallocated:</b>				
Banking	21,147.86	20,365.62	18,207.87	20,365.62
Others	4,103.26	3,869.75	3,567.63	3,869.75
<b>Total Assets</b>	<b>4,14,242.69</b>	<b>3,97,680.49</b>	<b>3,54,442.36</b>	<b>3,97,680.49</b>
<b>Segment Liabilities</b>				
- Loans	2,78,064.30	2,65,869.72	2,34,429.47	2,65,869.72
- Life Insurance	76,070.63	73,114.24	67,237.28	73,114.24
- General Insurance	3,797.05	3,693.01	3,362.00	3,693.01
- Asset Management	257.71	391.12	107.37	391.12
- Others	434.13	443.11	55.43	443.11
<b>Total Segment Liabilities</b>	<b>3,56,623.82</b>	<b>3,43,511.20</b>	<b>3,05,191.55</b>	<b>3,43,511.20</b>
<b>Unallocated:</b>				
Banking	-	-	-	-
Others	1,338.30	942.64	460.92	942.64
<b>Total Liabilities</b>	<b>3,57,962.12</b>	<b>3,44,453.84</b>	<b>3,05,652.47</b>	<b>3,44,453.84</b>
<b>Capital Employed</b>				
- Loans	27,295.84	25,203.03	22,663.23	25,203.03
- Life Insurance	3,203.24	2,966.08	2,606.60	2,966.08
- General Insurance	1,114.99	1,082.54	1,039.11	1,082.54
- Asset Management	786.89	710.25	947.75	710.25
- Others	(33.21)	(27.98)	218.62	(27.98)
<b>Total Segment Capital Employed</b>	<b>32,367.75</b>	<b>29,933.92</b>	<b>27,475.31</b>	<b>29,933.92</b>
<b>Unallocated:</b>				
Banking	21,147.86	20,365.62	18,207.87	20,365.62
Others	2,764.96	2,927.11	3,106.71	2,927.11
<b>Total</b>	<b>56,280.57</b>	<b>53,226.65</b>	<b>48,789.89</b>	<b>53,226.65</b>

- a) Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation, its subsidiaries GRUH Finance Ltd. and Credila Financial Services Pvt. Ltd.  
b) Asset Management segment includes portfolio management, mutual fund and property investment management.  
c) Others include project management, investment consultancy and property related services.  
d) The Group does not have any material operations outside India and hence disclosure of geographic segments is not given.

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- 2) The key data relating to standalone results of Housing Development Finance Corporation Limited is as under:

PARTICULARS	Quarter ended 30.6.2016	Quarter ended 31.3.2016	Quarter ended 30.6.2015	Year ended 31.3.2016
	(Reviewed)			(Audited)
₹ in crore				
Total Income	<b>8,393.33</b>	9,225.72	7,029.37	<b>30,956.57</b>
Profit Before Tax	<b>2,699.73</b>	3,642.05	1,951.98	<b>10,108.10</b>
Tax Expense	<b>829.00</b>	1,035.00	591.00	<b>3,015.00</b>
Net Profit After Tax	<b>1,870.73</b>	2,607.05	1,360.98	<b>7,093.10</b>
Earnings per Share (₹) #				
- Basic (₹)	<b>11.79</b>	16.15	8.64	<b>44.43</b>
- Diluted (₹)	<b>11.72</b>	16.06	8.56	<b>44.10</b>
Equity Share Capital	<b>316.40</b>	315.97	315.20	<b>315.97</b>
Reserves				<b>33,753.99</b>

# Not Annualised for the quarters

- 3) During the quarter ended June 30, 2016, the Corporation has allotted 22,05,700 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees / directors.
- 4) During the quarter ended June 30, 2016, the Corporation has sold 12,33,57,262 equity shares of ₹ 10/- each of HDFC ERGO General Insurance Company Ltd to Ergo International AG, resulting in a pre tax gain of ₹ 871.35 crore.
- 5) Provision for contingencies includes an additional one time provision made during the quarter ended June 30, 2016 of ₹ 275 crore towards standard assets and other contingencies.
- 6) Consequent to the Guidance Note on Accounting for Derivative Contracts (the "GN") issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2016, the Corporation has changed its accounting policy relating to derivative contracts.

On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability.

As a result of the change, in accordance with the transitional provisions of the GN, the Corporation has debited an amount of ₹ 369.01 crore on account of the cumulative impact of all derivatives contracts outstanding as at March 31, 2016, to the opening reserves. There is no material impact on the results of the Corporation for the quarter ended June 30, 2016

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- 7) The Board of Directors of the Corporation at its meeting held on July 27, 2016, subject to regulatory and other approvals as applicable, approved the composite scheme of amalgamation, for the merger of 5 wholly owned subsidiaries of the Corporation viz., Grandeur Properties Private Limited, Winchester Properties Private Limited, Windermere Properties Private Limited, Pentagram Properties Private Limited and Haddock Properties Private Limited, with the Corporation. This is being done for administrative convenience and has no material impact on the financials of the Corporation.
- 8) The standalone financial results are available on the Corporation's website ([www.hdfc.com](http://www.hdfc.com)) and on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).
- 9) Figures for the previous period / year have been regrouped wherever necessary, in order to make them comparable.

The above results were reviewed and recommended by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on July 27, 2016.

**Keki M Mistry**  
Vice Chairman & CEO

Place: Mumbai  
Date: July 27, 2016

# **HDFC**

**Audited standalone financial  
statements as at and for the years  
ended 31 March 2016 and 2015 and  
the respective audit reports of the  
Auditors thereon**



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

**Management's Responsibility for the Standalone Financial Statements**

The Corporation's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matter**

We refer to Note 3.2 to the financial statements, which describes the accounting treatment used by the Corporation in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

### **Other Matter**

We did not audit the financial statements of a branch included in the standalone financial statements of the Corporation whose financial statements reflect total assets of ₹ 0.60 crore as at March 31, 2016 (Previous Year ₹ 0.90 crore) and total revenues of ₹ 2.07 crore for the year ended on that date (Previous Year ₹ 2.09 crore), as considered in the standalone financial statements. The financial statements of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

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

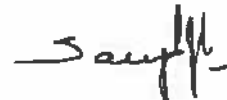
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Dubai branch not visited by us.
- c) The reports on the accounts of Dubai branch of the Corporation audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by

**Deloitte  
Haskins & Sells LLP**

- us in preparing this report.
- d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from Dubai branch not visited by us.
  - e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - f) On the basis of the written representations received from the directors which were taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Corporation's internal financial controls over financial reporting.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts as at year end;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sanjiv V. Pilgaonkar**  
Partner  
(Membership No. 39826)

Mumbai, May 2, 2016

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**Report on Internal Financial Controls Over Financial Reporting**

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**  
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** ("the Corporation") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Corporation's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Corporation's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls system over financial reporting.

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**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorisations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note.

**Other Matter**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a branch, is based on the corresponding report of the auditor of the branch.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sanjiv V. Pilgaonkar**  
Partner  
(Membership No. 39826)

Mumbai, May 2, 2016

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**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

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

- (i) (a) According to the information and explanations given to us, the Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds / transfer deeds / conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Corporation as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.
- (ii) According to the information and explanations given to us, the Corporation does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Corporation's interest.
- (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- (c) There is no overdue amount remaining outstanding as at the year end
- (iv) The Corporation has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) As per the Ministry of Corporate Affairs notification dated March 31, 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation and hence reporting under clause 3(v) of the Order is not applicable.
- (vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Corporation.
- (vii) According to the information and explanations given to us, in respect of statutory dues:

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- (a) The Corporation has generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Work Contract Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Customs Duty and Excise Duty.
- (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Interest on Lease Tax and Employees' State Insurance which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in crore	Amount Unpaid ₹ in crore
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-1999	0.12	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.02	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant/Deputy Director - ESIC	2010-2011	0.01	0.01

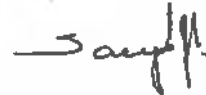
- (viii) In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Corporation has not taken loans or borrowings from government.
- (ix) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Corporation during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised moneys by way of initial public offer/ further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Corporation has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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Haskins & Sells LLP**

- (xii) The Corporation is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Corporation is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made private placement of debentures which were issued with convertible warrants during the year under review. In respect of the above issue, we further report that :
  - a) the requirement of Section 42 of the Act, as applicable, have been complied with; and
  - b) the amounts raised have been applied by the Corporation during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Corporation has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Corporation is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sanjiv V. Pilgaonkar**  
Partner  
(Membership No. 39826)

Mumbai, May 2, 2016







HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

**Balance Sheet as at March 31, 2016**

	Notes	₹ in Crore	Mar 31, 2016 ₹ in Crore	Mar 31, 2015 ₹ in Crore
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	2	315.97		314.94
Reserves and surplus	3	33,753.99		30,655.03
Money received against warrants	3.10	51.10		-
			34,121.06	30,989.97
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	4	1,09,184.45		97,802.34
Deferred tax liability (Net)	14	902.21		200.67
Other long term liabilities	5	1,613.39		2,436.81
Long-term provisions	6	2,127.34		1,550.88
			1,13,827.39	1,01,790.70
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	7	41,502.68		33,257.71
Trade payables	8	122.92		87.80
Other current liabilities	9			
- Borrowings		86,952.03		77,738.98
- Others		9,389.68		7,467.60
Short-term provisions	10	2,837.08		2,638.90
			1,40,804.39	1,21,190.99
			<b>2,88,752.84</b>	<b>2,53,951.66</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed assets				
(i) Tangible assets	11	660.20		671.84
(ii) Intangible assets	12	4.33		5.12
Non-current investments	13	14,837.84		13,691.70
Long-term loans and advances	15			
- Loans		2,32,870.54		2,01,880.43
- Others		2,668.73		2,564.72
Other non-current assets	16	739.73		2,763.11
			2,51,781.37	2,21,376.92
<b>CURRENT ASSETS</b>				
Current investments	17	507.59		602.64
Trade receivables	18	144.66		46.18
Cash and bank balances	19	5,304.69		3,364.65
Short-term loans and advances	20			
- Loans		25,787.70		26,019.89
- Others		2,526.04		1,966.28
Other current assets	21	2,700.79		575.30
			36,971.47	32,574.74
			<b>2,88,752.84</b>	<b>2,53,951.66</b>

See accompanying notes forming part of the financial statement



## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Signatures to the Balance Sheet as at March 31, 2016, and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Sanjiv V. Pillgaonkar  
Partner  
(Membership No. 39826)



Deepak S Parekh



Bansil S Mehta



D M Sukthanka



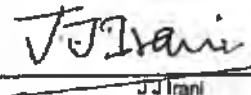
D N Ghosh



S A Dave



Nasser M Marjee



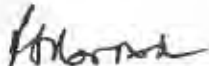
J J Irani



Birma Jalan



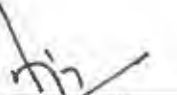
V Srinivasa Rangan



Renu Sud Kamad



Keki M Mistry

  
Company Secretary

Mumbai, May 2, 2016





## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

### Statement of Profit and Loss for the period ended March 31, 2016

	Notes	₹ In Crore	Previous Year ₹ In Crore
<b>INCOME</b>			
Revenue from Operations	23	29,257.31	26,959.88
Profit on Sale of Investments	24	1,647.81	441.28
Other Income	25	51.45	69.70
<b>Total Revenue</b>		<b>30,956.57</b>	<b>27,470.86</b>
<b>EXPENSES</b>			
Finance Cost	26	19,374.51	17,975.09
Staff Expenses	27	349.09	328.46
Establishment Expenses	28	84.19	85.76
Other Expenses	29	271.40	262.63
Depreciation and Amortisation	11&12	54.28	29.78
Provision for Contingencies	30	715.00	165.00
<b>Total Expenses</b>		<b>20,848.47</b>	<b>18,846.72</b>
<b>PROFIT BEFORE TAX</b>		<b>10,108.10</b>	<b>8,624.14</b>
Tax Expense			
Current Tax		2,873.00	2,363.00
Deferred Tax	14	142.00	271.00
<b>PROFIT FOR THE YEAR</b>		<b>7,093.10</b>	<b>5,990.14</b>
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>	31		
Basic		44.43	38.13
Diluted		44.10	37.78

See accompanying notes forming part of the financial statement





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## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Signatures to the Statement of Profit and Loss for the year ended March 31, 2016, and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Deepak S Parekh

Bansil S Mehta

D N Ghosh

Nasser M. Munjea

Bimal Jalan

Renu Sud Karnad

D M Sukthanker

S A Dave

J J Irani

V Srinivasa Rangar

Keki M Mehta

Company Secretary

Mumbai, May 2, 2016

# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

## Cash Flow Statement for the year ended March 31, 2016

A	Notes	₹ In crore	Previous Year ₹ in crore
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		10,108.10	8,624.14
Adjustments for:			
Depreciation and Amortisation	11 & 12	84.28	29.78
Provision for Contingencies	30.2	715.00	165.00
Interest Expense	26	19,183.49	17,864.71
Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	26.2	52.00	(19.95)
Interest Income	23	(27,761.16)	(25,605.58)
Utilisation of Shelter Assistance Reserve	3	(85.31)	(0.79)
Profit on Sale of Investments		(1,647.81)	(441.28)
Dividend Income	23	(806.85)	(688.28)
Profit on Sale of Investment in Properties		(1.48)	(6.37)
Surplus from deployment in Cash Management Schemes of Mutual Funds	23	(307.07)	(384.55)
Profit on Sale of Fixed Assets (Net)		(2.35)	(27.34)
Operating Profit before Working Capital changes		(499.98)	(470.51)
Adjustments for:			
Current and Non Current Assets		(1,868.08)	21.38
Current and Non Current Liabilities		(156.71)	(48.74)
Cash generated from Operations		(2,623.18)	(487.87)
Interest Received		27,643.73	25,499.64
Interest Paid		(18,765.92)	(17,787.00)
Premium Paid on Redemption of Debentures		(100.85)	(192.80)
Dividend Received		806.88	888.28
Taxes Paid		(2,845.60)	(2,707.81)
Net cash from Operations		4,024.65	5,002.44
Loans disbursed (net)		(30,879.71)	(30,964.18)
Corporate Deposits (net)		(425.65)	482.48
Net cash used in operating activities		(27,280.81)	(25,489.23)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(37.38)	(451.77)
Sale of Fixed Assets		3.16	58.83
Investments in Subsidiaries		(34.22)	(394.94)
Investment in Cash Management Schemes of Mutual Funds		(22.04)	(80.01)
Other Investments		(3,46,702.00)	(3,08,886.00)
Proceeds on sale of Investments:		(1,916.36)	(1,743.60)
- in a Subsidiary Company		1,784.82	297.31
- in Cash Management Schemes of Mutual Funds		3,47,809.87	3,09,260.55
- in other Companies and Properties		729.88	1,733.33
Net cash from investing activities		848.56	198.64
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share Capital - Equity	2.1	1.03	2.84
Securities Premium	3	345.30	681.45
Money received against warrants		51.10	-
Deposits, Commercial Papers and other Short Term Borrowings (Net)		7,747.21	26,887.75
Proceeds from other borrowings		68,009.80	46,555.01
Repayment of other borrowings		(48,379.01)	(50,888.15)
Dividend paid - Equity Shares		(2,080.28)	(2,502.57)
Tax paid on Dividend		(418.53)	(366.33)
Net cash from financing activities		26,308.71	22,392.00
Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		(122.54)	(2,880.59)
Add : Cash and cash equivalents as at the beginning of the year	19	2,768.83	5,634.72
Add : Exchange difference on bank balance		3.71	2.80
Cash and cash equivalents as at the end of the year	19	2,638.10	2,758.93
Earmarked balances with banks:			
- Unclaimed Dividend Account		483.44	20.47
- Towards Guarantees issued by Banks		0.06	0.13
- Other Against Foreign Currency Loans		7.99	7.10
Short - term bank deposits		2,165.10	580.02
Cash and Bank balances at the end of the year	19	5,304.69	3,364.65

See accompanying notes forming part of the financial statement





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# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Signatures to the Cash Flow Statement for the year ended March 31, 2016

As per our report attached,

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Deepak S Parekh

Bansil S Mehta

D M Sukthankar

D N Ghosh

S A Dave

Nasser M Manjee

J J Irani

Bimal Jalan

V Srinivasa Rangan

Renu Sud Karnad

Keki M Mistri

Company Secretary

Mumbai, May 2, 2016

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**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 ACCOUNTING CONVENTION**

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent applicable.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**1.2 SYSTEM OF ACCOUNTING**

The Corporation adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Corporation are prepared in accordance with the provisions contained in Section 129 of the Companies Act 2013, read with Schedule III.

**1.3 INFLATION**

Assets and liabilities are recorded at historical cost to the Corporation. These costs are not adjusted to reflect the changing value in the purchasing power of money.

**1.4 OPERATING CYCLE**

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**1.5 CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Corporation are segregated based on the available information.

**1.6 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)**

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

**1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES**

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

A loan is recognised as non-performing ("NPA") or as a "doubtful" or as a "loss" asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as updated from time to time. Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.



1.8 **INTEREST INCOME ON LOANS**

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual rest or on a monthly rest basis on the principal outstanding at the beginning of the relevant period.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as "non-performing" is recognised only on realisation.

1.9 **DIVIDEND**

Dividend income is recognised when the right to receive has been established.

1.10 **FEES AND OTHER REVENUE**

Fees, charges and other revenue is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.

1.11 **INCOME FROM LEASES**

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its subsidiaries / associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not contain any minimum lease payment or contingent rent payments.

1.12 **INCOME FROM INVESTMENTS**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest Income is accounted on accrual basis.

The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

1.13 **BORROWING AND BORROWING COSTS**

The Corporation borrows funds, primarily in Indian Rupees, and carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and holds these instruments till maturity. At each reporting date these liabilities are restated at the closing rate.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium account.





1.14 **TRANSLATION OF FOREIGN CURRENCY**

**Initial recognition**

Transactions in foreign currencies entered into by the Corporation are accounted at the exchange rates prevailing on the date of the transaction.

**Measurement at the Balance Sheet date**

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at closing rate.

The net loss/gain on translation of long term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign Currency Monetary Item Translation Difference Account". The net loss/gain on translation of short term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

1.15 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

1.16 **OPERATING LEASES**

Payments under a non cancellable operating lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the Statement of Profit and Loss on a straight-line basis over the lease term, unless another systematic basis is more appropriate.

1.17 **INVESTMENTS**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13), and is recognised through the Provision for Contingencies Account. Investment properties acquired as part of the debt asset settlement are recorded at the fair value on the date of the transfer. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

1.18 **TANGIBLE FIXED ASSETS**

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

1.19 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.



## 1.20 DEPRECIATION AND AMORTISATION

### Tangible Fixed Assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

- Computers and data processing equipment - 4 years
- Vehicles - 5 years
- Leasehold land is amortised over the duration of the lease.

### Intangible Assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:  
Computers Software - 4 years

### Investment In Properties

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

## 1.21 PROVISIONS AND CONTINGENCIES

A provision is recognised when the Corporation has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## 1.22 PROVISION FOR CONTINGENCIES AND NON PERFORMING ASSETS

The Corporation's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB Guidelines.

## 1.23 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.



## 1.24 EMPLOYEE BENEFITS

### Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

### Defined contribution plans

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation.

### Defined benefit plans

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

### Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### Long-term employee benefits

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



## 1.25 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## 1.26 TAXES ON INCOME

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

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

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

## 1.27 SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

## 1.28 SECURITISED LOANS AND SECURITISATION LIABILITIES

The Corporation periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.



**SHARE CAPITAL**

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>AUTHORISED</b>		
170,00,00,000 Equity Shares of ₹ 2 each	340.00	325.00
(Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)		
	<b>340.00</b>	<b>325.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,57,98,46,340 Equity Shares of ₹ 2 each	315.97	314.94
(Previous Year 1,57,46,97,670 Equity Shares of ₹ 2 each)		
	<b>315.97</b>	<b>314.94</b>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	167,46,97,670	314.94	166,05,32,605	312.10
Shares allotted pursuant to exercise of stock options	51,48,670	1.03	1,41,65,065	2.84
Equity shares outstanding as at the end of the year	157,98,46,340	315.97	157,46,97,670	314.94

## 2.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016. Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2015 are given below:

Particulars	As on March 31, 2015	
	Number	Percentage of shares held to total Shares
Aberdeen Assel Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08%

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

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

As at March 31, 2016 8,19,25,500 shares (Previous year 4,54,25,500 shares) were reserved for issuance as

- a) 4,54,25,500 shares of ₹ 2 each ( Previous Year 5,05,74,170 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 2.4].
- b) 3,65,00,000 shares of ₹ 2 each ( Previous Year Nil) towards outstanding warrants [Refer Note 3.10].



2.4

Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted 62,73,084 options at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year 59,58,841 options (Previous Year NIL options) were vested. In the current year 51,427 options (Previous Year 49,045 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted 61,02,475 options at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year 36,043 options (Previous Year 1,80,438 options) were vested. In the current year 2,884 options (Previous Year 13,263 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2008 (ESOS - 08), the Corporation had on November 25, 2008, granted 57,90,000 options at an exercise price of ₹ 1,350.80 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year NIL options (Previous Year 97 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2007 (ESOS - 07), the Corporation had on September 12, 2007, granted 54,56,835 options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year 628 options (Previous Year 882 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

The Corporation has used intrinsic value method to account for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.



Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	62,24,019	-
Granted during the year	-	62,73,064
Vested during the year	59,58,841	-
Exercised during the year	1,00,921	-
Lapsed during the year	51,427	49,045
Outstanding at the end of the year	60,71,671	62,24,019
Unvested at the end of the year	2,22,048	62,24,019
Exercisable at the end of the year	58,49,623	-
Weighted average price per option	₹ 5,073.25	

Particulars	ESOS-11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	37,45,586	54,06,415
Granted during the year	-	-
Vested during the year	36,043	1,80,438
Exercised during the year	9,28,751	16,47,566
Lapsed during the year	2,884	13,263
Outstanding at the end of the year	28,13,951	37,45,586
Unvested at the end of the year	-	36,043
Exercisable at the end of the year	28,13,951	37,09,543
Weighted average price per option	₹ 3,177.50	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,102	11,82,357
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	-	11,77,158
Lapsed during the year	-	97
Outstanding at the end of the year	5,102	5,102
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,102	5,102
Weighted average price per option	₹ 1,350.60	

Particulars	ESOS-07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,977	15,148
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	62	8,289
Lapsed during the year	628	882
Outstanding at the end of the year	5,287	5,977
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,287	5,977
Weighted average price per option	₹ 2,149.00	

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Accordingly, each option exercised after August 21, 2010 is entitled to 5 equity shares of ₹ 2 each.



**Fair Value Methodology:**

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

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows:

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

Since all the stock options granted under ESOS-2011, ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ Nil (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted under ESOS-14 and ESOS-11 been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	₹ in Crore	
	Current Year	Previous Year
Net Profit (as reported)	7,093.10	5,990.14
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [ Gross ₹ 338.50 crore (Previous Year ₹ 300.92)] (pro-forma)	221.35	198.64
Net Profit (pro-forma)	6,871.75	5,791.50
Less : Amounts utilised out of Shelter Assistance Reserve	85.31	10.83
Net Profit considered for computing EPS (pro-forma)	6,786.44	5,780.67

Particulars	Amount in ₹	
	Current Year	Previous Year
Basic earnings per share (as reported)	44.43	38.13
Basic earnings per share (pro-forma)	43.03	36.86
Diluted earnings per share (as reported)	44.10	37.78
Diluted earnings per share (pro-forma)	42.70	36.52

2.5

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





## RESERVES AND SURPLUS

		As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>SPECIAL RESERVE No. I</b>	[Note 3.1 & 3.2]	51.23	51.23
<b>SPECIAL RESERVE No. II</b>	[Note 3.1 & 3.2]		
Opening Balance		7,469.95	6,415.95
Add: Transfer from Statement of Profit and Loss	[Note 3.3]	<u>1,095.00</u>	<u>1,054.00</u>
		8,564.95	7,469.95
<b>GENERAL RESERVE</b>			
Opening Balance		9,541.55	8,097.76
Less : Utilised towards Deferred Tax Liability for Special Reserve	[Note 3.2]	<u>(559.54)</u>	<u>(559.54)</u>
Add : Transfer from Statement of Profit and Loss		<u>2,385.12</u>	<u>2,003.33</u>
		11,367.13	9,541.55
<b>STATUTORY RESERVE</b> (As per Section 29C of The National Housing Bank Act, 1987)			
Opening Balance		3,279.42	3,129.42
Add : Transfer from Statement of Profit and Loss	[Refer Note 3.3]	<u>325.00</u>	<u>150.00</u>
		3,604.42	3,279.42
<b>SECURITIES PREMIUM</b>			
Opening Balance		10,256.81	9,990.42
Add : Received during the year		<u>345.30</u>	<u>681.45</u>
		10,602.11	10,671.87
Less : Utilised during the year (Net) (Net of tax effect of ₹ 247.84 crores (Previous Year ₹ 213.72 crores))	[Note 3.4]	<u>468.29</u>	<u>415.06</u>
		10,133.82	10,256.81
<b>SHELTER ASSISTANCE RESERVE</b>			
Opening Balance		89.78	100.61
Add : Transfer from Statement of Profit and Loss		<u>150.00</u>	<u>-</u>
		239.78	100.61
Less : Utilised during the year	[Note 35]	<u>85.31</u>	<u>10.83</u>
		154.47	89.78
<b>CAPITAL RESERVE</b>		0.04	0.04



		As at March 31, 2016	As at March 31, 2015
	₹ in Crore	₹ in Crore	₹ in Crore
<b>FOREIGN CURRENCY MONETARY ITEMS TRANSLATION</b>			
<b>DIFFERENCE ACCOUNT (Debit Balance)</b>	[Note 3.5]		
Opening Balance (Debit)		(33.75)	(142.34)
Add/(Less): Effect of foreign exchange rate variations during the year		(199.39)	35.33
Add / (Less): Amortisation for the year	[Note 3.6]	111.07	73.28
Closing balance - (Debit)		(122.07)	(33.75)

**SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:**

Opening Balance		-	-
Profit for the year		7,093.10	5,990.14
Amount available for appropriations		7,093.10	5,990.14
<b>Appropriations:</b>			
Special Reserve No. II	[Note 3.3]	1,095.00	1,054.00
General Reserve		2,385.12	2,003.33
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987)	[Note 3.3]	325.00	150.00
Shelter Assistance Reserve		150.00	-
Interim Dividend	[Note 3.7]	473.95	314.94
[Dividend ₹ 3.00 per equity share of ₹ 2 each (Previous Year ₹ 2.00 per equity share of ₹ 2 each)]			
Tax on Interim Dividend		10.48	12.10
Proposed Dividend		2,211.78	2,047.11
[Dividend ₹ 14.00 per equity share of ₹ 2 each (Previous Year ₹ 13.00 per equity share of ₹ 2 each)]			
Tax on Proposed Dividend		450.27	416.74
Tax on Dividend credit taken	[Note 3.8]	(11.14)	(18.59)
Dividend including tax of ₹ 0.45 crore (Previous Year ₹ 1.53 crore) pertaining to previous year paid during the year	[Note 3.9]	2.64	10.51
		<b>33,753.99</b>	<b>30,655.03</b>

3.1 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, out of the distributable profits of the Corporation. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

3.2 Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation has created 25 percent of deferred tax liability of ₹ 559.54 crore (Previous Year ₹ 559.54 crore) on the balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve. The balance amount of deferred tax liability of ₹ 1,119.08 crore will be created in the next financial year [Note 14].



- 3.3 As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ 1,095 crore (Previous Year ₹ 1,054 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ 325 crore (Previous Year ₹ 150 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of the NHB Act is provided :

₹ in crore

Particulars	Current Year	Previous Year
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve under section 29C of The NHB Act	3,279.42	3,129.42
b) Amount of Special Reserve under section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act Special Reserve No. II	7,167.95	6,113.95
	<b>10,447.37</b>	<b>9,243.37</b>
<b>Addition / Appropriation / Withdrawal during the year</b>		
<b>Add :</b>		
a) Amount transferred under section 29C of the NHB Act	325.00	150.00
b) Amount of Special Reserve under section 36 (1)(viii) of the Income Tax Act taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act	1,095.00	1,054.00
<b>Less :</b>		
a) Amount appropriated from Statutory Reserve under section 29C of the NHB Act	-	-
b) Amount withdrawn from Special Reserve under section 36 (1)(viii) of the Income Tax Act which has been taken into account for the purpose of provision under section 29C of the NHB Act	-	-
	<b>11,867.37</b>	<b>10,447.37</b>
<b>Balance at the end of the year</b>		
a) Statutory Reserve under section 29C of the NHB Act	3,604.42	3,279.42
b) Amount of Special Reserve under section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act Special Reserve No. II	8,262.95	7,167.95
	<b>11,867.37</b>	<b>10,447.37</b>



- 3.4 During the year, the Corporation utilised ₹ 468.29 crore (net of tax effect of ₹ 247.84 crore) [(Previous Year ₹ 415.06 crore (net of tax effect of ₹ 213.72 crore))] in accordance with Section 52 of the Companies Act 2013, towards the proportionate premium payable on redemption of Zero Coupon Secured Redeemable Non Convertible Debentures and issue expenses in respect of secured redeemable non-convertible debenture simultaneously with the issue of Warrants.
- 3.5 Pursuant to the notification dated December 29, 2011 Issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 122.07 crore (without considering future tax benefit of ₹ 42.25 crore) [(Previous Year ₹ 33.75 crore) (without considering future tax benefits of ₹ 11.47 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2016. This amount is to be amortised over the corresponding period of the monetary assets/liabilities ranging upto 5
- 3.6 During the year, there was a net addition of ₹ 88.32 crore (Previous year net reduction ₹ 108.59 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

Particulars	₹ in crore	
	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	(140.32)	128.54
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	(59.07)	(93.21)
Net amortisation Debit/(Credit) during the year	111.07	73.26
Net (addition) / reduction during the year	(88.32)	108.59

- 3.7 The Board of Directors of the Corporation at its meeting held on March 21, 2016, inter alia, has approved the payment of an interim dividend of ₹ 3 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2015-16.
- 3.8 Additional Tax on dividend FY 2014-15 credit taken, ₹ 11.14 crore (Previous Year ₹ 18.59 crore for FY 2013-14), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115-O(1A) of the Income Tax Act, 1961.
- 3.9 In respect of equity shares issued pursuant to exercise of stock option under the ESOS schemes, the Corporation paid dividend of ₹ 2.19 crore for the year 2014-15 (₹ 8.98 crore for the year 2013-14) and tax on dividend of ₹ 0.45 crore (Previous Year ₹ 1.53 crore) as approved by the shareholders at the Annual General Meeting held on July 28, 2015.
- 3.10 The Corporation has on October 5, 2015 issued 3,65,00,000 Warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Section 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.



**LONG - TERM BORROWINGS**

		As at March 31, 2016	As at March 31, 2015
		₹ in Crore	₹ in Crore
Bonds and Debentures	[Notes 4.3 & 4.10]	63,267.20	60,192.20
Term Loans :			
- Banks	[Note 4.10]	5,415.89	6,378.01
- External Commercial Borrowing - Low Cost Affordable Housing	[Refer Note 4.5 & 4.10]	5,318.40	1,884.00
- Others	[Note 4.10]	1,996.86	1,300.15
		75,998.15	69,754.36
Deposits	[Note 4.3]	33,186.30	27,847.98
		<b>1,09,184.45</b>	<b>97,602.34</b>

4.1 Long - term borrowings are further sub-classified as follows :

Sr.No.	Particulars		March 31, 2016	March 31, 2015
	<u>Secured :</u>	[Note 4.2]	₹ in Crore	₹ in Crore
a)	Bonds and Debentures			
	- Bonds		40.50	46.50
	- Non Convertible Debentures		67,726.70	54,170.70
b)	Term Loans from Banks		57,767.20	54,217.20
	- Scheduled Banks		4,731.81	4,899.81
			4,731.81	4,899.81
c)	Term Loans from other parties			
	- Asian Development Bank	[Note 4.4]	206.11	232.09
	- National Housing Bank		1,791.75	1,065.06
			1,996.86	1,297.15
	<b>Total Secured:</b>		<b>64,495.87</b>	<b>60,414.16</b>
	<u>Unsecured :</u>			
a)	Bonds and Debentures			
	- Non Convertible Subordinated Debentures	[Note 4.9]	5,500.00	5,975.00
b)	Term Loans from Banks			
	- Scheduled Banks		683.88	1,478.20
c)	External Commercial Borrowing - Low Cost Affordable Housing		5,318.40	1,884.00
d)	Term Loans from other parties			
	- Under a line from Kreditanstalt für Wiederaufbau		-	3.00
e)	Deposits	[Note 4.8]	33,186.30	27,847.98
	<b>Total Unsecured:</b>		<b>44,688.58</b>	<b>37,188.18</b>
	<b>Total</b>		<b>1,09,184.45</b>	<b>97,602.34</b>

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

4.3 Non-Convertible Debentures includes ₹ 676 crore (Previous Year ₹ 785.00 crore) and Deposits includes ₹ 0.01 crore (Previous Year ₹ 2.38 crore) from related parties [Refer Note 35].



- 4.4 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.
- In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.
- The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange.
- 4.5 The Corporation had availed an External Commercial Borrowing (ECB) of USD 300 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings had been swapped into rupees for the entire maturity by way of principal only swaps. The unamortised charges for raising of the ECB have been written off in the current year.
- During the financial year, the Corporation has refinanced the said ECB of USD 300 million for the balance tenor for a lower interest rate, thereby resulting in a reduction in the interest cost. The said refinanced ECB is swapped into rupees for the entire balance maturity by way of principal only swaps. The charges towards refinance of the ECB has been amortised over the tenure of the ECB.
- During the financial year, the Corporation has availed an ECB of USD 500 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.
- 4.6 As on March 31, 2016, the Corporation has foreign currency borrowings of USD 1,447.36 million equivalent (Previous Year USD 1013.01 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of USD 1295.81 million equivalent (Previous Year USD 495.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2016, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is USD Nil (Previous Year USD Nil).
- Further, interest rate swaps on a notional amount of USD 70 million equivalent (Previous Year USD 330 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.
- As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ 19,935 crore (Previous Year ₹ 15,240 crore) as on March 31, 2016 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of USD 243.11 million equivalent (Previous Year USD 408.69 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.
- 4.7 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.
- For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ 84.98 crore (Previous Year ₹ Nil).
- 4.8 Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge and Lien in favour of the Trustee's for Depositors on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.
- 4.9 As at March 31, 2016, the Corporation's outstanding subordinated debt is ₹ 5,975 crore (Previous Year ₹ 6,475 crore). These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2016, 85.36% (Previous Year 84.86%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.



4.10 Terms of redemption of bonds and debentures and for repayment terms of term loans:

A)

**BONDS & DEBENTURES**

(Previous Year figures are in brackets)  
₹ in Crore

<b>Bonds &amp; Debentures - Secured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
7.6% - 8%		500.00 (800.00)	- -	- -	500.00 (800.00)
8.01% - 10%		25,515.70 (24,206.00)	13,536.00 (8,174.70)	8,895.00 (10,795.00)	47,946.70 (43,175.70)
10.01% - 11.95%		5,320.00 (2,205.00)	- (4,200.00)	- -	5,320.00 (6,405.00)
Zero Coupon		1,960.00 (2,990.00)	2,000.00 (800.00)	- -	3,960.00 (3,790.00)
Variable Rate - Linked to G Sec		13.15 (12.30)	14.95 (14.10)	12.40 (20.10)	40.50 (46.50)
<b>TOTAL SECURED</b>	<b>A</b>	<b>33,308.85</b>	<b>15,550.95</b>	<b>8,907.40</b>	<b>57,767.20</b>
	<b>A</b>	<b>(30,213.30)</b>	<b>(13,188.80)</b>	<b>(10,815.10)</b>	<b>(54,217.20)</b>
<b>Bonds &amp; Debentures - Unsecured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
8.65% - 9.6%		- (475.00)	1,500.00 (500.00)	4,000.00 (5,000.00)	5,500.00 (5,975.00)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>-</b>	<b>1,500.00</b>	<b>4,000.00</b>	<b>5,500.00</b>
	<b>B</b>	<b>(475.00)</b>	<b>(500.00)</b>	<b>(5,000.00)</b>	<b>(5,975.00)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>33,308.85</b>	<b>17,050.95</b>	<b>12,907.40</b>	<b>63,267.20</b>
	<b>A+B</b>	<b>(30,688.30)</b>	<b>(13,688.80)</b>	<b>(15,815.10)</b>	<b>(60,192.20)</b>

B)

**TERM LOANS FROM BANKS**

(Previous Year figures are in brackets)  
₹ in Crore

<b>Term Loans from Banks - Secured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
<b>Term Loans from Scheduled Banks - Rupee</b>					
8.5% - 9%		32.00 -	- -	300.00 -	332.00 -
9.01% - 10.15%		2,900.00 (3,400.00)	100.00 (100.00)	1,000.00 (1,000.00)	4,000.00 (4,500.00)
<b>Term Loans from Scheduled Banks-Foreign Currency</b>					
USD LIBOR +150- 200 bps		399.81 (399.81)	- -	- -	399.81 (399.81)
<b>TOTAL SECURED</b>	<b>A</b>	<b>3,331.81</b>	<b>100.00</b>	<b>1,300.00</b>	<b>4,731.81</b>
	<b>A</b>	<b>(3,799.81)</b>	<b>(100.00)</b>	<b>(1,000.00)</b>	<b>(4,899.81)</b>
<b>Term Loans from Banks - Unsecured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
<b>Term Loans from Scheduled Banks - Rupee</b>					
9.25% - 9.85%		285.00 (285.00)	- -	- -	285.00 (285.00)
<b>Term Loans from Scheduled Banks - Foreign Currency</b>					
USD LIBOR + 325 bps		398.88 (1,193.20)	- -	- -	398.88 (1,193.20)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>683.88</b>	<b>-</b>	<b>-</b>	<b>683.88</b>
	<b>B</b>	<b>(1,478.20)</b>	<b>-</b>	<b>-</b>	<b>(1,478.20)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>4,015.69</b>	<b>100.00</b>	<b>1,300.00</b>	<b>5,415.69</b>
	<b>A+B</b>	<b>(5,278.01)</b>	<b>(100.00)</b>	<b>(1,000.00)</b>	<b>(6,378.01)</b>



C) External Commercial Borrowing - Low Cost Affordable Housing - Unsecured

(Previous Year figures are in brackets)

₹ in Crore

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
USD LIBOR + 175 bps	1,994.40	-	-	1,994.40
	-	(1,884.00)	-	(1,884.00)
USD LIBOR + 120 bps	-	3,324.00	-	3,324.00
	-	-	-	-
<b>TOTAL UNSECURED</b>	<b>1,994.40</b>	<b>3,324.00</b>	<b>-</b>	<b>5,318.40</b>
	-	(1,884.00)	-	(1,884.00)

D) TERM LOANS FROM OTHER PARTIES

(Previous Year figures are in brackets)

₹ in Crore

<b>Term Loans from Other parties - Secured</b>				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
<b>Asian Development Bank</b>				
USD LIBOR + 40 bps	17.53	19.82	16.55	53.90
	(15.57)	(17.61)	(25.28)	(58.46)
Variable linked to Bank PLR	25.37	29.82	24.89	81.08
	(24.80)	(28.04)	(40.26)	(93.10)
Variable linked to G Sec	22.81	25.79	21.53	70.13
	(21.45)	(24.25)	(34.83)	(80.53)
<b>National Housing Bank</b>				
6% - 8%	180.43	77.73	108.05	366.21
	(225.80)	(112.81)	(127.45)	(466.06)
8.01% - 9.95%	1,334.32	91.22	-	1,425.54
	(422.87)	(153.32)	(22.81)	(599.00)
<b>TOTAL SECURED</b>	<b>A</b>	<b>1,581.45</b>	<b>244.38</b>	<b>1,711.03</b>
	<b>A</b>	<b>(710.49)</b>	<b>(336.03)</b>	<b>(1,297.15)</b>
<b>Term Loans from Other parties - Unsecured</b>				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
<b>Kreditanstalt für Wiederaufbau</b>				
6%	-	-	-	-
	(3.00)	-	-	(3.00)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>B</b>	<b>(3.00)</b>	<b>-</b>	<b>(3.00)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>1,581.45</b>	<b>244.38</b>	<b>1,711.03</b>
	<b>A+B</b>	<b>(713.49)</b>	<b>(336.03)</b>	<b>(1,300.15)</b>

5

**OTHER LONG - TERM LIABILITIES**

March 31, 2016 March 31, 2015

₹ in Crore

₹ in Crore

Amounts payable on swaps	[Note 4.7]	-	397.09
Interest accrued but not due on borrowings		974.58	772.20
Premium payable on redemption of Debentures		557.38	1,160.26
Security and other deposits received		6.63	9.50
Income received in advance		66.47	81.78
Accrued Redemption Loss on Investments		8.33	15.98

**1,613.39**      **2,436.81**





6 **LONG-TERM PROVISIONS**

		March 31, 2016	March 31, 2015
		₹ in Crore	₹ in Crore
Provision for Employee Benefits	(Note 27.3)	49.87	49.44
Provision for Contingencies	[Notes 6.1 & 6.2]	2,077.47	1,501.44
		<u>2,127.34</u>	<u>1,550.88</u>

- 6.1 Provision for Contingencies includes provisions for standard assets and all other contingencies. As per National Housing Bank Circular No. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, in addition to provision for non performing assets, all housing finance companies are required to carry a general provision. (i) at the rate of 1% of Standard Assets in respect of Commercial Real Estate ("CRE") other than Residential Housing, (ii) at the rate of 0.75% Commercial Real Estate - Residential Housing and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) above. Loans to individuals for 3rd dwelling units onwards are treated as CRE exposure.

Accordingly, the Corporation is required to carry a minimum provision of ₹ 1,341.03 crore (Previous Year ₹ 1,170.92 crore) towards standard assets. [Refer Note 30.1]

- 6.2 Movement In Provision for Contingencies Account during the year is as under: [Refer Note 32.1]

Particulars		₹ in Crore	
		Current Year	Previous Year
Opening Balance		1,501.44	1,309.04
Additions during the year (Net)	[Note 30.2]	629.57	202.44
Utilised during the year – towards Diminution in Value of Investment	[Note 30.3]	(17.02)	(10.04)
Utilised during the year - towards loans written off		(36.52)	-
Closing Balance		<u>2,077.47</u>	<u>1,501.44</u>

7 **SHORT-TERM BORROWINGS**

		March 31, 2016	March 31, 2015
		₹ in Crore	₹ in Crore
<b>Loans repayable on demand:</b>			
From Banks - Unsecured		-	116.46
Deposits - Unsecured	[Notes 7.2 & 4.8]	3,786.19	2,822.05
<b>Other loans and advances:</b>			
Scheduled Banks - Secured	[Note 7.1]	10,800.00	4,660.00
Scheduled Banks - Unsecured		1,190.00	-
Commercial Papers - Unsecured	[Note 7.3]	25,725.49	25,659.20
		<u>37,716.49</u>	<u>30,319.20</u>
		<u>41,502.68</u>	<u>33,257.71</u>



- 7.1 All secured short term borrowing are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.
- 7.2 Deposits includes ₹ 0.50 crore ( Previous Year ₹ 16.84 crore) from related parties [Refer Note 35 ].
- 7.3 Commercial papers of the Corporation have a maturity value of ₹ 26,650.00 crore ( Previous Year ₹ 26,665.00 crore

8 **TRADE PAYABLES**

	March 31, 2016 ₹ In Crore	March 31, 2015 ₹ In Crore
Trade Payables	122.92	87.80
	<b>122.92</b>	<b>87.80</b>

- 8.1 Trade Payables include ₹ 0.15 crore (Previous Year ₹ 0.07 crore) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Corporation during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.
- 8.2 As required under Section 125 of the Companies Act 2013, the Corporation has transferred ₹ 2.22 crore (Previous Year ₹ 2.18 crore) to the investor Education and Protection Fund (IEPF) during the year. As of March 31, 2016, no amount was due for transfer to the IEPF.
- 8.3 Trade Payables includes ₹ 25.19 crore (Previous Year ₹ 23.08 crore) due to related parties [ Refer Note 35]

9 **OTHER CURRENT LIABILITIES**

	March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
Current maturities of long-term borrowings	86,952.03	77,738.98
Interest accrued but not due on borrowings	5,553.58	5,409.85
Premium payable on redemption of Debentures	1,349.77	136.54
Interest accrued and due on matured deposits	74.35	78.70
Income and other amounts received in advance	339.77	271.60
Unclaimed dividend	19.48	16.94
Interim Dividend Payable	473.96	3.53
Unclaimed matured deposits	554.09	617.92
<b>Other payables</b>		
- Statutory Remittances	148.59	147.37
- Financial Assistance received from Kreditanstalt für Wiederaufb:	7.78	7.78
- Amounts payable - Securitised Loans	580.87	587.73
- Amounts payable on swaps [Note 4.7]	211.79	172.57
- Accrued redemption loss on Investments	6.77	-
- Others	68.89	37.27
	<b>9,389.68</b>	<b>7,467.60</b>
	<b>96,341.71</b>	<b>85,206.58</b>



9.1 Current maturities of Long term borrowings are further sub-classified as under:

Sr.No.	Particulars	March 31, 2016		March 31, 2015	
		₹ In Crore		₹ in Crore	
	<b>Secured</b>	[Refer Note 9.2 & 9.3]			
(i)	<b>Bonds and Debentures</b>				
	- Bonds		6.00		5.75
	- Non Convertible Debentures		31,370.00		29,959.60
(ii)	<b>Term Loans from Banks</b>				
	- Scheduled Banks		15,524.59		9,230.40
(iii)	<b>Term Loans from other parties</b>				
	- Asian Development Bank		30.40		28.18
	- National Housing Bank		750.25		391.61
	<b>Total Secured</b>		<b>47,681.24</b>		<b>39,615.54</b>
	<b>Unsecured</b>				
(i)	<b>Bonds and Debentures</b>				
			475.00		500.00
(ii)	<b>Term Loans from Banks</b>				
	- Scheduled Banks		1,649.13		2,191.00
(iii)	<b>Term Loans from other parties</b>				
	- Under a line from Kreditanstalt für Wiederaufbau		3.00		14.44
(iv)	<b>Deposits</b>				
			37,143.86		35,418.00
	<b>Total Unsecured</b>		<b>39,270.79</b>		<b>38,123.44</b>
	<b>Total</b>		<b>86,952.03</b>		<b>77,738.98</b>

9.2 Secured current maturities of long term borrowings are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.

9.3 Current maturities of Non-Convertible Debentures includes ₹ 141.00 crore (Previous Year ₹ 116.00 crore) and Deposits includes ₹ 2.48 crore (Previous Year ₹ 0.98 crore) from related parties [Refer Note 35].

#### 10 SHORT-TERM PROVISIONS

		March 31, 2016		March 31, 2015	
		₹ In Crore		₹ in Crore	
	Provision for Employee benefits		113.09		110.52
	Provision for Tax (Net of Advance Tax)		61.94		64.53
	Proposed Dividend		2,211.78		2,047.11
	Additional Tax on Dividend		450.27		416.74
			<b>2,837.08</b>		<b>2,638.90</b>



11 **Tangible assets**

Previous Year figures are in (brackets)  
₹ In crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at	Additions	Adjustment	Deductions	As at	As at	For	Adjustment	Deductions	As at	As at	As at
	March 31				March 31,					March 31,	the	March 31,
	2015				2015	2015	Year			2016	2016	2015
<b>Land</b>												
Freehold	15.70	-	-	0.03	15.87	-	-	-	-	-	15.87	15.70
	(15.70)	-	-	-	(15.70)	-	-	-	-	-	(15.70)	(15.70)
Leasehold	370.25	-	-	-	370.25	2.94	8.88	-	-	11.82	358.43	367.31
	(3.45)	(366.80)	-	-	(370.25)	(0.65)	(2.29)	-	-	(2.94)	(367.31)	(2.80)
<b>Buildings</b>												
Own Use	228.16	6.90	2.51	0.47	240.10	39.35	4.34	0.41	0.13	43.97	196.13	188.61
	(205.76)	(59.40)	-	(37.02)	(228.16)	(44.41)	(3.08)	-	(8.14)	(39.35)	(188.61)	(161.37)
Leasehold Improvements	55.96	4.62	-	0.42	60.16	27.76	12.91	-	0.41	40.28	13.90	28.20
	(55.07)	(2.17)	-	(1.28)	(55.96)	(16.22)	(12.81)	-	(1.27)	(27.76)	(28.20)	(38.83)
<b>Computer Hardware</b>	77.89	6.90	-	5.93	78.89	58.63	6.48	-	5.93	61.16	17.88	19.26
	(66.91)	(12.99)	-	(2.01)	(77.89)	(56.43)	(4.21)	-	(2.01)	(58.63)	(19.26)	(10.48)
<b>Furniture and Fittings</b>												
Own Use	59.27	4.65	-	0.67	63.23	37.25	3.96	-	0.60	40.61	22.82	22.02
	(61.11)	(2.49)	-	(4.33)	(59.27)	(42.81)	1.39	-	(4.17)	(37.25)	(22.02)	(18.30)
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	(0.71)	-	-	(0.71)	-	(0.63)	(0.06)	-	(0.69)	-	-	(0.08)
<b>Office Equipment etc</b>												
Own Use	56.66	3.78	-	1.31	58.85	32.81	4.66	-	1.35	36.42	22.53	23.87
	(57.11)	(3.22)	-	(3.65)	(56.88)	(33.57)	(2.54)	-	(3.30)	(32.81)	(23.87)	(23.54)
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	(0.79)	-	-	(0.79)	-	(0.67)	(0.12)	-	(0.79)	-	-	(0.12)
<b>Vehicles</b>	13.18	3.37	-	2.54	16.81	6.51	2.60	-	2.34	6.77	7.24	6.67
	(11.73)	(2.88)	-	(1.43)	(13.18)	(7.21)	(0.66)	-	(1.36)	(6.51)	(6.67)	(4.52)
<b>Leased Assets</b>												
Plant & Machinery	129.18	-	-	-	129.18	129.18	-	-	-	129.18	-	-
	(129.18)	-	-	-	(129.18)	(129.18)	-	-	-	(129.18)	-	-
Vehicles	16.37	-	-	-	16.37	16.37	-	-	-	16.37	-	-
	(16.37)	-	-	-	(16.37)	(16.37)	-	-	-	(16.37)	-	-
	1,022.64	33.20	2.51	11.57	1,046.78	350.90	40.13	0.41	10.76	386.58	660.20	671.84
Previous Year	(623.91)	(448.95)	-	(51.22)	(1,022.64)	(348.15)	(24.38)	-	(21.73)	(350.80)	(671.84)	(275.76)
* Assets held for disposal												

11 Depreciation charge for the financial year above, excludes ₹ 5.38 crore (Previous Year ₹ 3.98 crore) being depreciation charge on investment in Properties

12 **Intangible assets**

Previous Year figures are in (brackets)  
₹ In crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at	Additions	Adjustment	Deductions	As at	As at	For	Adjustment	Deductions	As at	As at	As at
	March 31,				March 31,					March 31,	March 31,	March 31,
	2015				2015	2015	Year			2016	2016	2015
<b>Computer Software Licences (Acquired)</b>	15.84	2.08	-	-	17.92	10.72	2.87	-	-	13.59	4.33	5.12
	(14.02)	(1.82)	-	-	(15.84)	(9.30)	(1.42)	-	-	(10.72)	(5.12)	(4.72)
	15.84	2.08	-	-	17.92	10.72	2.87	-	-	13.59	4.33	5.12
Previous Year	(14.02)	(1.82)	-	-	(15.84)	(9.30)	(1.42)	-	-	(10.72)	(5.12)	(4.72)



	As at March 31, 2018 ₹ In Crore	As at March 31, 2015 ₹ In Crore
<b>INVESTMENTS (At Cost)</b>		
<b>Trade Investments :</b>		
Equity Shares - Subsidiaries and Associate Companies	8,080.01	8,250.18
Preference Shares - Convertible - Subsidiary Company	67.00	67.00
Debentures - Redeemable - Subsidiary Company	-	78.00
Debentures - Convertible - Subsidiary Company	310.18	-
Ventura Funds	121.26	223.49
<b>Non Trade Investments :</b>		
Equity Shares	633.12	552.70
Preference Shares - Convertible	0.50	0.50
Preference Shares - Cumulative Redeemable	5.99	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	63.33	63.33
Debentures and Bonds - Convertible - Others *	0.00	-
Debentures and Bonds - Redeemable - Others	25.00	-
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	35.51	37.10
Security Receipts - Others	11.73	8.11
Government Securities	5,087.40	4,087.64
Mutual Funds	-	10.00
Venture Funds	103.22	110.08
Properties (Net of Depreciation of ₹ 19.97 crore (Previous Year ₹ 15.11 crore )	377.42	270.93
	<u>14,921.67</u>	<u>13,786.05</u>
Less : Provision for other than temporary Diminution in Value of Investments	83.83	74.35
	<u>14,837.84</u>	<u>13,691.70</u>

\* Amount less than ₹ 50,000

	Book Value ₹ In Crore	Market Value ₹ In Crore
<b>Aggregate of Quoted Investments</b>	<b>8,817.40</b>	<b>47,397.58</b>
<i>Previous Year</i>	5,808.92	45,661.78
<b>Aggregate of Investments listed but not quoted</b>	<b>5,150.73</b>	
<i>Previous Year</i>	4,150.97	
<b>Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)</b>	<b>-</b>	<b>-</b>
<i>Previous Year</i>	10.00	10.20
<b>Aggregate of Unquoted Investments (Others)</b>	<b>3,492.29</b>	
<i>Previous Year</i>	3,452.88	
<b>Properties</b>	<b>377.42</b>	
<i>Previous Year</i>	270.93	
	<u>14,837.84</u>	
<i>Previous Year</i>	<u>13,691.70</u>	



**Trade Investments :**

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
<b>Equity Shares - Subsidiaries and Associate Companies (fully paid)</b>						
<b>Subsidiaries</b>						
Credila Financial Services Pvt. Ltd.	4,22,72,003	10	47.97	422,72,003	10	47.97
GRUH Finance Ltd. * (Refer Note 1)	21,30,77,850	2	60.74	21,30,77,850	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	235.89	1,50,96,600	10	235.88
HDFC Developers Ltd.	59,90,000	10	5.99	30,50,000	10	3.05
HDFC Education and Development Services Pvt. Ltd.	3,02,00,000	10	30.20	1,51,00,000	10	15.10
HDFC ERGO General Insurance Co. Ltd.	38,88,08,250	10	644.56	38,88,08,250	10	644.98
HDFC Holdings Ltd.	18,00,070	10	102.40	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	65.15	2,66,70,500	10	66.15
HDFC Property Ventures Ltd.	10,00,000	10	1.00	10,00,000	10	1.00
HDFC CAPITAL ADVISORS LTD	19,97,860	10	2.00	-	-	-
HDFC Realty Ltd.	87,50,070	10	9.31	77,50,070	10	7.31
HDFC Sales Pvt. Ltd.	40,10,000	10	4.02	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	1,22,07,60,125	10	1,316.56	140,92,99,334	10	1,508.78
HDFC Trustee Co. Ltd.	1,00,000	10	0.10	1,00,000	10	0.10
HDFC Ventures Capital Ltd.	4,02,500	10	0.40	4,02,500	10	0.40
HDFC Ventures Trustee Co. Ltd.	50,000	10	0.05	50,000	10	0.05
			<b>2,527.74</b>			<b>2,697.91</b>
<b>Associate Companies</b>						
HDFC Bank Ltd. *	39,32,11,100	2	5,549.74	39,32,11,100	2	5,549.74
India Value Fund Advisors Pvt. Ltd.	9,75,002	4	0.03	9,75,002	4	0.03
RuralShores Business Services Pvt. Ltd.	4,76,351	10	2.50	4,76,351	10	2.50
			<b>5,552.27</b>			<b>5,552.27</b>
			<b>8,080.01</b>			<b>8,250.18</b>
<b>* listed shares</b>						
<b>Preference Shares - Convertible - Subsidiary Company (fully paid)</b>						
0.01% Credila Financial Services Pvt. Ltd. (Compulsorily Fully Convertible)	6,69,89,856	10	67.00	6,69,89,856	10	67.00
			<b>67.00</b>			<b>67.00</b>



	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2016 ₹ in Crore	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2015 ₹ in Crore
<b>Debentures - Redeemable - Subsidiary Company (fully paid)</b>						
12.75%	Credila Financial Services Pvt. Ltd.	-	-	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	90	10,00,000	9.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	50	10,00,000	5.00
12.75%	Credila Financial Services Pvt. Ltd.	-	-	50	10,00,000	5.00
						<b>79.00</b>

**Debentures - Convertible - Subsidiary Companies**

**Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects**

	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>- Redeemable (fully paid)*</b>				
6.40%	Haddock Properties Pvt Ltd	6,981	1,00,000	56.38
9.00%	Pentagram Properties Pvt Ltd	5,532	1,00,000	54.47
6.50%	Winchester Properties Pvt Ltd	3,912	1,00,000	39.12
7.70%	Windermere Properties Pvt Ltd	11,520	1,00,000	115.20
				<b>265.18</b>

\* received in specie distribution

**Debentures - Convertible - Subsidiary Companies - Others**

	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>- Redeemable (fully paid)</b>				
0.00%	HDFC Sales Pvt. Ltd.	1,00,00,000	10	10.00
0.00%	HDFC Developers Ltd.	1,00,00,000	10	10.00
0.00%	HDFC Education and Development Services F	2,50,00,000	10	25.00
				<b>45.00</b>
				<b>310.18</b>

**Venture Funds**

HDFC Investment Trust	-	172.35
HDFC Investment Trust II	121.26	51.14
	<b>121.26</b>	<b>223.49</b>

**Non - Trade Investments:**

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
<b>Equity Shares (fully paid)</b>						
<b>Unlisted :</b>						
AEC Cements and Constructions Ltd.	2,80,000	10	0.28	2,80,000	10	0.28
Assel Reconstruction Co. (India) Ltd.	75,41,137	10	48.37	75,41,137	10	48.37
Computer Age Management Services Pvt. Ltd.	54,06,680	10	1.51	54,06,680	10	1.51
Citrus Processing India Pvt Ltd. (Refer Note 1)	11,51,234	10	34.09	11,51,234	10	34.09
CL Educate Ltd.	5,94,233	10	35.08	5,94,233	10	35.08
Feedback Infra Pvt. Ltd. (Erstwhile Feedback Ventures Pvt. Ltd.)	7,53,114	10	24.93	18,10,515	10	8.97
GVFL Ltd.	1,50,000	10	0.27	1,50,000	10	0.27
Goods & Services Tax Network	10,00,000	10	1.00	10,00,000	10	1.00
IDFC Infra Debt Fund Ltd. (Refer Note 1)	6,00,00,000	10	60.00	-	-	-
Idhasoft Ltd.	4,71,06,525	1	8.21	4,71,06,525	1	8.21
INCAB Industries Ltd.	76,188	10	0.23	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	0.15	1,50,000	10	0.15
Infrastructure Leasing & Financial Services Ltd.	1,15,87,194	10	78.11	1,15,87,194	10	78.11
Iridium India Telecom Ltd *	31,75,750	10	0.00	-	-	-
IVF Advisors Pvt. Ltd.	2,000	10	0.01	2,000	10	0.01
Kesoram Textile Mills Ltd. (received on demerger in 1999-2000)	22,258	2	-	22,258	2	-
Mahindra First Choice Wheels Ltd.	-	-	-	31,82,000	10	4.84
MIEL e-Security Pvt. Ltd.	1,11,112	10	4.11	1,11,112	10	4.11
Carried forward			<b>284.36</b>			<b>223.23</b>



	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
<b>Brought forward</b>			<b>294.35</b>			<b>223.23</b>
National Stock Exchange of India Ltd.	73,750	10	21.45	73,750	10	21.45
Next Gen Publishing Ltd.	19,35,911	10	1.70	19,35,911	10	1.70
Novacel Life Sciences Ltd.	7,50,000	10	0.75	7,50,000	10	0.75
GCM India Ltd.	22,58,295	10	3.41	22,58,295	10	3.41
Tamil Nadu Urban Infrastructure Financial Services Ltd.	1,50,000	10	0.15	1,50,000	10	0.15
Tamil Nadu Urban Infrastructure Trustee Co. Ltd.	15,000	10	0.02	15,000	10	0.02
The Greater Bombay Co-operative Bank Ltd. *	40	25	0.00	40	25	0.00
RBL Bank Ltd.	88,04,680	10	58.99	88,04,680	10	58.99
TVS Credit Services Ltd.	50,00,000	10	10.00	50,00,000	10	10.00
VBHC Value Homes Private Limited (Refer Note 1)	1,89,394	10	6.08	1,89,394	10	6.08
Vayana Enterprises Pvt. Ltd.	6,87,614	10	2.29	10,44,778	10	3.47
			<b>399.19</b>			<b>329.25</b>
<b>Listed :</b>						
Andhra Cements Ltd.	2,59,57,055	10	49.82	2,59,57,055	10	49.82
Bharat Bijlee Ltd.	1,22,480	10	2.65	1,22,480	10	2.65
Coromandel International Ltd (received under Scheme of Arrangement in 2003-04)	2,69,330	2	-	2,69,330	2	-
DCB Bank Ltd (erstwhile Development Credit Bank Ltd)			-	40,47,928	10	16.89
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	105.50	1,48,26,303	10	105.50
Indraprastha Medical Corporation Ltd.	81,48,897	10	26.39	90,00,000	10	38.65
Infosys Ltd.	85,000	5	9.32			
IDFC Ltd.	3,72,159	10	0.22	27,84,319	10	2.79
IDFC Bank Ltd.	19,94,319	10	0.79			
Kotak Mahindra Bank Ltd.	1,66,201	5	10.58			
Siemens Ltd.	76,353	2	2.70	2,02,707	2	7.15
State Bank of India	3,25,000	10	7.52			
Sun Pharmaceuticals Industries Ltd.	1,80,768	1	13.95			
Tata Power Company Ltd.	7,00,000	1	4.18			
			<b>233.93</b>			<b>223.45</b>
* Amount less than ₹ 50,000			<b>633.12</b>			<b>552.70</b>
<b>Preference Shares - Convertible (fully paid)</b>	<b>Number of Shares</b>	<b>Face Value per Share ₹</b>	<b>As at March 31, 2016 ₹ in Crore</b>	<b>Number of Shares</b>	<b>Face Value per Share ₹</b>	<b>As at March 31, 2015 ₹ in Crore</b>
0.02% Ziqilza Healthcare Ltd. (Compulsorily Fully Convertible Preference Shares)	2,350	10	0.50	2,350	10	0.50
			<b>0.50</b>			<b>0.50</b>
<b>Preference Shares - Cumulative Redeemable (fully paid)</b>						
0.001% BPL Ltd.	5,99,014	100	5.99	5,99,014	100	5.99
			<b>5.99</b>			<b>5.99</b>
<b>Debentures and Bonds - Redeemable - for financing Real Estate Projects (fully paid)</b>	<b>Number of Debentures/Bonds</b>	<b>Face Value per Bond (₹)</b>	<b>As at March 31, 2016 ₹ in Crore</b>	<b>Number of Debentures/Bonds</b>	<b>Face Value per Bond (₹)</b>	<b>As at March 31, 2015 ₹ in Crore</b>
<b>- Zero Coupon Bonds</b>						
<b>- Listed Unquoted</b>						
NHB Sumeru Zero Coupon Bonds (Refer Note 3 below) (yield to maturity - 9%)	1,50,000	10,000	63.33	1,50,000	10,000	63.33
			<b>63.33</b>			<b>63.33</b>





	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2016 ₹ in Crore	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2015 ₹ in Crore
<b>Debentures and Bonds - Convertible - Others (fully paid)</b>						
17.50% Iridium India Telecom Ltd *	28,750	1,000	0.00	-	-	-
* Amount less than ₹ 50,000			<u>0.00</u>			<u>-</u>
<b>Debentures and Bonds - Redeemable - Others (fully paid)</b>						
- Unlisted						
10.25% RBL Bank Ltd	250	10,00,000	25.00	-	-	-
			<u>25.00</u>			<u>-</u>
			As at March 31, 2016 ₹ in Crore			As at March 31, 2015 ₹ in Crore
<b>Pass Through Certificates &amp; Security Receipts - for financing Real Estate Projects</b>						
Pass Through Certificates			15.54			17.13
Security Receipts			19.97			19.97
			<u>35.51</u>			<u>37.10</u>
- Others						
Security Receipts			11.73			8.11
			<u>11.73</u>			<u>8.11</u>
<b>Government Securities</b>						
Government of India Loans			5,087.40			4,087.64
			<u>5,087.40</u>			<u>4,087.64</u>
<b>Schemes of Mutual Funds</b>						
HDFC Mutual Fund			-			10.00
			<u>-</u>			<u>10.00</u>
<b>Venture Funds</b>						
Emerging Capital India Evolving Fund			37.16			27.11
HDFC Capital Affordable Real Estate Fund - I			0.59			-
India Value Fund			48.75			47.24
India Venture Trust			-			5.00
Kalzan Domestic Scheme 1			8.92			7.29
Tata Capital Growth Fund			7.80			6.72
Tamil Nadu Urban Development Fund			-			16.72
			<u>103.22</u>			<u>110.08</u>

**Notes :**

- 1) Unquoted investments include ₹ 100.17 crore (Previous Year ₹ 40.17 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ 80.74 crore (Previous Year ₹ 60.74 crore) in respect of equity shares, which are subject to restrictive covenant.
- 2) Market value of investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
- 3) NHB Sumeru Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.



14

**DEFERRED TAX ASSET / LIABILITY:**

In compliance with the Accounting Standard (AS 22) relating to 'Accounting for Taxes on Income', the Corporation has taken debit of ₹ 142.00 crore (Previous Year ₹ 271.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2016 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ 559.54 crore (Previous Year ₹ 559.54 crore) has been adjusted against the General Reserve (as per Note 3.2).

The major components of deferred tax assets and liabilities are :

Particulars	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
a) Depreciation		58.92		61.92
b) Special Reserve I & II		1,862.81		924.31
c) Provision for Contingencies	959.04		726.81	
d) Provision for Employee Benefits	47.80		43.48	
e) Accrued Redemption Loss (net)	5.23		5.53	
f) Others (net)	7.45		9.74	
<b>Total</b>	<b>1,019.52</b>	<b>1,921.73</b>	<b>785.56</b>	<b>986.23</b>
<b>Net Deferred Tax Liability</b>	<b>902.21</b>		<b>200.67</b>	

15

**LONG-TERM LOANS AND ADVANCES**

	₹ in Crore [Notes 15.3, 15.4 & 15.5]	As at	As at
		March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
<b>Loans:</b>			
- Individuals		1,69,017.37	1,46,668.23
- Corporate Bodies		61,071.84	52,768.61
- Others		3,347.49	2,724.33
		<u>2,33,436.70</u>	<u>2,02,161.17</u>
Less: Provision for Sub-Standard and Doubtful loans (including additional provision made by the Corporation in the previous year)	[Note 15.6 & 30.1]	(566.16)	(480.74)
		<u>2,32,870.54</u>	<u>2,01,680.43</u>
<b>Others:</b>			
Corporate Deposits - Unsecured; Considered doubtful	2.00		2.00
Corporate Deposits - Secured; Considered good	3.80		-
Capital Advances - Unsecured, considered good	9.94		10.70
Advance against Investment in Properties	-		0.59
Security Deposits - Unsecured; considered good	19.47		18.69
Instalments due from borrowers - Secured; Considered doubtful	108.84		99.39
Others - Unsecured; Considered doubtful	49.71		49.71
<b>Other Long-term Loans and Advances:</b>			
- Staff Loans Others - Secured; considered good [Refer Note 15.1]	18.14		17.53
- Prepaid Expenses - Unsecured, considered good	111.97		91.16
- Advance Tax (Net of Provision)	2,396.57		2,326.66
	<u>2,720.44</u>		<u>2,616.43</u>
Less : Provision for Doubtful Corporate Deposit & Other Receivable: [Note 32.1]	51.71		51.71
		<u>2,668.73</u>	<u>2,564.72</u>
		<u>2,35,539.27</u>	<u>2,04,245.15</u>



- 15.1 Loans include amounts due from the directors ₹ 0.05 crore (Previous Year ₹ 0.08 crore) [Refer Note 35].
- 15.2 Investments in Debentures, Pass Through Certificates and Security Receipts amounting to ₹ 364.02 crore (Previous Year ₹ 100.44 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected as a part of Long Term Investment in Note 13.
- 15.3 Loans granted by the Corporation aggregating to ₹ 2,33,106.17 crore (Previous Year ₹ 1,99,935.60 crore) are secured or partly secured by one or a combination of the following securities;
- 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's (e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit)
- 15.4 Loans include ₹ 75.77 crore (Previous Year ₹ 198.33 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- 15.5 Long term loans and advances includes Sub-Standard and Doubtful Loans of ₹ 1,832.75 crore (Previous Year ₹ 1,542.36 crore). [Refer Note 30.1]
- 15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 32.1]

Particulars	₹ in Crore	
	Current Year	Previous Year
Opening Balance	480.74	545.96
Additions/(Reversal) during the year (Net) [Refer Note 30.2]	85.42	(37.44)
Utilised during the year – towards Loans written off	-	(27.78)
Closing Balance	566.16	480.74

16 **OTHER NON-CURRENT ASSETS**

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Receivables on Securitised Loans	371.18	353.19
Forward Receivable	83.69	104.00
Amounts Receivable on swaps and other derivatives	87.22	-
Interest accrued but not due on Loans	80.34	373.24
Interest accrued but not due on Bank Deposits	0.72	28.16
Income accrued but not due on Investments	52.54	42.93
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	64.04	1,863.59
	<b>739.73</b>	<b>2,763.11</b>

- 16.1 Bank deposits, with maturities beyond twelve months from the balance sheet date, includes earmarked balances ₹ 53.90 crore (Previous Year ₹ 58.46 crore) against foreign currency loans [Refer Note 4.4] and ₹ 0.14 crore (previous year ₹ 0.13 crore) towards letter of credit issued by Bank.



	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>Held as current Investments</b>		
<b>(At lower of cost and fair value unless stated otherwise stated)</b>		
<b>Trade</b>		
Equity Shares - Subsidiary Companies	108.67	108.67
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable [Refer Note 20.5]	-	255.18
Venture Funds	176.35	-
<b>Non Trade</b>		
Equity Shares - Unlisted	+	45.00
Debentures and Bonds - Redeemable	-	10.00
<b>Current portion of Long Term Investments (at cost)</b>		
Debentures and Bonds - Redeemable - for Financing Real Estate Projects [Note 20.5]	-	100.00
Debentures and Bonds - Redeemable - Others	-	20.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	6.05	13.11
Government Securities	172.13	-
Mutual Funds	10.00	-
Venture Funds & Other Funds	41.19	44.77
	<u>514.39</u>	<u>606.73</u>
Less Provision for Diminution in Value of Investments	6.80	4.09
	<u>507.59</u>	<u>602.64</u>
	<b>Book Value</b> ₹ in Crore	<b>Market Value</b> ₹ in Crore
<b>Aggregate of Quoted Investments</b>	-	+
Previous Year	-	-
<b>Aggregate of Investments listed but not quoted</b>	172.13	-
Previous Year	110.00	-
<b>Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)</b>	10.00	10.35
Previous Year	-	-
<b>Aggregate of Unquoted Investments (Others)</b>	325.46	-
Previous Year	492.64	-
	<u>507.59</u>	<u>602.64</u>
Previous Year	602.64	-



**Held as Current Investments**  
**Trade Investments :**

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
<b>Equity Shares - Subsidiary Companies (fully paid) *</b>						
Grandeur Properties Pvt. Ltd.	10,000	10	49.80	10,000	10	49.80
Windemere Properties Pvt. Ltd.	10,000	10	56.68	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	2.19	10,000	10	2.19
			<u>108.67</u>			<u>108.67</u>

	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2016 ₹ in Crore	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2015 ₹ in Crore
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**Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects**  
**- Redeemable (fully paid)\***

6.40%	Haddock Properties Pvt Ltd	6,981	1,00,000	56.38
9.00%	Pentagram Properties Pvt Ltd	5,532	1,00,000	54.47
8.50%	Winchester Properties Pvt Ltd	3,912	1,00,000	39.12
7.70%	Windemere Properties Pvt Ltd	11,520	1,00,000	115.20
				<u>265.16</u>

\* received in specie distribution

**Venture Funds**  
**HDFC Investment Trust**

176.35

176.35

**Non - Trade Investments:**

**Equity Shares - Unlisted**

Avantha Power & Infrastructure Ltd.

Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
		-	145,35,188	10	45.00
					<u>45.00</u>

**Debentures and Bonds - Redeemable (fully paid)**

**- Listed Unquoted**

11.25% DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)

Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2016 ₹ in Crore	Number of Debentures/Bonds	Face Value per Debenture/Bond (₹)	As at March 31, 2015 ₹ in Crore
		-	100	10,00,000	10.00
					<u>10.00</u>



**Current portion of Long Term Investments**

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2016 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2015 ₹ in Crore
<b>Debentures and Bonds - Redeemable</b>						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
Trent Ltd. (yield to maturity - 10%)			-	1,000	10,00,000	100.00
			<u>-</u>			<u>100.00</u>
<b>Debentures and Bonds - Redeemable - Others (fully paid)</b>						
- Unlisted						
3% Feedback Infra Private Ltd (yield to maturity - 13%)			-	2,00,000	1,000	20.00
			<u>-</u>			<u>20.00</u>
			<b>As at March 31, 2016</b>			<b>As at March 31, 2015</b>
			<b>₹ in Crore</b>			<b>₹ in Crore</b>
<b>Pass Through Certificates &amp; Security Receipts - for financing Real Estate Projects</b>						
Pass Through Certificates						
Security Receipts						
			-			1.59
			<u>6.05</u>			<u>11.52</u>
			<u>6.05</u>			<u>13.11</u>
<b>Government Securities</b>						
Government of India Loans						
			<u>172.13</u>			<u>-</u>
<b>Schemes of Mutual Funds</b>						
HDFC Mutual Fund						
			<u>10.00</u>			<u>-</u>
			<u>10.00</u>			<u>-</u>
<b>Venture Funds and Other Funds</b>						
Gaja Capital India Fund - I						
			7.15			8.40
HDFC India Real Estate Fund (HI-REF)						
			9.24			27.38
Tamil Nadu Urban Development Fund						
			16.72			-
India Venture Trust - Fund 1						
			6.00			-
India Value Fund						
			<u>3.08</u>			<u>8.99</u>
			<u>41.19</u>			<u>44.77</u>



18	TRADE RECEIVABLES	As at	As at
		March 31, 2016 ₹ In Crore	March 31, 2015 ₹ In Crore
	Trade Receivables - Unsecured; Considered Good, less than six months	144.66	46.18
		<u>144.66</u>	<u>46.18</u>

18.1 Trade Receivables includes amounts due from the related parties ₹ 139.20 crore (Previous Year ₹ 45.14 crore) [Refer Note 35].

19	CASH AND BANK BALANCES	As at	As at
		March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
	(a) Cash and cash equivalents		
	(i) Balances with banks:		
	In Current Accounts	2,582.98	81.50
	In Deposit accounts with original maturity of 3 months or less	0.00	2,600.00
	(ii) Cash on hand	0.39	0.31
	(iii) Cheques on hand	54.73	95.12
		<u>2,638.10</u>	<u>2,756.93</u>
	(b) Other Bank balances		
	(i) In other Deposit accounts		
	- original Maturity more than 3 months	2,165.10	580.02
	(ii) Earmarked balance with banks		
	- Unclaimed Dividend Account	493.44	20.47
	- Towards Guarantees Issued by Banks	0.06	0.13
	- Other - Against Foreign Currency Loans [Refer Note 4.4]	7.89	7.10
		<u>2,666.59</u>	<u>607.71</u>
		<u>5,304.69</u>	<u>3,364.65</u>

20	SHORT-TERM LOANS AND ADVANCES	As at	As at
		March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
	Loans: (refer Note 20.1)		
	Current maturities of long-term loans and advances	23,577.61	23,569.97
	Corporate Bodies	<u>2,210.09</u>	<u>2,448.72</u>
		26,787.70	26,018.69
	Others:		
	Current maturities of Staff Loans - others -Secured; Considered good [Refer Note 20.6]	4.81	4.35
	Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]	1,353.86	921.34
	Instalments due from borrowers - Secured; Considered good	987.55	900.88
	Other Advances - Unsecured; Considered good [Refer Note 20.4]	31.80	33.26
	Prepaid Expenses - Unsecured; Considered good	139.65	99.22
	Security Deposits - Unsecured; Considered good	<u>8.47</u>	<u>7.23</u>
		2,526.04	1,966.28
		<u>28,313.74</u>	<u>27,985.97</u>

20.1 Loans granted by the Corporation, aggregating ₹ 21,225.01 crore (Previous Year ₹ 22,922.81 crore) are secured and considered good [Refer Note 15.3].

20.2 Out of the Corporate Deposits, amounts aggregating to ₹ 522.87 crore (Previous Year ₹ 253.40 crore) are secured and considered good [Refer Note 15.3].



- 20.3 Corporate Deposits includes amounts due from the related parties ₹ 14.08 crore (Previous Year ₹ 23.58 crore) [Refer Note 35].
- 20.4 Other Advances includes amounts due from the related parties ₹ 10.53 crore (Previous Year ₹ 9.48 crore) [Refer Note 35].
- 20.5 Investments in Debentures and Corporate Deposits amounting to ₹ 905.59 crore (Previous Year ₹ 804.77 crore) are towards financing Real Estate Projects. The Debentures are classified as investments in Note 17.
- 20.6 Current maturities of staff loans includes amounts due from the directors ₹ 0.01 crore (Previous Year ₹ 0.05 crore) [Refer Note 35].

21 **OTHER CURRENT ASSETS**

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Receivables on Securitised Loans	68.27	53.30
Receivables on Sale of Investments	1,705.62	-
Interest accrued but not due on Loans	583.02	343.13
Interest accrued and due on Loans	0.01	0.22
Income accrued but not due on Investments	137.13	166.81
Interest accrued but not due on Corporate Deposits	205.64	11.12
Interest accrued and due on Corporate Deposits	1.10	0.72
	<b>2,700.79</b>	<b>575.30</b>

- 21.1 Receivables on Sale of Investments represents amount receivable on sale of shares of HDFC Standard Life Insurance Company Limited. The same has been realised subsequent to the reporting date.

22 **CONTINGENT LIABILITIES AND COMMITMENTS:**

The Company is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

- 22.1 Given below are amounts in respect of claims asserted by revenue authorities and others:
- a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ 1,290.84 crore (Previous Year ₹ 1,103.51 crore). The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.
- b) Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ 0.15 crore (Previous Year ₹ 0.15 crore).

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

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

- 22.2 Contingent liability in respect of guarantees and undertakings comprise of the following:
- a) Guarantees ₹ 500.32 crore (Previous Year ₹ 361.68 crore).
- b) Corporate undertakings for securitisation of receivables aggregated to ₹ 1,869.83 crore (Previous Year ₹ 1,919.65 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

- 22.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 652.74 crore (Previous Year ₹ 252.82 crore).





23	REVENUE FROM OPERATIONS	Current Year	Previous Year
		₹ In Crore	₹ in Crore
	<b>Interest Income :</b>		
	- Interest on Loans	26,799.90	24,713.80
	- Other Interest	[Note 23.1] 961.26	891.79
	- Net Gain on foreign currency transactions and translation	0.86	0.18
	Income from Leases	6.31	10.38
	Dividends	[Note 23.2] 806.88	688.28
	Surplus from deployment in Cash Management Schemes of Mutual Fun	[Note 23.3] 307.87	364.55
	Fees and Other Charges	[Note 23.4] 374.23	290.90
		<b>29,257.31</b>	<b>26,959.88</b>

23.1 a) Other Interest includes interest on investments amounting to ₹ 389.96 crore (Previous Year ₹ 387.05 crore), including ₹ 21.95 crore (Previous Year ₹ 43.03 crore) in respect of investments classified as current investments.

b) Other Interest includes interest on income tax refund ₹ Nil (Previous Year ₹ 44.31 crore).

23.2 Dividend income includes ₹ 477.22 crore (Previous Year ₹ 400.02 crore) received from subsidiary companies which have been classified as Long Term Investments [Refer Note 35].

23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ 307.87 crore (Previous Year ₹ 364.55 crore) is in respect of investments held as current investments.

23.4 Fees and Other Charges is net of the amounts paid to Direct Selling Agents ₹ 442.16 crore (Previous Year ₹ 354.75 crore).

23.5 Earnings in foreign currency :

Particulars	₹ in crore	
	Current year	Previous Year
Interest on Bank Deposits	2.72	2.43
Consultancy and other fees	4.78	5.32

23.6 Fees and Other Charges includes brokerage of ₹ 0.05 crore (Previous Year ₹ 0.08 crore) received in respect of insurance/agency business undertaken by the Corporation.

24 Profit on sale of investments includes profit of ₹ 1,513.41 crore (Previous Year ₹ 260.47 crore) on account of sale of equity shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company).

25 Other Income includes rent of ₹ 26.51 crore (Previous Year ₹ 12.56 crore).

25.1 In accordance with the Accounting Standard (AS 19) on 'Leases', the following disclosures in respect of Operating Leases are made :

Income from Leases includes ₹ 4.83 crore (Previous Year ₹ 4.01 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

Period	₹ in crore	
	Current Year	Previous Year
Not later than one year	4.16	3.37
Later than one year but not later than five years	1.15	2.19
Later than five years	-	-



**FINANCE COST**

	Current Year ₹ in Crore	Previous Year ₹ in Crore
<b>Interest</b>		
- Loans	2,190.03	2,332.01
- Deposits	6,665.38	6,139.40
- Bonds and Debentures	7,749.72	7,646.40
- Commercial Paper	2,578.36	1,746.90
	<b>19,183.49</b>	<b>17,864.71</b>
Net (Gain) / Loss on foreign currency transactions and translation [Refer Note 26.2]	52.86	-19.77
Other charges [Refer Note 26.1]	138.16	130.15
	<b>19,374.51</b>	<b>17,975.09</b>

26.1 Other Charges is net of exchange gain ₹ 0.13 crore (Previous Year includes exchange loss of ₹ 0.32 crore)

26.2 A net loss of ₹ 52.00 crore (Previous Year gain of ₹ 19.95 crore) has been recognised in the Statement of Profit and Loss being net loss on transaction and translation of foreign currency monetary assets and liabilities as shown

Particulars	Current Year	Previous Year
Exchange (Gain) / Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings [Refer Note 3.6]	2.81	(34.72)
- Cross Currency Interest Rate Swaps [Refer Note 4.7]	108.26	107.98
Net Exchange (Gain) / Loss on Translation [Refer Note 3.6]	111.07	73.26
Realised (Gain) / Loss	(58.21)	(93.03)
Net (Gain)/Loss on foreign currency transaction and translation recognised in finance cost	52.86	(19.77)
Realised (Gain) / Loss recognised in Revenue from operations [Refer Note 23]	(0.86)	(0.18)
Net (Gain)/Loss recognised in statement of Profit and Loss	52.00	(19.95)

26.3 Expenditure in foreign currency :

Particulars	Current year	Previous Year
Interest and Other Charges on Loans	125.08	41.01
Others	20.59	16.17

The above amounts are net of tax deducted at source

**27 STAFF EXPENSES**

[Refer Notes 27.3]

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Salaries and Bonus [Refer Notes 27.1 & 27.2]	274.11	263.87
Contribution to Provident Fund and Other Funds	58.35	51.34
Staff Training and Welfare Expenses	16.83	13.25
	<b>349.09</b>	<b>328.46</b>

27.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ 4.14 crore (Previous Year ₹ 3.53 crore)



### Employee Benefits

#### (a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ 287.31 crore and ₹ 286.17 crore respectively (Previous Year ₹ 245.38 crore and ₹ 244.59 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.80%. The actuarial assumptions include discount rate of 7.86% (Previous Year 7.96%) and an average expected future period of 13 years (Previous Year 16.95 years).

The Company recognised ₹ 13.73 crore (Previous Year ₹ 12.55 crore) for provident fund contributions and ₹ 12.16 crore (Previous Year ₹ 10.17 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### (b) Defined benefit plans

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

Particulars	₹ in crore	
	Current Year	Previous Year
<b>Change in the Benefit Obligations:</b>		
Liability at the beginning of the year	180.38	146.36
Current Service Cost	6.59	5.09
Interest Cost	14.35	13.63
Benefits Paid	(11.16)	(8.37)
Actuarial loss	20.50	23.67
Liability at the end of the year *	210.66	180.38
* The Liability at the end of the year ₹ 210.66 crore (Previous Year ₹ 180.38 crore) includes ₹ 46.90 crore (Previous Year ₹ 44.12 crore) in respect of an un-funded plan.		
<b>Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	130.47	108.14
Expected Return on Plan Assets	10.39	9.41
Contributions	20.79	13.50
Actuarial loss on Plan Assets	(1.34)	(0.58)
Fair Value of Plan Assets at the end of the year	160.31	130.47
Total Actuarial loss to be recognised	(21.84)	(24.25)
<b>Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	10.39	9.41
Actuarial loss on Plan Assets	(1.34)	(0.58)
Actual Return on Plan Assets	9.05	8.83
<b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>		
Opening Net Liability	49.91	38.22
Expense recognised	32.39	33.56
Contribution by the Corporation	(20.79)	(13.50)
Benefits paid by the Corporation / Insurance Companies	(11.16)	(8.37)
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" ₹ 49.82 crore (Previous Year ₹ 49.38 crore) and under "Short term Provision for Employee Benefits" ₹ 0.53 crore (Previous Year ₹ 0.53 crore).	50.35	49.91



Particulars	Current Year	Previous Year
<b>Expense Recognised in the Statement of Profit and Loss :</b>		
Current Service Cost	6.59	5.09
Interest Cost	14.35	13.63
Expected Return on Plan Assets	(10.39)	(9.41)
Net Actuarial loss to be recognised	21.84	24.25
Expense recognised in the Statement of Profit and Loss under "Staff Expenses"	32.39	33.56

**Amount Recognised in the Balance Sheet:**

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
	₹ in crore				
Liability at the end of the year	210.66	180.38	146.36	128.13	107.69
Fair Value of Plan Assets at the end of the year	160.31	130.47	108.14	87.51	75.56
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" and "Short term Provision for Employee Benefits"	50.35	49.91	38.22	40.62	32.13
<b>Experience Adjustment :</b>					
On Plan Liabilities	5.11	23.67	20.44	17.25	10.58
On Plan Assets	(1.34)	(0.58)	(3.01)	(6.16)	(4.61)
Estimated Contribution for next year	11.94	10.49	6.19	8.03	6.79

**Investment Pattern:**

Particulars	Current Year	Previous Year
	% Invested	
Central Government securities	17.99	26.91
State Government securities / securities guaranteed by State / Central Government	22.51	17.05
Public Sector / Financial Institutional Bonds	10.27	12.10
Private Sector Bonds	27.99	19.98
Special Deposit Scheme	1.38	1.69
Certificate of Deposits	1.88	-
Deposits with Banks and Financial Institutions	0.94	1.02
Equity Shares	11.94	17.76
Repo(Repurchase)	0.57	
Others (including bank balances)	4.53	3.49
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

**Principal Assumptions:**

Particulars	Current Year	Previous Year
Discount Rate	7.86%	7.96%
Return on Plan Assets	7.86%	7.96%
Salary Escalation	6.00%	5.00%

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



**ESTABLISHMENT EXPENSES**

		Current Year ₹ in Crore	Previous Year ₹ in Crore
Rent	[Refer Note 28.1]	53.18	59.68
Rates and Taxes		2.80	2.72
Repairs and Maintenance - Buildings		8.39	6.26
General Office Expenses		4.04	2.36
Electricity Charges		15.07	13.95
Insurance Charges		0.71	0.79
		<b>84.19</b>	<b>85.76</b>

28.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made :

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ 0.62 crore (Previous Year ₹ 23.50 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ Nil (Previous Year ₹ 14.09 crore) have been netted off from rent expenses. The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

Period	₹ in crore	
	Current Year	Previous Year
Not later than one year	0.20	0.17
Later than one year but not later than five years	-	-
Later than five years	-	-

**OTHER EXPENSES**

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Travelling and Conveyance	18.12	16.73
Printing and Stationery	8.72	8.89
Postage, Telephone and Fax	25.50	23.67
Advertising	33.43	27.42
Repairs and Maintenance - Other than Buildings	8.32	7.89
Office Maintenance	24.00	22.16
Legal Expenses	12.65	12.49
Computer Expenses	17.41	14.91
Directors' Fees and Commission	3.87	3.90
Miscellaneous Expenses [Refer Note 29.1]	114.42	120.61
Auditors' Remuneration [Refer Note 29.2]	4.96	3.96
	<b>271.40</b>	<b>262.63</b>



29.1 Miscellaneous Expenses include Provision for Wealth Tax amounting to ₹ Nil (Previous Year ₹ 2.51 crore) and Securities Transaction Tax amounting to ₹ 0.14 crore (Previous Year ₹ 0.29 crore).

29.2 Auditors' Remuneration:

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Audit Fees	1.36	1.23
Tax Matters	1.04	0.96
Other Matters	2.53	1.76
Reimbursement of Expenses	0.03	0.01
	<b>4.96</b>	<b>3.96</b>

- a) Audit Fees include ₹ 0.04 crore (Previous Year ₹ 0.04 crore) paid to Branch Auditors.
- b) Auditors' Remuneration exclude ₹ 0.75 crore (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.
- c) Auditors' Remuneration above is excluding Service Tax and Swachh Bharat Cess.

30 **PROVISION FOR LOANS AND ADVANCES**

30.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Note 6.1 & 15]:

Particulars	₹ in crore			
	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
- Principal Outstanding	1,86,989.24	1,64,249.91	73,960.12	65,728.85
- Provisions	869.50	756.66	471.53	414.26
Sub-Standard Assets				
- Principal Outstanding	540.38	411.83	576.01	335.54
- Provisions	82.04	64.50	86.40	50.33
Doubtful Assets				
- Principal Outstanding	428.27	406.71	339.80	439.99
- Provisions	253.01	229.27	196.41	188.35
Total				
- Principal Outstanding	1,87,957.89	1,65,068.45	74,875.93	66,504.38
- Provisions	1,204.65	1,050.43	754.34	662.94



- 30.2 During the year ₹ 715 crore (Previous Year ₹ 165 crore) has been charged to the Statement of Profit and Loss towards provision for contingencies as under:

		₹ in crore	
Particulars		Current Year	Previous
To Provision for Contingencies Account (Net)	[Refer Note 6.2]	629.58	202.44
To Provision for Sub-Standard & Doubtful Loans	[Refer Note 15.6]	85.42	(37.44)
		715.00	165.00

Provision for contingencies includes an additional provision of ₹ 450 crore towards standard assets and other contingencies

- 30.3 Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in the Value of Investments amounting to ₹ 17.02 crore (Previous Year ₹ 10.04 crore). The balance of the Provision represents provision made against standard / non-performing assets and other contingencies.

- 31 In accordance with the Accounting Standard (AS) 20 on 'Earnings Per Share':

- (i) In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ 7,093.10 crore (Previous Year ₹ 5,990.14 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ 85.32 crore (Previous Year ₹ 10.83 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ 7,007.79 crore (Previous Year ₹ 5,979.31 crore) and the weighted average number of shares during the year of 157.72 crore (Previous Year 156.82 crore).

- (ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

		Amount in ₹	
Particulars		Current Year	Previous Year
Basic Earnings Per Share		44.43	38.13
Effect of outstanding Stock Options		(0.33)	(0.35)
Diluted Earnings Per Share		44.10	37.78

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

		Number in Crore	
Particulars		Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share		157.72	156.82
Diluted effect of outstanding Stock Options		1.20	1.45
Weighted average number of shares for computation of Diluted Earnings Per Share		158.92	158.27



## Summary of total Borrowings, Loans and Investments

**Borrowings**

₹ in crore

Term-wise Break-up	Current Year	Previous Year
Long-term borrowings	1,09,184.45	97,602.34
Short-term borrowings	41,502.68	33,257.71
Current maturities of long-term borrowings	86,952.03	77,738.98
Unclaimed matured deposits	554.09	617.92
<b>Total Borrowings</b>	<b>2,38,193.25</b>	<b>2,09,216.95</b>
Category-wise Break-up		
Bonds and Debentures	95,118.20	90,657.55
Term Loans :		
- Banks	34,579.40	22,575.87
- External Commercial Borrowing	5,318.40	1,884.00
- Others	2,780.52	1,734.37
Commercial Papers	25,726.49	25,659.20
Deposits	74,670.24	66,705.96
<b>Total Borrowings</b>	<b>2,38,193.25</b>	<b>2,09,216.95</b>

**Loans**

₹ in crore

Term-wise Break-up	Current Year	Previous Year
Long-term loans	2,33,436.70	2,02,161.17
Current maturities of long-term loans	23,577.61	23,569.97
Short term loans	2,210.09	2,449.72
	2,59,224.40	2,28,180.86
Less: Provision for Sub-Standard and Doubtful loans	(566.16)	(480.74)
<b>Net Loan Book</b>	<b>2,58,658.24</b>	<b>2,27,700.12</b>
Category-wise Break-up		
Individual	1,79,967.49	1,55,689.71
Corporate Bodies	75,228.46	69,144.76
Others	4,028.45	3,346.39
	2,59,224.40	2,28,180.86
Less: Provision for Sub-Standard and Doubtful loans	(566.16)	(480.74)
<b>Net Loan Book</b>	<b>2,58,658.24</b>	<b>2,27,700.12</b>

**Investments**

₹ in crore

Particulars	Current Year	Previous Year
Non-Current Investments	14,837.84	13,691.70
Current Investments	507.59	602.64
<b>Total Investments</b>	<b>15,345.43</b>	<b>14,294.34</b>

## 32.1 Summary of total Provision for Contingencies:

₹ in crore

Particulars	Current Year	Previous Year
Provision for Contingencies Account [Refer Note 6.2]	2,077.47	1,501.44
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	566.16	480.74
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	51.71	51.71
	<b>2,695.34</b>	<b>2,033.89</b>





### Disclosures Required by the National Housing Bank

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Poi-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

#### (a) Capital to Risk Assets Ratio (CRAR)

Particulars	Current Year	Previous Year
1) CRAR	16.55%	16.11%
2) CRAR – Tier I Capital	13.11%	12.47%
3) CRAR – Tier II Capital	3.44%	3.64%

#### (b) Exposure to Real Estate Sector

Particulars		₹ in crore	
		Current Year	Previous Year
1.	Direct Exposure		
A	Residential Mortgages : Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual Housing Loans upto ₹ 15 Lacs: ₹ 24,414.89 crore (Previous Year ₹ 23,132.28 crore)	1,73,353.55	1,50,587.27
B	Commercial Real Estate : Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits:	61,385.62	52,038.26
C	Investments in Mortgage Backed Securities (MBS) and other securitised exposures – (i) Residential (ii) Commercial Real Estate	15.54 -	18.73 -
2.	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	174.96	165.88

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

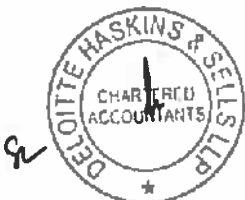
#### (c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2016:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing

Current Year ₹ in crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,800.00	1,299.89	4,249.76	9.87
Over one month to 2 months	-	2,064.78	3,275.91	2.20
Over 2 to 3 months	2,200.50	1,439.86	4,580.09	-
Over 3 to 6 months	1,987.16	4,855.37	12,731.44	216.20
Over 6 months to 1 year	7,136.01	20,342.42	26,435.58	5,471.77
Over 1 to 3 years	15,975.35	34,641.77	76,376.81	381.52
Over 3 to 5 years	7,970.52	29,672.85	53,301.13	777.89
Over 5 to 7 years	2,528.26	18,627.75	32,903.00	8,341.14
Over 7 to 10 years	-	7,900.00	26,521.32	22.99
Over 10 years	300.00	-	18,283.20	121.85
<b>Total</b>	<b>39,897.80</b>	<b>1,20,844.69</b>	<b>2,58,658.24</b>	<b>15,345.43</b>



Maturity pattern of certain items of assets and liabilities as on March 31, 2015:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing

Maturity Buckets	Previous Year ₹ in crore			
	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,466.46	1,545.98	3,517.52	137.38
Over one month to 2 months	241.56	1,910.99	3,651.55	200.00
Over 2 to 3 months	942.93	3,635.48	5,271.02	1,196.43
Over 3 to 6 months	956.52	8,105.56	13,746.75	2,297.74
Over 6 months to 1 year	3,745.62	8,900.30	24,593.70	899.90
Over 1 to 3 years	8,870.14	34,029.98	71,215.10	256.21
Over 3 to 5 years	5,891.61	27,788.63	47,830.53	810.60
Over 5 to 7 years	2,345.03	21,895.63	22,699.28	8,444.94
Over 7 to 10 years	-	7,504.20	21,735.59	-
Over 10 years	-	1,000.00	13,439.08	51.14
<b>Total</b>	<b>24,459.87</b>	<b>1,16,316.75</b>	<b>2,27,700.12</b>	<b>14,294.34</b>

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

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#### **DIVIDEND PAYABLE TO NON-RESIDENT SHAREHOLDERS**

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

Particulars	Current Year		Previous Year	
	Interim	Final	Interim	Final
Year to which the dividend relates	2015-16	2014-15	2014-15	2013-14
Number of non-resident shareholders	6,374	5,460	5,110	4,495
Number of shares held by them of Face Value of ₹ 2 each	122,84,80,105	124,81,94,486	126,10,53,766	122,23,33,357
Gross amount of dividend (in ₹)	368,53,80,315	1622,65,28,318	252,21,07,532	1711,26,66,998



35 RELATED PARTY TRANSACTIONS

As per the Accounting Standard on 'Related Party Disclosures' (AS 18), the related parties of the Corporation are as follows.

A) Subsidiary Companies

HDFC Developers Ltd.  
HDFC Holdings Ltd.  
HDFC Trustee Company Ltd.  
HDFC Standard Life Insurance Company Ltd.  
HDFC Venture Capital Ltd.  
HDFC Ventures Trustee Company Ltd.  
GRUH Finance Ltd.  
Grish Investments (Subsidiary of HDFC Holdings Ltd.)  
HDFC Education and Development Services Pvt. Ltd.  
Windermere Properties Pvt. Ltd.  
Winchester Properties Pvt. Ltd.  
HDFC Investments Ltd.  
HDFC Asset Management Company Ltd.

HDFC Realty Ltd.  
HDFC ERGO General Insurance Company Ltd.  
HDFC Sales Pvt. Ltd.  
HDFC Property Ventures Ltd.  
Credila Financial Services Pvt. Ltd.  
Grish Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)  
HDFC Pension Management Company Ltd.  
(subsidiary of HDFC Standard Life Insurance Company Ltd.)  
HDFC International Life and Re Company Limited (with effect from 10th January, 2016)  
(subsidiary of HDFC Standard Life Insurance Company Ltd.)  
Grandeur Properties Pvt. Ltd.  
Pentagram Properties Pvt. Ltd.  
Haddock Properties Pvt. Ltd.

B) Associate Companies

HDFC Bank Ltd.  
India Value Fund Advisors Pvt. Ltd.  
RuralShores Business Services Pvt. Ltd.  
Magnum Foundations Pvt. Ltd.

C) Entities over which control is exercised

HDFC Investment Trust (HIT)  
HDFC Investment Trust - II (HIT-II)

D) Key Management Personnel

Mr. Keki M. Mistry  
Ms. Renu Sud Karnad  
Mr. V. Srinivasa Rangan

E) Relatives of Key Management Personnel

(Where there are transactions)  
Ms. Arbaz K. Mistry  
Ms. Tina Mistry  
Mr. Ashok Sud  
Ms. Kirti Sud  
Mr. V. Jayam  
Mr. Ketan Karnad  
Ms. Abhinaya S. Rangan  
Mr. Rishi R. Sud  
Mr. Bherat Karnad  
Ms. Riti Karnad  
Ms. V. Rajalakshmi  
Ms. Swam Sud  
Ms. S. Anuradha

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows.

Particulars	₹ in crore									
	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Dividend Income</b>										
- HDFC Asset management Co. Ltd.	120.77	98.13	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	314.57	269.35	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	126.84	107.06	-	-	-	-	-	-	-	-
- HDFC Investments Ltd.	110.68	94.66	-	-	-	-	-	-	-	-
- Others	118.93	106.15	0.40	0.16	0.05	0.05	-	-	-	-
<b>Interest Income</b>										
- Credila Financial Services Pvt. Ltd.	5.27	9.92	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	14.25	0.04	-	-	-	-	-	-	-	-
- Windermere Properties Pvt. Ltd.	8.23	10.98	-	-	-	-	-	-	-	-
- HDFC Investment Trust - II (HIT-II)	-	-	-	-	8.66	0.17	-	-	-	-
- HDFC Bank Ltd.	-	-	7.35	7.51	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	6.62	5.54	-	-	-	-	-	-	-	-
- Others	16.41	74.38	0.04	-	-	5.29	-	-	0.03	0.03
<b>Consultancy, Fees &amp; Other Income</b>										
- HDFC Asset management Co. Ltd.	113.00	42.36	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	49.92	0.08	-	-	-	-	-	-	-	-
- Others	0.11	0.78	-	-	-	-	-	-	-	-
<b>Rent Income</b>										
- HDFC Asset management Co. Ltd.	11.72	10.03	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	6.39	6.49	-	-	-	-	-	-	-	-
- Others	8.95	4.78	1.99	2.01	-	-	-	-	-	-
<b>Support Cost Recovered</b>										
- HDFC Asset management Co. Ltd.	1.63	1.66	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	2.32	2.04	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	0.85	1.19	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	1.05	0.84	-	-	-	-	-	-	-	-
- Others	1.45	1.03	0.28	0.37	-	-	-	-	-	-
<b>Other Income</b>										
- HDFC Bank Ltd.	-	-	204.37	116.77	-	-	-	-	-	-
- Others	4.36	3.65	-	-	-	-	-	-	-	-
<b>Interest Expense</b>										
- HDFC ERGO General Insurance Co. Ltd.	9.71	12.39	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	58.46	54.28	-	-	-	-	-	-	-	-
- Others	0.65	1.76	0.66	2.45	-	-	0.27	0.46	0.03	-
<b>Bank &amp; Other Charges</b>										
- HDFC Bank Ltd.	-	-	0.39	0.53	-	-	-	-	-	-
<b>Remuneration</b>										
- Mr. Keki M. Mistry	-	-	-	-	-	-	9.25	8.12	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	8.49	7.39	-	-
- Mr. V. S. Rangan	-	-	-	-	-	-	6.60	4.85	-	-



Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Other Expenses</b>										
- HDFC Sales Pvt. Ltd.	198.37	165.89	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	177.81	143.52	-	-	-	-	-	-
- Others	10.28	9.23	8.06	0.10	-	-	-	-	0.10	0.09
<b>Investments made</b>										
- HIT- II	-	-	-	-	70.12	51.14	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	40.10	5.00	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	-	47.01	-	-	-	-	-	-	-	-
- Others	26.94	8.00	-	-	4.00	4.00	-	-	-	-
<b>Investments sold / redeemed</b>										
- HIT	-	-	-	-	-	14.45	-	-	-	-
- Credit Financial Services Pvt. Ltd.	79.00	-	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	192.21	-	-	-	-	-	-	-	-	-
<b>Investments</b>										
- HDFC Bank Ltd.	-	-	5,549.74	5,549.74	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	1,316.56	1,508.77	-	-	-	-	-	-	-	-
- Others	1,897.02	1,708.97	2.53	2.53	267.81	223.49	-	-	-	-
<b>Loans given</b>										
- HDFC Property Ventures Pvt. Ltd.	-	112.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	30.00	16.85	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	7.95	2.00	-	-	-	-	-	-	-	-
- Others	11.38	13.23	-	-	-	-	-	-	-	-
<b>Loans repaid</b>										
- GRUH Finance Ltd.	1.14	7.02	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	18.00	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	28.85	-	-	-	-	-	-	-	-	-
- Others	2.00	-	-	-	-	-	0.08	0.02	0.02	0.01
<b>Loans sold</b>										
- HDFC Bank Ltd.	-	-	12,773.37	8,249.21	-	-	-	-	-	-
<b>Loans</b>										
- HDFC Property Ventures Pvt. Ltd.	95.00	713.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	20.00	16.85	-	-	-	-	-	-	-	-
- Others	57.02	40.94	-	-	-	-	0.07	0.13	0.28	0.30
<b>Bank Deposits placed</b>										
- HDFC Bank Ltd.	-	-	70.01	1,070.00	-	-	-	-	-	-
<b>Bank Deposits repaid / matured</b>										
- HDFC Bank Ltd.	-	-	1,070.00	2,559.80	-	-	-	-	-	-
<b>Bank balance and Deposits</b>										
- HDFC Bank Ltd.	-	-	3,081.54	975.25	-	-	-	-	-	-
<b>Corporate Deposits placed</b>										
- HDFC Venture Capital Ltd.	12.58	22.58	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	23.40	-	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	4.00	2.00	-	-	-	-	-	-	-	-
<b>Corporate Deposits repaid / matured</b>										
- HDFC Realty Ltd.	3.50	1.00	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	23.40	-	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	22.58	20.80	-	-	-	-	-	-	-	-
- Others	-	4.80	-	-	-	-	-	-	-	-
<b>Corporate Deposits</b>										
- HDFC Venture Capital Ltd.	12.58	22.58	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	1.80	1.00	-	-	-	-	-	-	-	-
<b>Trade Receivable</b>										
- HDFC Asset Management Co. Ltd.	123.88	39.53	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	0.01	0.01	-	-	-	-	-	-	-	-
- Others	11.85	0.53	4.16	5.07	-	-	-	-	-	-
<b>Other Advances / Receivables</b>										
- HDFC ERGO General Insurance Co. Ltd.	1.78	1.58	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	7.60	7.67	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	3.80	4.26	-	-	-	-	-	-
- Others	1.06	0.87	-	-	-	-	-	-	0.06	0.06
<b>Deposits placed</b>										
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	8.25	-	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	-	2.51	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	0.03	2.38	-	-
- Others	-	0.20	-	1.05	-	-	-	-	0.09	0.01
<b>Deposits repaid / matured</b>										
- HDFC Holdings Ltd.	16.84	19.22	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	8.75	2.30	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	-	4.13	-	-	-	-	-	-
- Others	-	2.91	-	-	-	-	0.90	3.75	0.09	0.03
<b>Deposits</b>										
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	0.50	-	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	2.40	2.40	-	-
- Others	-	-	-	-	-	-	-	0.97	0.09	0.09
<b>Non-Convertible Debentures</b>										
- HDFC ERGO General Insurance Co. Ltd.	120.00	125.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	687.00	776.00	-	-	-	-	-	-	-	-
<b>Other Liabilities / Payables</b>										
- HDFC Bank Ltd.	-	-	17.20	15.73	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	7.97	7.49	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	4.38	6.02	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	29.57	30.51	-	-	-	-	-	-	-	-
- Others	0.21	1.38	-	-	-	-	0.34	0.33	0.02	-



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**CORPORATE SOCIAL RESPONSIBILITY**

a) Gross amount required to be spent by the Corporation during the year was ₹ 139.26 crore.

b) Amount spent during the year on:

		₹ in Crore		
		In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above *	85.70	-	85.70

\* The above includes an amount of ₹ 85.23 crore charged to the Shelter Assistance Reserve.

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**SEGMENT REPORTING**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard (AS) 17 on 'Segment Reporting'.

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**INTEREST IN JOINT VENTURES**

In compliance with the Accounting Standard (AS) 27 relating to 'Financial Reporting of Interests in Joint Ventures', the Corporation has interests in the following jointly controlled entities, which are incorporated in India.

Names of Companies	HDFC Standard Life Insurance Co. Ltd.		HDFC ERGO General Insurance Co. Ltd.	
	Current Year	Previous Year	Current Year	Previous Year
Percentage of Shareholding	61.63	70.65	73.63	73.63
Amount of Interest based on the last Audited Account	₹ in crore			
Assets	47,237.23	49,017.54	3,601.54	3,335.42
Liabilities	45,290.57	47,186.48	2,820.02	2,581.67
Income	11,244.92	19,280.48	1,523.75	1,465.80
Expenditure	10,730.31	18,712.08	1,374.42	1,362.10
Capital Commitment	385.33	411.97	11.23	6.59
Contingent Liability	61.72	124.37	0.01	0.01

39

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



## INDEPENDENT AUDITOR'S REPORT

Tel: +91 (022) 6185 4000  
Fax: +91 (022) 6185 4501/4601

### TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

#### *Management's Responsibility for the Standalone Financial Statements*

The Corporation's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

1.

## **Deloitte Haskins & Sells LLP**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Corporation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### ***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### ***Emphasis of Matter***

We refer to Note 3.2 to the financial statements, which describes the accounting treatment used by the Corporation in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

### ***Other Matter***

We did not audit the financial statements/information of one branch included in the standalone financial statements of the Corporation whose financial statements / financial information reflect total assets of ₹ 0.90 crore as at 31<sup>st</sup> March, 2015 and total revenues of ₹ 2.09 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

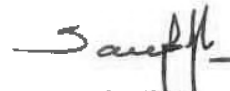
### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

↓

2. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Dubai branch not visited by us.
  - (c) The reports on the accounts of Dubai branch office of the Corporation audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from Dubai branch not visited by us.
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the financial statements.
    - ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts - Refer Note 3.7, 3.8 and 30 to the financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Mumbai, 29<sup>th</sup> April, 2015  
SVP/PG/2014-15



**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. According to information and explanation given to us in respect of its fixed assets:
  - a. The Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. Some of the fixed assets were physically verified during the year by the Management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- ii. According to the information and explanations given to us, the nature of the Corporation's business is such that it is not required to hold any inventories.
- iii. According to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
  - a. The receipts of principal amounts and interest have been regular/as per stipulations.
  - b. There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Corporation and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any major weaknesses in such internal control system.
- v. In our opinion and according to the information and explanations given to us, the Corporation has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014, as amended and the Housing Finance Companies (NHB) Directions, 2010, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the National Housing Bank or the Reserve Bank of India or any Court or any other Tribunal.
- vi. The provisions of clause (3) (vi) of the Order are not applicable to the Corporation as the services rendered by the Corporation are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a. The Corporation has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to

it with the appropriate authorities.

- b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
- c. Details of dues of Wealth Tax, Interest on Lease Tax and Employees' State Insurance which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in crore
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-1999	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant / Deputy Director - ESIC	2010-2011	0.01


- d. The Corporation has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (I of 1956) and Rules made thereunder within time.
- viii. The Corporation does not have accumulated losses at the end of the financial year and the Corporation has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- x. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Corporation for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interests of the Corporation.
- xi. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Corporation during the year for the purposes for which they were

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Haskins & Sells LLP**

obtained other than temporary deployment pending application.

- xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation has been noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amount whereof are not material in the context of the size of the Corporation and the nature of its business and which have been provided for.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Mumbai, 29<sup>th</sup> April, 2015  
SVP/PG/2014-15

**HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**

**Balance Sheet as at March 31, 2015**

	Notes	₹ in Crore	Mar 31, 2015 ₹ in Crore	Mar 31, 2014 ₹ in Crore
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	2	314.94		312.10
Reserves and surplus	3	30,655.03		27,643.09
			<b>30,969.97</b>	<b>27,955.19</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	4	97,602.34		86,881.04
Deferred tax liability (Net)	14	200.67		-
Other long term liabilities	5	2,436.81		2,231.11
Long-term provisions	6	1,550.88		1,347.00
			<b>1,01,790.70</b>	<b>90,459.15</b>
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	7	33,257.71		25,317.85
Trade payables	8	87.80		81.82
Other current liabilities	9			
- Borrowings		77,738.98		71,774.30
- Others		7,467.60		7,137.20
Short-term provisions	10	2,638.90		2,706.98
			<b>1,21,190.99</b>	<b>1,07,018.15</b>
			<b>2,53,951.66</b>	<b>2,25,432.49</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed assets				
(i) Tangible assets	11	671.84		275.76
(ii) Intangible assets	12	5.12		4.72
Non-current investments	13	13,691.70		13,370.29
Deferred tax asset (net)	14	-		629.87
Long-term loans and advances	15			
- Loans		2,01,680.43		1,75,746.08
- Others		2,564.72		2,640.32
Other non-current assets	16	2,763.11		914.08
			<b>2,21,376.92</b>	<b>1,93,581.12</b>
<b>CURRENT ASSETS</b>				
Current investments	17	602.64		542.36
Trade receivables	18	46.18		84.52
Cash and bank balances	19	3,364.65		7,715.52
Short-term loans and advances	20			
- Loans		26,019.69		20,808.31
- Others		1,966.28		2,303.36
Other current assets	21	575.30		397.30
			<b>32,574.74</b>	<b>31,851.37</b>
			<b>2,53,951.66</b>	<b>2,25,432.49</b>

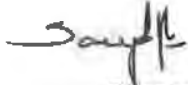
See accompanying notes forming part of the financial statement

## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

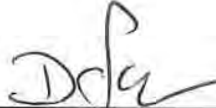
### Signatures to the Balance Sheet as at March 31, 2015, and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)



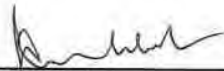
Deepak S Parekh



Bansi S Mehta



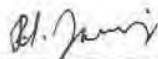
D M Sukthankar



D N Ghosh



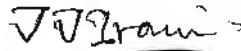
S A Dave



Ram S Tarneja



Nasser M Mujaee



J J Irani



Bimal Jalan



V Srinivasa Rangan



Renu Sud Karnad



Keki M Mistry



Company Secretary

Mumbai, April 29, 2015

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

**Statement of Profit and Loss for the year ended March 31, 2015**

	Notes	₹ in Crore	Previous Year ₹ in Crore
<b>INCOME</b>			
Revenue from Operations	23	26,959.88	23,894.03
Profit on Sale of Investments	24	441.28	248.98
Other Income	25	69.70	54.66
<b>Total Revenue</b>		<b>27,470.86</b>	<b>24,197.67</b>
<b>EXPENSES</b>			
Finance Cost	26	17,975.09	16,029.37
Staff Expenses	27	328.46	279.18
Establishment Expenses	28	85.76	86.98
Other Expenses	29	262.63	230.03
Depreciation and Amortisation	11&12	29.78	31.87
Provision for Contingencies	3.4 & 30.2	165.00	100.00
<b>Total Expenses</b>		<b>18,846.72</b>	<b>16,757.43</b>
<b>PROFIT BEFORE TAX</b>		<b>8,624.14</b>	<b>7,440.24</b>
Tax Expense			
Current Tax		2,363.00	1,973.00
Deferred Tax	14	271.00	27.00
<b>PROFIT FOR THE YEAR</b>		<b>5,990.14</b>	<b>5,440.24</b>
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>			
Basic	31	38.13	34.89
Diluted		37.78	34.62

See accompanying notes forming part of the financial statement





With you, right through

### HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

#### Signatures to the Statement of Profit and Loss for the year ended March 31, 2015, and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Deepak S Parekh

Bansil S Mehta

D M Sukthankar

D N Ghosh

S A Dave

Ram S Tarneja

Nasser M Munjee

J J Irani

Bimal Jalan

V Srinivasa Rangan

Renu Sud Karnad

Keki M Mistry

Company Secretary

Mumbai, April 29, 2015

# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

## Cash Flow Statement for the year ended March 31, 2015

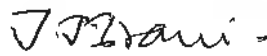
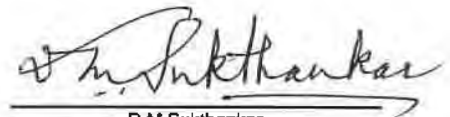

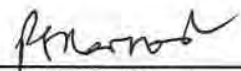
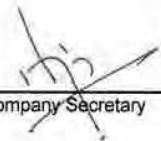
A	Notes	₹ in crore	Previous Year ₹ in crore
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		8,624.14	7,440.24
Adjustments for:			
Depreciation and Amortisation	11 & 12	29.78	31.87
Provision for Contingencies	3.4	165.00	100.00
Interest Expense	26	17,864.71	15,787.38
Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	26.3	(19.95)	135.61
Interest Income	23	(25,605.58)	(22,693.17)
Utilisation of Securities Premium		(192.80)	(398.20)
Utilisation of Shelter Assistance Reserve	3	(0.79)	(13.02)
Profit on Sale of Investments		(441.28)	(248.98)
Dividend Income	23	(688.28)	(555.59)
Profit on Sale of Investment in Properties		(6.37)	(6.21)
Surplus from deployment in Cash Management Schemes of Mutual Funds	23	(364.55)	(337.38)
Profit on Sale of Fixed Assets (Net)		(27.34)	(20.93)
Operating Profit before Working Capital changes		<u>(663.31)</u>	<u>(778.38)</u>
Adjustments for:			
Current and Non Current Assets		21.38	228.46
Current and Non Current Liabilities		(48.74)	(148.85)
Cash generated from Operations		(690.67)	(698.77)
Interest Received		25,499.64	22,376.67
Interest Paid		(17,787.00)	(14,839.24)
Dividend Received		688.28	555.59
Taxes Paid		(2,707.81)	(2,519.78)
<b>Net cash from Operations</b>		<u>5,002.44</u>	<u>4,874.47</u>
Loans disbursed (net)		(30,964.16)	(26,644.16)
Corporate Deposits (net)		492.49	300.80
<b>Net cash used in operating activities</b>		<u>(25,469.23)</u>	<u>(21,468.89)</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(451.77)	(79.76)
Sale of Fixed Assets		56.83	28.55
		(394.94)	(51.21)
Investments in Subsidiaries		(60.01)	(74.66)
Investment in Cash Management Schemes of Mutual Funds		(3,08,896.00)	(4,40,700.00)
Other Investments		(1,743.60)	(1,334.42)
Sale proceeds of Investments :			
- in Subsidiary Company		297.31	-
- in Cash Management Schemes of Mutual Funds		3,09,260.55	4,41,037.38
- in other Companies and Properties		1,733.33	1,267.26
<b>Net cash from investing activities</b>		<u>196.64</u>	<u>144.35</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share Capital - Equity	2.1	2.84	2.83
Securities Premium	3	681.46	626.42
Deposits, CPs and other Short Term Borrowings (Net)		26,887.75	4,567.71
Proceeds from long-term borrowings		48,555.01	63,502.31
Repayment of long-term borrowings		(50,866.15)	(42,816.75)
Dividend paid - Equity Shares		(2,502.57)	(1,939.91)
Tax paid on Dividend		(366.33)	(314.98)
<b>Net cash from financing activities</b>		<u>22,392.00</u>	<u>23,627.63</u>
Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		(2,880.59)	2,303.09
Add : Cash and cash equivalents as at the beginning of the year	19	5,634.72	3,324.05
Add : Exchange difference on bank balance		2.80	7.58
<b>Cash and cash equivalents as at the end of the year</b>	19	<u>2,756.93</u>	<u>5,634.72</u>
Earmarked balances with banks:			
- Unclaimed Dividend Account		20.47	14.36
- Towards Guarantees Issued by Banks		0.13	0.14
- Other Against Foreign Currency Loans		7.10	6.40
Short - term bank deposits		580.02	2,059.90
<b>Cash and Bank balances at the end of the year</b>	19	<u>3,364.65</u>	<u>7,715.52</u>





**HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED****Signatures to the Cash Flow Statement for the year ended March 31, 2015**

As per our report attached.

**For Deloitte Haskins & Sells LLP  
Chartered Accountants****Sanjiv V. Pilgaonkar****Partner****(Membership No. 39826)****Deepak S Parekh****Bansi S Mehta****D N Ghosh****Ram S Tameja****J J Irani****V Srinivasa Rangan****Keki M Mistry****D M Sukthankar****S A Dave****Nasser M Murtaza****Bimal Jalan****Renu Sud Karnad****Company Secretary**

Mumbai, April 29, 2015

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent applicable.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 1.2 SYSTEM OF ACCOUNTING

The Corporation adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Corporation are prepared in accordance with the provisions contained in Section 129 of the Companies Act 2013, read with Schedule III.

### 1.3 INFLATION

Assets and liabilities are recorded at historical cost to the Corporation. These costs are not adjusted to reflect the changing value in the purchasing power of money.

### 1.4 OPERATING CYCLE

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 1.5 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Corporation are segregated based on the available information.

### 1.6 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

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

### 1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

A loan is recognised as non-performing ("NPA") or as a "doubtful" or as a "loss" asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions"). Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.

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1.8 **INTEREST INCOME ON LOANS**

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual rest or on a monthly rest basis on the principal outstanding at the beginning of the relevant period.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as "non-performing" is recognised only on actual receipt.

1.9 **DIVIDEND**

Dividend income is recognised when the right to receive has been established.

1.10 **FEES AND OTHER REVENUE**

Fees, charges and other revenue is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.

1.11 **INCOME FROM LEASES**

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its subsidiaries / associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not contain any minimum lease payment or contingent rent payments.

1.12 **INCOME FROM INVESTMENTS**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest Income is accounted on accrual basis.

1.13 **BORROWING AND BORROWING COSTS**

The Corporation borrows funds, primarily in Indian Rupees, and carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and holds these instruments till maturity. At each reporting date these liabilities are restated at the closing rate.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium account.

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#### 1.14 TRANSLATION OF FOREIGN CURRENCY

##### **Initial recognition**

Transactions in foreign currencies entered into by the Corporation are accounted at the exchange rates prevailing on the date of the transaction.

##### **Measurement at the Balance Sheet date**

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at closing rate.

The net loss/gain on translation of long term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign Currency Monetary Item Translation Difference Account". The net loss/gain on translation of short term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

#### 1.15 BROKERAGE AND INCENTIVE ON DEPOSITS

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

#### 1.16 OPERATING LEASES

Payments under a non cancellable operating lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the Statement of Profit and Loss on a straight-line basis over the lease term, unless another systematic basis is more appropriate.

#### 1.17 INVESTMENTS

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13), and is recognised through the Provision for Contingencies Account. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

#### 1.18 TANGIBLE FIXED ASSETS

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

#### 1.19 INTANGIBLE ASSETS

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.



## 1.20 DEPRECIATION AND AMORTISATION

### Tangible Fixed Assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

Leasehold land is amortised over the duration of the lease.

### Intangible Assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computers Software - 4 years

### Investment In Properties

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

## 1.21 PROVISIONS AND CONTINGENCIES

A provision is recognised when the Corporation has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## 1.22 PROVISION FOR CONTINGENCIES AND NON PERFORMING ASSETS

The Corporation's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB Guidelines.

## 1.23 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon statistical analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.



## 1.24 EMPLOYEE BENEFITS

### Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

### Defined contribution plans

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation.

### Defined benefit plans

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Except in case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws

### Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### Long-term employee benefits

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



1.25 **EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.26 **TAXES ON INCOME**

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

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

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

1.27 **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

1.28 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

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**Share Capital**

	As at March 31, 2015 ₹ In Crore	As at March 31, 2014 ₹ in Crore
<b>AUTHORISED</b>		
162,50,00,000 Equity Shares of ₹ 2 each (Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)	325.00	325.00
	<b>325.00</b>	<b>325.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
1,57,46,97,670 Equity Shares of ₹ 2 each (Previous Year 1,56,05,32,605 Equity Shares of ₹ 2 each)	314.94	312.10
	<b>314.94</b>	<b>312.10</b>

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	156,05,32,605	312.10	154,63,47,255	309.27
Shares allotted pursuant to exercise of stock options	1,41,65,065	2.84	1,41,85,350	2.83
Equity shares outstanding as at the end of the year	157,46,97,670	314.94	156,05,32,605	312.10

## 2.2 The details of each shareholder holding more than 5 percent shares in the Corporation:

Particulars	Outstanding as on March 31, 2015		Outstanding as on March 31, 2014	
	Number	Percentage of shares held to total Shares	Number	Percentage of shares held to total Shares
		(%)		(%)
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08	11,10,21,121	7.11

2.3 **5,05,74,170** shares of ₹ 2 each ( Previous Year 3,35,28,585 shares of ₹ 2 each) were reserved for issuance towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 2.4].

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

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

At the 37th Annual General Meeting (AGM) held on July 21, 2014, the shareholders had approved the issue of 62,42,130 stock options representing 3,12,10,650 equity shares of ₹ 2 each to the eligible employees and Directors of the Corporation. The Nomination and Remuneration Committee of Directors (NRC) at its meeting held on October 8, 2014, approved the grant of 62,73,064 new stock options, representing 3,13,65,320 equity shares of ₹ 2 each under ESOS-2014, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the AGM held on July 21, 2014 together with 41,810 options lapsed under previous schemes (ESOS-05 : 12,285 options, ESOS-07 : 29,267 options, and ESOS-08 : 258 options), net of 10,876 options reserved. The options were granted at an exercise price of ₹ 5,073.25 per option (i.e. ₹ 1,014.65 per equity share of ₹ 2 each) being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, no options have vested during the current year. The options can be exercised over a period of five years from the date of respective vesting.





2.4 Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted 61,02,475 options at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **1,80,438 options** (Previous Year 58,26,953 options) were vested. In the current year **13,263 options** (Previous Year 28,787 options) were lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2008 (ESOS - 08), the Corporation had on November 25, 2008, granted 57,90,000 options at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **97 options** (Previous Year 146 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2007 (ESOS - 07), the Corporation had on September 12, 2007, granted 54,56,835 options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year **882 options** (Previous Year 28,742 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

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

The Corporation has used intrinsic value method to account for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

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**Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:**

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	-	-
Granted during the year	62,73,064	-
Vested during the year	-	-
Exercised during the year	-	-
Lapsed during the year	49,045	-
Outstanding at the end of the year	62,24,019	-
Unvested at the end of the year	62,24,019	-
Exercisable at the end of the year	-	-
Weighted average price per option	₹ 5,073.25	

Particulars	ESOS-11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	54,06,415	60,71,275
Granted during the year	-	-
Vested during the year	1,80,438	58,26,953
Exercised during the year	16,47,568	6,36,073
Lapsed during the year	13,263	28,787
Outstanding at the end of the year	37,45,586	54,06,415
Unvested at the end of the year	36,043	2,25,182
Exercisable at the end of the year	37,09,543	51,81,233
Weighted average price per option	₹ 3,177.50	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	11,82,357	17,56,739
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	11,77,158	5,74,236
Lapsed during the year	97	146
Outstanding at the end of the year	5,102	11,82,357
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,102	11,82,357
Weighted average price per option	₹ 1,350.60	

Particulars	ESOS-07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	15,148	16,70,651
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	8,289	16,26,761
Lapsed during the year	882	28,742
Outstanding at the end of the year	5,977	15,148
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,977	15,148
Weighted average price per option	₹ 2,149.00	

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Accordingly, each options exercised after August 21, 2010 is entitled to 5 equity shares of ₹ 2 each.

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**Fair Value Methodology:**

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

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows :

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

Since all the stock options granted under ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ Nil (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted under ESOS-14 and ESOS-11 been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	₹ in Crore	
	Current Year	Previous Year
Net Profit (as reported)	5,990.14	5,440.24
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [ Gross ₹ 300.92 crore (Previous Year ₹ 52.98)] (pro-forma)	198.64	34.97
Net Profit (pro-forma)	5,791.50	5,405.27
Less : Amounts utilised out of Shelter Assistance Reserve	10.83	13.02
Net Profit considered for computing EPS (pro-forma)	5,780.67	5,392.25

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	38.13	34.89
Basic earnings per share (pro-forma)	36.86	34.67
Diluted earnings per share (as reported)	37.78	34.62
Diluted earnings per share (pro-forma)	36.52	34.40

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

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## Reserves and Surplus

	₹ in Crore	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>SPECIAL RESERVE No. I</b>	[Refer Note 3.1 & 3.2]	51.23	51.23
<b>SPECIAL RESERVE No. II</b>	[Refer Note 3.1 & 3.2]		
Opening Balance	6,415.95		5,525.95
Add: Transfer from Statement of Profit and Loss	[Refer Note 3.3] style="text-align: right;">1,054.00	7,469.95	890.00
			6,415.95
<b>GENERAL RESERVE</b>			
Opening Balance	8,097.76		7,059.78
Less : Utilised towards Deferred Tax Liability for Special Reserve	[Refer Note 3.2] style="text-align: right;">(559.54)		-
Add : Transfer from Statement of Profit and Loss	2,003.33	9,541.55	1,037.98
			8,097.76
<b>STATUTORY RESERVE (As per Section 29C of The National Housing Bank Act, 1987)</b>			
Opening Balance	3,129.42		2,278.93
Add : Transfer from Statement of Profit and Loss	[Refer Note 3.3] style="text-align: right;">150.00		900.00
	3,279.42		3,178.93
Less : Utilised during the Year	[Refer Note 3.4] style="text-align: right;">-		49.51
[Net of Deferred Tax of ₹ Nil (Previous Year ₹ 25.49 crore)]		3,279.42	3,129.42
<b>SECURITIES PREMIUM</b>			
Opening Balance	9,990.42		9,721.17
Add : Received during the year	681.45		626.42
	10,671.87		10,347.59
Less : Utilised during the year (Net)	[Refer Note 3.5] style="text-align: right;">-		-
[(Net of tax effect of ₹ 213.72 crore) (Previous Year ₹ 183.91 crore)]	415.06	10,256.81	357.17
			9,990.42
<b>SHELTER ASSISTANCE RESERVE</b>			
Opening Balance	100.61		53.63
Add : Transfer from Statement of Profit and Loss	-		60.00
	100.61		113.63
Less : Utilised during the year	[Refer Note 3.6 & 29.1] style="text-align: right;">10.83	89.78	13.02
			100.61
<b>CAPITAL RESERVE</b>		0.04	0.04

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	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>FOREIGN CURRENCY MONETARY ITEMS TRANSLATION</b>		
<b>DIFFERENCE ACCOUNT (Debit Balance)</b> [Refer Note 3.7]		
Opening Balance (Debit)	(142.34)	(169.79)
Add/(Less): Effect of foreign exchange rate variations during the year	35.33	80.48
Add / (Loss): Amortisation for the year [Refer Note 3.8]	73.26	(53.03)
Closing balance - (Debit)	<b>(33.75)</b>	(142.34)
 <b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Profit for the year	<b>5,990.14</b>	5,440.24
Amount available for appropriations	<b>5,990.14</b>	5,440.24
<b>Appropriations:</b>		
Special Reserve No. II [Refer Note 3.3]	<b>1,054.00</b>	890.00
General Reserve	<b>2,003.33</b>	1,037.98
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987) [Refer Note 3.3]	<b>150.00</b>	900.00
Shelter Assistance Reserve	-	60.00
Interim Dividend Paid [Refer Note 3.9]	<b>314.94</b>	-
Tax on Interim Dividend	<b>12.10</b>	-
Proposed Dividend	<b>2,047.11</b>	2,184.75
[Dividend ₹ 13.00 per equity share of ₹ 2 each (Previous Year ₹ 14.00 per equity share of ₹ 2 each)]		
Additional Tax on Proposed Dividend	<b>416.74</b>	371.30
Additional Tax on Dividend [Refer Note 3.10]	<b>(18.59)</b>	(15.18)
Dividend including tax of ₹ 1.53 crore (Previous Year ₹ 1.66 crore) pertaining to Previous Year paid during the year [Refer Note 3.11]	<b>10.51</b>	11.39
	<b>30,655.03</b>	<b>27,643.09</b>

- 3.1 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, out of the distributable profits of the Corporation. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.
- 3.2 Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation has created 25 percent of deferred tax liability of ₹ 559.54 crore (Previous Year ₹ Nil) on opening balance of accumulated Special Reserve. [Refer Note 14]



- 3.3 As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income- tax Act, is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ 1,054 crore (Previous Year ₹ 890 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ 150 crore (Previous Year ₹ 900 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of the NHB Act is provided :

₹ in crore

Particulars	Current Year	Previous Year
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve under section 29C of The NHB Act	3,129.42	2,278.93
b) Amount of Special Reserve under section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act Special Reserve No. II	6,113.95	5,223.95
c) Total	9,243.37	7,502.88
<b>Addition / Appropriation / Withdrawal during the year</b>		
Add :		
a) Amount transferred under section 29C of the NHB Act	150.00	900.00
b) Amount of Special Reserve under section 36 (1)(viii) of the Income Tax Act taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act	1,054.00	890.00
Less :		
a) Amount appropriated from Statutory Reserve under section 29C of the NHB Act [Net of Deferred Tax of ₹ Nil (Previous Year ₹ 25.49 crore)]	-	49.51
b) Amount withdrawn from Special Reserve under section 36 (1)(viii) of the Income Tax Act which has been taken into account for the purpose of provision under section 29C of the NHB Act	-	-
	10,447.37	9,243.37
<b>Balance at the end of the year</b>		
a) Statutory Reserve under section 29C of the NHB Act	3,279.42	3,129.42
b) Amount of Special Reserve under section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act Special Reserve No. II	7,167.95	6,113.95
c) Total	10,447.37	9,243.37

- 3.4 During the year, in addition to the charge of ₹ 165 crore (Previous Year ₹ 100 crore) to the Statement of Profit and Loss, an amount of ₹ Nil (net of Deferred Tax ₹ Nil) [ Previous Year ₹ 49.51 crore (net of Deferred Tax ₹ 25.49 crore)], has been transferred from Statutory Reserve (as per Section 29C of the NHB Act) pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 as under:

Particulars	As at March 31, 2015	As at March 31, 2014
	₹ in Crore	₹ In Crore
To Provision for Contingencies Account (Net) [Refer Note 6.2]	202.44	58.20
To Provision for Sub-Standard & Doubtful Loans [Refer Note 15.6]	(37.44)	116.80
	165.00	175.00

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- 3.5 During the year, the Corporation utilised ₹ 415.06 crore (net of tax effect of ₹ 213.72 crore) [(Previous Year ₹ 357.17 crore (net of tax effect of ₹ 183.91 crore)] in accordance with Section 52 of the Companies Act 2013, towards the proportionate premium payable on redemption of Zero Coupon Secured Redeemable Non Convertible Debentures.
- 3.6 Miscellaneous Expenses under Note 29.1 exclude ₹ 10.83 crore (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve during the year.
- 3.7 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 33.75 crore (without considering future tax benefit of ₹ 11.47 crore) [(Previous Year ₹ 142.34 crore) (without considering future tax benefits of ₹ 48.38 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2015. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.
- 3.8 During the year, there was a net reduction of ₹ 108.59 crore (Previous year ₹ 27.45 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

Particulars	₹ in crore	
	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	128.54	(117.20)
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	(93.21)	197.68
Net amortisation Debit/(Credit) during the year	73.26	(53.03)
Net reduction during the year	108.59	27.45

- 3.9 The Board of Directors of the Corporation at its meeting held on March 19, 2015, inter alia, has approved the payment of an interim dividend of ₹ 2 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2014-15
- 3.10 Additional Tax on dividend FY 2013-14 credit taken, ₹ 18.59 crore (Previous Year ₹ 15.18 crore for FY 2012-13), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.
- 3.11 In respect of equity shares issued pursuant to Employee Stock Option Schemes, the Corporation paid dividend of ₹ 8.98 crore for the year 2013-14 (₹ 9.73 crore for the year 2012-13) and tax on dividend of ₹ 1.53 crore (Previous Year ₹ 1.66 crore) as approved by the shareholders at the Annual General Meeting held on July 21, 2014.

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**Long - Term Borrowings**

		As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Bonds and Debentures	[Refer Notes 4.3 & 4.10]	60,192.20	58,192.85
<b>Term Loans :</b>			
- Banks	[Refer Note 4.10]	6,378.01	5,605.21
- External Commercial Borrowing - Low Cost Affordable Housing	[Refer Note 4.5 & 4.10]	1,884.00	1,805.10
- Others	[Refer Note 4.10]	1,300.15	1,492.06
		<b>69,754.36</b>	<b>67,095.22</b>
Deposits	[Refer Note 4.3]	27,847.98	19,785.82
		<b>97,602.34</b>	<b>86,881.04</b>

4.1 Long - term borrowings are further sub-classified as follows :

Sr.No.	Particulars		March 31, 2015 ₹ in Crore	March 31, 2014 ₹ in Crore
	<b>Secured :</b>	[Refer Note 4.2]		
a)	<b>Bonds and Debentures</b>			
	- Bonds		46.50	52.25
	- Non Convertible Debentures		54,170.70	54,665.60
			<b>54,217.20</b>	<b>54,717.85</b>
b)	<b>Term Loans from Banks</b>			
	- Scheduled Banks		4,899.81	4,823.00
			<b>4,899.81</b>	<b>4,823.00</b>
c)	<b>Term Loans from other parties</b>			
	- Asian Development Bank	[Refer Note 4.4]	232.09	257.52
	- National Housing Bank		1,065.06	1,217.10
			<b>1,297.15</b>	<b>1,474.62</b>
	<b>Total Secured:</b>		<b>60,414.16</b>	<b>61,015.47</b>
	<b>Unsecured :</b>			
a)	<b>Bonds and Debentures</b>			
	- Non Convertible Subordinated Debentures	[Refer Note 4.9]	5,975.00	3,475.00
b)	<b>Term Loans from Banks</b>			
	- Scheduled Banks		1,478.20	782.21
c)	<b>External Commercial Borrowing - Low Cost Affordable Housing</b>		1,884.00	1,805.10
d)	<b>Term Loans from other parties</b>			
	- Under a line from Kreditanstalt für Wiederaufbau		3.00	17.44
e)	<b>Deposits</b>	[Refer Note 4.8]	27,847.98	19,785.82
	<b>Total Unsecured:</b>		<b>37,188.18</b>	<b>25,865.57</b>
	<b>Total</b>		<b>97,602.34</b>	<b>86,881.04</b>

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- 4.2 All secured long term borrowing are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.
- 4.3 Non-Convertible Debentures includes ₹ **785.00 crore** (Previous Year ₹ 735.00 crore) and Deposits includes ₹ **2.38 crore** (Previous Year ₹ 0.88 crore) from related parties [Refer Note 35].
- 4.4 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.
- In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to a financial institution overseas and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.
- 4.5 The Corporation has availed an External Commercial Borrowing of **USD 300 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.
- 4.6 As on March 31, 2015, the Corporation has foreign currency borrowings of **USD 1,013.01 million equivalent** (Previous Year USD 740.63 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 495.81 million equivalent** (Previous Year USD 513 million equivalent) to hedge the foreign currency risk. As on March 31, 2015, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).
- Further, interest rate swaps on a notional amount of USD 330 million equivalent (Previous Year USD 83 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.
- As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **15,240 crore** (Previous Year ₹ 19,040 crore) as on March 31, 2015 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 408.69 million equivalent** (Previous Year USD 409.49 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.
- 4.7 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end. Monetary items represented by currency swap contracts are restated at closing rate.
- For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **Nil** (Previous Year ₹ 6.77 crore).
- 4.8 Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.
- 4.9 As at March 31, 2015, the Corporation's outstanding subordinated debt is ₹ **6,475 crore** (Previous Year ₹ 3,475 crore). These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2015, **84.86%** (Previous Year 80.29%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.



4.10 Terms of redemption of bonds and debentures and for repayment terms of term loans:

A) BONDS & DEBENTURES

(Previous Year figures are in brackets)  
₹ in Crore

<b>Bonds &amp; Debentures - Secured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
6.03% - 8%		<b>800.00</b>	-	-	<b>800.00</b>
		(1,380.80)	(500.00)	-	(1,880.80)
8.01% - 10%		<b>24,206.00</b>	<b>8,174.70</b>	<b>10,795.00</b>	<b>43,175.70</b>
		(24,474.00)	(10,666.00)	(8,145.00)	(43,285.00)
10.01% - 11.95%		<b>2,205.00</b>	<b>4,200.00</b>	-	<b>6,405.00</b>
		(1,085.00)	(5,320.00)	-	(6,405.00)
Zero Coupon		<b>2,990.00</b>	<b>800.00</b>	-	<b>3,790.00</b>
		(2,630.00)	(360.00)	-	(2,990.00)
Variable Rate - Linked to G Sec		<b>12.30</b>	<b>14.10</b>	<b>20.10</b>	<b>46.50</b>
		(116.75)	(13.15)	(27.35)	(157.25)
<b>TOTAL SECURED</b>	<b>A</b>	<b>30,213.30</b>	<b>13,188.80</b>	<b>10,815.10</b>	<b>54,217.20</b>
	<b>A</b>	(29,686.35)	(16,859.15)	(8,172.35)	(54,717.85)
<b>Bonds &amp; Debentures - Unsecured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
7.62% - 9.6%		<b>475.00</b>	<b>500.00</b>	<b>5,000.00</b>	<b>5,975.00</b>
		(975.00)	-	(2,500.00)	(3,475.00)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>475.00</b>	<b>500.00</b>	<b>5,000.00</b>	<b>5,975.00</b>
	<b>B</b>	(975.00)	-	(2,500.00)	(3,475.00)
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>30,688.30</b>	<b>13,688.80</b>	<b>15,815.10</b>	<b>60,192.20</b>
	<b>A+B</b>	(30,661.35)	(16,859.15)	(10,672.35)	(58,192.85)

B) TERM LOANS FROM BANKS

(Previous Year figures are in brackets)  
₹ in Crore

<b>Term Loans from Banks - Secured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
Term Loans from Scheduled Banks - Rupee					
7.01% - 9%		-	-	-	-
		(323.00)	-	-	(323.00)
9.01% - 10.75%		<b>3,400.00</b>	<b>100.00</b>	<b>1,000.00</b>	<b>4,500.00</b>
		(1,000.00)	(2,400.00)	(1,100.00)	(4,500.00)
Term Loans from Scheduled Banks-Foreign Currency					
USD LIBOR +150- 200 bps		<b>399.81</b>	-	-	<b>399.81</b>
		-	-	-	-
<b>TOTAL SECURED</b>	<b>A</b>	<b>3,799.81</b>	<b>100.00</b>	<b>1,000.00</b>	<b>4,899.81</b>
	<b>A</b>	(1,323.00)	(2,400.00)	(1,100.00)	(4,823.00)
<b>Term Loans from Banks - Unsecured</b>					
<b>Maturities -</b>		<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>					
Term Loans from Scheduled Banks - Rupee					
9.01% -10.25%		<b>285.00</b>	-	-	<b>285.00</b>
		-	-	-	-
Term Loans from Scheduled Banks - Foreign Currency					
USD LIBOR + 325 bps		<b>1,193.20</b>	-	-	<b>1,193.20</b>
		(782.21)	-	-	(782.21)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>1,478.20</b>	-	-	<b>1,478.20</b>
	<b>B</b>	(782.21)	-	-	(782.21)
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>5,278.01</b>	<b>100.00</b>	<b>1,000.00</b>	<b>6,378.01</b>
	<b>A+B</b>	(2,105.21)	(2,400.00)	(1,100.00)	(5,605.21)

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C) External Commercial Borrowing - Low Cost Affordable Housing - Unsecured

(Previous Year figures are in brackets)

₹ in Crore

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
USD LIBOR + 175 bps	-	1,884.00	-	1,884.00
	-	1,805.10	-	1,805.10
<b>TOTAL UNSECURED</b>	-	1,884.00	-	1,884.00
	-	1,805.10	-	1,805.10

D) TERM LOANS FROM OTHER PARTIES

(Previous Year figures are in brackets)

₹ in Crore

<b>Term Loans from Other parties - Secured</b>				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
<u>Asian Development Bank</u>				
USD LIBOR + 40 bps	15.57	17.61	25.28	58.46
	(14.03)	(15.87)	(32.92)	(62.82)
Variable linked to Bank PLR	24.80	28.04	40.26	93.10
	(23.32)	(26.37)	(54.71)	(104.40)
Variable linked to G Sec	21.45	24.25	34.83	80.53
	(20.17)	(22.80)	(47.33)	(90.30)
<u>National Housing Bank</u>				
6% - 8%	225.80	112.81	127.45	466.06
	(195.70)	(121.39)	(18.69)	(335.78)
8.01% - 10%	422.87	153.32	22.81	599.00
	(510.10)	(169.82)	(91.22)	(771.14)
10.01% - 10.20%	-	-	-	-
	(110.18)	-	-	(110.18)
<b>TOTAL SECURED</b>	<b>A</b>	<b>710.49</b>	<b>336.03</b>	<b>250.63</b>
	<b>A</b>	<b>(873.50)</b>	<b>(356.25)</b>	<b>(244.87)</b>
<b>Term Loans from Other parties - Unsecured</b>				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
<u>Kreditanstalt für Wiederaufbau</u>				
6%	3.00	-	-	3.00
	(17.44)	-	-	(17.44)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>3.00</b>	<b>-</b>	<b>3.00</b>
	<b>B</b>	<b>(17.44)</b>	<b>-</b>	<b>(17.44)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>713.49</b>	<b>336.03</b>	<b>250.63</b>
	<b>A+B</b>	<b>(890.94)</b>	<b>(356.25)</b>	<b>(244.87)</b>



5	<b>Other Long - Term Liabilities</b>	<b>March 31, 2015</b>	March 31, 2014
		₹ in Crore	₹ in Crore
	Amounts payable on swaps [Refer Note 4.7]	397.09	718.60
	Interest accrued but not due on borrowings	772.20	741.83
	Premium payable on redemption of Debentures	1,160.26	693.65
	Security and other deposits received	9.50	12.55
	Income received in advance	81.78	45.59
	Accrued Redemption Loss on Investments	15.98	18.89
		<b>2,436.81</b>	<b>2,231.11</b>

6	<b>Long-Term Provisions</b>	<b>March 31, 2015</b>	March 31, 2014
		₹ in Crore	₹ in Crore
	Provision for Employee Benefits [Refer Note 27.3]	49.44	37.96
	Provision for Contingencies [Refer Note 6.1 & 6.2]	1,501.44	1,309.04
		<b>1,550.88</b>	<b>1,347.00</b>

6.1 Provision for Contingencies includes provisions for standard assets and all other contingencies. As per National Housing Bank Circular No. NHB/HFC/DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6,2013, in addition to provision for non performing assets, all housing finance companies are required to carry a general provision. (i) at the rate of 1% of Standard Assets in respect of Commercial Real Estate ("CRE") other than Residential Housing , (ii) at the rate of 0.75% Commercial Real Estate - Residential Housing and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) above. Loans to individuals for 3rd dwelling units onwards are treated as CRE exposure.

Accordingly, the Corporation is required to carry a minimum provision of ₹ 1,170.92 crore (Previous Year ₹ 1,012.03 crore) towards standard assets. [Refer Note 30.1]

6.2 Movement in Provision for Contingencies Account during the year is as under: [Refer Note 32.1]

Particulars	Current Year	Previous Year
	₹ in Crore	₹ in Crore
Opening Balance	1,309.04	1,265.24
Additions during the year (Net) [Refer note 3.4]	202.44	58.20
Utilised during the year – towards Diminution in Value of Investments [Refer note 30.2]	(10.04)	(14.40)
Closing Balance	<b>1,501.44</b>	<b>1,309.04</b>

7	<b>Short-Term Borrowings</b>	<b>March 31, 2015</b>	March 31, 2014
		₹ in Crore	₹ in Crore
	<b>Loans repayable on demand:</b>		
	From Banks - Unsecured	116.46	6.12
	Deposits - Unsecured [Refer note 7.2 & 4.8]	2,822.05	5,761.63
	<b>Other loans and advances:</b>		
	Scheduled Banks - Secured [Refer note 7.1]	4,660.00	9,800.00
	National Housing Bank - Secured [Refer note 7.1]	-	-
	Scheduled Banks - Unsecured	0.00	500.00
	Commercial Papers - Unsecured [Refer note 7.3]	25,659.20	9,250.10
		<b>30,319.20</b>	<b>19,550.10</b>
		<b>33,257.71</b>	<b>25,317.85</b>



- 7.1 All secured short term borrowing are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.
- 7.2 Deposits includes ₹ 16.84 crore ( Previous Year ₹ 24.80 crore) from related parties [Refer Note 35].
- 7.3 Commercial papers of the Corporation have a maturity value of ₹ 26,665.00 crore ( Previous Year ₹ 9,575.00 crore).

8	<b>Trade Payables</b>	March 31, 2015 ₹ in Crore	March 31, 2014 ₹ in Crore
	Trade Payables	87.80	81.82
		<b>87.80</b>	<b>81.82</b>

8.1 Trade Payables include ₹ 0.07 crore (Previous Year ₹ 0.10 crore) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Corporation during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.

8.2 As required under Section 125 of the Companies Act 2013, the Corporation has transferred ₹ 2.18 crore (Previous Year ₹ 1.65 crore) to the Investor Education and Protection Fund (IEPF) during the year except to the extent ₹ 0.87 crore in the previous year in respect of claims that are disputed. As of March 31, 2015, no amount was due for transfer to the IEPF.

8.3 Trade Payables includes ₹ 23.08 crore (Previous Year ₹ 19.57 crore) due to related parties [ Refer Note 35].

9	<b>Other Current Liabilities</b>	March 31, 2015 ₹ in Crore	March 31, 2014 ₹ in Crore
	Current maturities of long-term borrowings [Refer Note 9.3]	77,738.98	71,774.30
	Interest accrued but not due on borrowings	5,409.65	5,385.82
	Premium payable on redemption of Debentures	136.54	167.17
	Interest accrued and due on matured deposits	78.70	55.19
	Income and other amounts received in advance	271.60	184.21
	Unclaimed dividend	16.94	14.36
	Interim Dividend Payable	3.53	-
	Unclaimed matured deposits	617.92	442.56
	<b>Other payables</b>		
	- Statutory Remittances	147.37	152.75
	- Financial Assistance received from Kreditanstalt für Wiederaufbau	7.78	20.93
	- Amounts payable - Securitised Loans	567.73	514.84
	- Amounts payable on swaps [Refer Note 4.7]	172.57	167.24
	- Accrued redemption loss on Investments	-	2.32
	- Others	37.27	29.81
		<b>7,467.60</b>	<b>7,137.20</b>
		<b>85,206.58</b>	<b>78,911.50</b>

1.



9.1 Current maturities of Long term borrowings are further sub-classified as under:

Sr.No.	Particulars	March 31, 2015 ₹ in Crore	March 31, 2014 ₹ in Crore
	<b>Secured [Refer Note 9.2]</b>		
(i)	<b>Bonds and Debentures</b>		
	- Bonds	5.75	5.25
	- Non Convertible Debentures	29,959.60	26,995.00
(ii)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	9,230.40	11,837.51
(iii)	<b>Term Loans from other parties</b>		
	- Asian Development Bank	28.18	26.22
	- Kreditanstalt für Wiederaufbau	0.00	12.74
	- National Housing Bank	391.61	494.18
	<b>Total Secured</b>	<b>39,615.54</b>	<b>39,370.90</b>
	<b>Unsecured</b>		
(i)	<b>Bonds and Debentures</b> [Refer Note 4.9 & 9.3]	500.00	0.00
(ii)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	2,191.00	1,355.92
(iii)	<b>Term Loans from other parties</b>		
	- Under a line from Kreditanstalt für Wiederaufbau	14.44	16.70
(iv)	<b>Deposits</b> [Refer Note 4.8]	35,418.00	31,030.78
	<b>Total Unsecured</b>	<b>38,123.44</b>	<b>32,403.40</b>
	<b>Total</b>	<b>77,738.98</b>	<b>71,774.30</b>

9.2 Secured Current maturities of long term borrowings are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.

9.3 Current maturities of Non-Convertible Debentures includes ₹ 116.00 crore (Previous Year ₹ 40.00 crore) and Deposits includes ₹ 0.98 crore (Previous Year ₹ 3.87 crore) from related parties [Refer Note 35].

10	Short-Term Provisions	March 31, 2015 ₹ in Crore	March 31, 2014 ₹ in Crore
	Provision for Employee benefits [Refer Note 27.3]	110.52	88.50
	Provision for Tax (Net of Advance Tax)	64.53	62.43
	Proposed Dividend	2,047.11	2,184.75
	Additional Tax on Dividend	416.74	371.30
		<b>2,638.90</b>	<b>2,706.98</b>



	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at			As at	As at	For	As at	As at	As at
	March 31,	Additions	Deductions	Mar 31,	March 31,	the	Mar 31,	Mar 31,	March 31,
	2014			2015	2014	Year	2015	2015	2014
Land :									
Freehold	15.70	-	-	15.70	-	-	-	15.70	15.70
	(15.70)	-	-	(15.70)	-	-	-	(15.70)	(15.70)
Leasehold	3.45	366.80	-	370.25	0.65	2.29	-	2.94	367.31
	(3.45)	-	-	(3.45)	(0.61)	(0.04)	-	(0.65)	(2.80)
Buildings :									
Own Use	205.78	59.40	37.02	228.16	44.41	3.08	8.14	39.35	188.81
	(211.08)	(2.11)	(7.41)	(205.78)	(42.44)	(3.35)	(1.38)	(44.41)	(161.37)
Leasehold Improvements	55.07	2.17	1.28	55.96	16.22	12.81	1.27	27.76	28.20
	(16.03)	(39.35)	(0.31)	(55.07)	(10.68)	(5.84)	(0.30)	(16.22)	(38.86)
Computer Hardware	66.91	12.99	2.01	77.89	56.43	4.21	2.01	58.63	19.26
	(61.23)	(7.83)	(2.15)	(66.91)	(51.79)	(6.79)	(2.15)	(56.43)	(10.48)
Furniture and Fittings									
Own Use	61.11	2.49	4.33	59.27	42.81	(1.39)	4.17	37.25	22.02
	(52.62)	(13.05)	(4.56)	(61.11)	(42.15)	(4.61)	(3.95)	(42.81)	(18.30)
Under Operating Lease	0.71	-	0.71	-	0.63	0.06	0.69	-	-
	(0.71)	-	-	(0.71)	(0.62)	(0.01)	-	(0.63)	(0.08)
Office Equipment etc.:									
Own Use	57.11	3.22	3.65	56.68	33.57	2.54	3.30	32.81	23.87
	(46.36)	(13.15)	(2.40)	(57.11)	(30.42)	(4.85)	(1.70)	(33.57)	(23.54)
Under Operating Lease	0.79	-	0.79	-	0.67	0.12	0.79	-	-
	(0.79)	-	-	(0.79)	(0.65)	(0.02)	-	(0.67)	(0.14)
Vehicles	11.73	2.88	1.43	13.18	7.21	0.66	1.36	6.51	6.67
	(11.12)	(2.02)	(1.41)	(11.73)	(6.77)	(1.58)	(1.14)	(7.21)	(4.52)
Leased Assets :									
Plant & Machinery *	129.18	-	-	129.18	129.18	-	-	129.18	-
	(129.18)	-	-	(129.18)	(129.18)	-	-	(129.18)	-
Vehicles *	16.37	-	-	16.37	16.37	-	-	16.37	-
	(16.37)	-	-	(16.37)	(16.37)	-	-	(16.37)	-
	623.91	449.95	51.22	1,022.64	343.15	24.38	21.73	350.80	671.84
	(564.64)	(77.51)	(18.24)	(623.91)	(331.68)	(27.09)	(10.62)	(348.15)	(275.76)
Previous Year	(564.64)	(77.51)	(18.24)	(623.91)	(331.68)	(27.09)	(10.62)	(348.15)	(275.76)
* Assets held for disposal									

11.1 The Corporation has reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, the straight line method was used for depreciating Buildings, Computers, Leased Assets and Leasehold improvements while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than Computer Hardware and Vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

As a result of the change, the charge on account of Depreciation for year, is lower by ₹ 12.94 crore compared to the method used and useful lives estimated in earlier periods.

11.2 Depreciation charge for the financial year above, excludes ₹ 3.98 crore (Previous Year ₹ 2.27 crore) being depreciation charge on Investment In Properties.

## 12 Intangible assets:

	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at			As at	As at	For	As at	As at	As at
	March 31,	Additions	Deductions	Mar 31,	March 31,	the	Mar 31,	Mar 31,	March 31,
	2014			2015	2014	Year	2015	2015	2014
Computer Software Licences (Acquired)	14.02	1.82	-	15.84	9.30	1.42	-	10.72	5.12
	(11.77)	(2.25)	-	(14.02)	(6.79)	(2.51)	-	(9.30)	(4.72)
	14.02	1.82	-	15.84	9.30	1.42	-	10.72	5.12
	(11.77)	(2.25)	-	(14.02)	(6.79)	(2.51)	-	(9.30)	(4.72)
Previous Year	(11.77)	(2.25)	-	(14.02)	(6.79)	(2.51)	-	(9.30)	(4.72)



	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>INVESTMENTS (At Cost)</b>		
<b>Trade Investments :</b>		
Equity Shares - Subsidiaries and Associate Companies	8,250.18	8,242.05
Preference Shares - Convertible - Subsidiary Company	67.00	67.00
Debentures - Redeemable - Subsidiary Company	79.00	74.00
Venture Funds	223.49	182.80
<b>Non Trade Investments :</b>		
Equity Shares	552.70	745.59
Preference Shares - Convertible	0.50	0.50
Preference Shares - Cumulative Redeemable	5.99	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	63.33	163.33
Debentures and Bonds - Redeemable - Others	-	20.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	37.10	41.91
Security Receipts - Others	8.11	21.97
Government Securities	4,087.64	3,719.77
Mutual Funds	10.00	10.00
Venture Funds	110.08	54.22
Properties [Net of Depreciation of ₹ 15.11 crore (Previous Year ₹ 13.13 crore )	270.93	102.88
	<b>13,766.05</b>	<b>13,452.01</b>
Less : Provision for other than temporary Diminution in Value of Investments	74.35	81.72
	<b>13,691.70</b>	<b>13,370.29</b>

	Book Value ₹ in Crore	Market Value ₹ in Crore
<b>Aggregate of Quoted Investments</b>	<b>5,806.92</b>	<b>46,661.78</b>
<i>Previous Year</i>	5,966.95	32,982.31
<b>Aggregate of Investments listed but not quoted</b>	<b>4,150.97</b>	
<i>Previous Year</i>	3,883.10	
<b>Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)</b>	<b>10.00</b>	<b>10.20</b>
<i>Previous Year</i>	10.00	10.06
<b>Aggregate of Unquoted Investments (Others)</b>	<b>3,452.88</b>	
<i>Previous Year</i>	3,407.36	
<b>Properties</b>	<b>270.93</b>	
<i>Previous Year</i>	102.88	
	<b>13,691.70</b>	
<i>Previous Year</i>	13,370.29	





**Trade Investments :**

	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ In Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ In Crore
<b>Equity Shares - Subsidiaries and Associate Companies (fully paid)</b>						
<b>Subsidiaries</b>						
Credila Financial Services Pvt. Ltd.	4,22,72,003	10	47.97	422,72,003	10	47.97
GRUH Finance Ltd. *	21,30,77,850	2	60.74	10,65,38,925	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	235.88	1,50,96,600	10	235.88
HDFC Developers Ltd.	30,50,000	10	3.05	50,000	10	0.05
HDFC Education and Development Services Pvt. Ltd.	1,51,00,000	10	15.10	1,01,00,000	10	10.10
HDFC ERGO General Insurance Co. Ltd.	39,66,08,250	10	644.96	39,07,32,250	10	597.96
HDFC Holdings Ltd.	18,00,070	10	102.40	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	66.15	2,66,70,500	10	66.15
HDFC Property Ventures Ltd.	10,00,000	10	1.00	10,00,000	10	1.00
HDFC Realty Ltd.	77,50,070	10	7.31	77,50,070	10	7.31
HDFC Sales Pvt. Ltd.	40,10,000	10	4.02	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	140,92,99,334	10	1,508.77	144,37,33,842	10	1,545.64
HDFC Trustee Co. Ltd.	1,00,000	10	0.10	1,00,000	10	0.10
HDFC Venture Capital Ltd.	4,02,500	10	0.40	4,02,500	10	0.40
HDFC Ventures Trustee Co. Ltd.	50,000	10	0.05	50,000	10	0.05
H T Parekh Foundation			-	1,00,09,990	10	10.01
			<u>2,697.91</u>			<u>2,689.78</u>
<b>Associate Companies</b>						
HDFC Bank Ltd. *	39,32,11,100	2	5,549.74	39,32,11,100	2	5,549.74
India Value Fund Advisors Pvt. Ltd.	9,75,002	4	0.03	9,75,002	4	0.03
RuralShores Business Services Pvt. Ltd.	4,76,351	10	2.50	4,76,351	10	2.50
			<u>5,552.27</u>			<u>5,552.27</u>
			<u>8,250.18</u>			<u>8,242.05</u>
* listed shares						
<b>Preference Shares - Convertible - Subsidiary Company (fully paid)</b>						
0.01% Credila Financial Services Pvt. Ltd. (Compulsorily Fully Convertible)	6,69,99,956	10	67.00	6,69,99,956	10	67.00
			<u>67.00</u>			<u>67.00</u>



	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2015 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2014 ₹ in Crore
<b>Debentures - Redeemable - Subsidiary Company (fully paid)</b>						
12.75% Credila Financial Services Pvt. Ltd.	100	10,00,000	10.00	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	100	10,00,000	10.00	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	100	10,00,000	10.00	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	100	10,00,000	10.00	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	100	10,00,000	10.00	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	90	10,00,000	9.00	90	10,00,000	9.00
12.75% Credila Financial Services Pvt. Ltd.	100	10,00,000	10.00	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	50	10,00,000	5.00	50	10,00,000	5.00
12.75% Credila Financial Services Pvt. Ltd.	50	10,00,000	5.00			-
			<b>79.00</b>			<b>74.00</b>

#### Venture Funds

HDFC Investment Trust			172.35			182.80
HDFC Investment Trust II			51.14			-
			<b>223.49</b>			<b>182.80</b>

#### Non - Trade Investments:

	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
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#### Equity Shares (fully paid)

##### Unlisted :

AEC Cements and Constructions Ltd.	2,80,000	10	0.28	2,80,000	10	0.28
Avantha Power & Infrastructure Ltd.			-	145,35,188	10	45.00
Asset Reconstruction Co. (India) Ltd.	75,41,137	10	46.37	75,41,137	10	46.37
Career Launcher Education Infrastructure & Services Ltd.			-	9,38,028	10	21.18
Computer Age Management Services Pvt. Ltd.	54,06,680	10	1.51	54,06,680	10	1.51
Citrus Processing India Pvt Ltd.	11,51,234	10	34.09	9,28,414	10	27.49
CL Educate Ltd.	5,94,233	10	35.08			-
Feedback Ventures Pvt. Ltd.	18,10,515	10	8.97	18,10,515	10	8.97
GVFL Ltd.	1,50,000	10	0.27	1,50,000	10	0.27
Goods & Services Tax Network	10,00,000	10	1.00	97,143	10	0.10
Idhasoft Ltd.	4,71,06,525	1	8.21	4,71,06,525	1	8.21
INCAB Industries Ltd.	76,188	10	0.23	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	0.15	1,50,000	10	0.15
Infrastructure Leasing & Financial Services Ltd.	1,15,87,194	10	78.11	1,15,87,194	10	78.11
IVF Advisors Pvt. Ltd.	2,000	10	0.01	2,000	10	0.01
Kesoram Textile Mills Ltd. (received on demerger in 1999-2000)	22,258	2	-	22,258	2	-
Mahindra First Choice Wheels Ltd.	31,82,000	10	4.84	31,82,000	10	4.84
MIEL e-Security Pvt. Ltd.	1,11,112	10	4.11	1,11,112	10	4.11
Carried forward			<b>223.23</b>			<b>246.82</b>

1



	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Brought forward			<b>223.23</b>			246.82
National Stock Exchange of India Ltd.	73,750	10	21.45	73,750	10	21.45
Next Gen Publishing Ltd.	19,35,911	10	1.70	19,35,911	10	1.70
Novacel Life Sciences Ltd.	7,50,000	10	0.75	7,50,000	10	0.75
OCM India Ltd.	22,56,295	10	3.41	22,56,295	10	3.41
Tamil Nadu Urban Infrastructure Financial Services Ltd.	1,50,000	10	0.15	1,50,000	10	0.15
Tamil Nadu Urban Infrastructure Trustee Co. Ltd.	15,000	10	0.02	15,000	10	0.02
The Greater Bombay Co-operative Bank Ltd. *			-	40	25	0.00
The Ratnakar Bank Ltd.	88,04,680	10	58.99	88,04,680	10	58.99
TVS Credit Services Ltd.	50,00,000	10	10.00	50,00,000	10	10.00
VBHC Value Homes Private Limited [Erstwhile Value & Budget Housing Corporation (India) Pvt. Ltd.]	1,89,394	10	6.08	2,63,626	10	8.46
Vayana Enterprises Pvt. Ltd.	10,44,776	10	3.47	10,44,776	10	3.47
			<b>329.25</b>			<b>355.23</b>
<b>Listed :</b>						
Axis Bank Ltd.			-	1,31,377	10	16.52
Andhra Cements Ltd.	2,59,57,055	10	49.82	2,59,57,055	10	49.82
BASF India Ltd.			-	1,89,635	10	12.74
Bharat Bijlee Ltd.	1,22,480	10	2.65	1,22,480	10	2.65
Credit Analysis and Research Ltd.			-	2,422	10	0.18
Castrol India Ltd.			-	1,87,483	10	3.14
Coromandel International Ltd. (received under Scheme of Arrangement in 2003-04)	2,69,330	2	-	2,69,330	2	-
Crompton Greaves Ltd.			-	1,68,750	2	4.27
DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	40,47,926	10	16.89	40,47,926	10	16.89
Engineers India Ltd.			-	3,11,992	5	10.86
Grasim Industries Ltd.			-	37,300	10	11.50
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	105.50	1,48,26,303	10	105.50
Indian Oil Corporation Ltd.			-	1,51,000	10	4.94
ICICI Bank Ltd.			-	48,000	10	4.98
Indraprastha Medical Corporation Ltd.	90,00,000	10	38.65	90,00,000	10	38.65
Infosys Technologies Ltd.			-	33,000	5	9.69
IDFC Ltd.	27,94,319	10	2.79	27,94,319	10	2.79
ITC Ltd.			-	2,51,000	1	4.07
Jindal Steel & Power Ltd.			-	52,500	2	4.88
Mahindra & Mahindra Ltd.			-	3,15,000	5	5.87
Nesile India Ltd.			-	8,200	10	3.49
Nirlon Ltd.			-	9,09,000	10	5.00
NMDC Ltd.			-	1,66,660	1	5.00
Oil & Natural Gas Corporation Ltd.			-	2,10,000	5	6.97
Reliance Industries Ltd.			-	1,41,169	10	14.36
Shipping Corporation Of India Ltd.			-	1,28,439	10	1.80
Siemens Ltd.	2,02,707	2	7.15	7,87,707	2	27.81
State Bank of India			-	40,000	10	8.09
Tata Steel Ltd.			-	1,36,448	10	7.90
			<b>223.45</b>			<b>390.36</b>
			<b>552.70</b>			<b>745.59</b>

\* Amount less than ₹ 50,000



Preference Shares - Convertible (fully paid)		Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
0.02%	Ziqitza Healthcare Ltd. (Compulsorily Fully Convertible Preference Shares)	2,350	10	0.50	2,350	10	0.50
				0.50			

**Preference Shares - Cumulative Redeemable (fully paid)**

0.001%	BPL Ltd.	5,99,014	100	5.99	5,99,014	100	5.99
				5.99			

Debentures and Bonds - Redeemable - for financing Real Estate Projects (fully paid)		Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2015 ₹ In Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2014 ₹ in Crore
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**- Zero Coupon Bonds  
- Listed Unquoted**

NHB Sumeru Zero Coupon Bonds (Refer Note 3 below) (yield to maturity - 9%)	1,50,000	10,000	63.33	1,50,000	10,000	63.33	
Trent Ltd. (yield to maturity - 10%)			-	1,000	10,00,000	100.00	
				63.33			

Debentures and Bonds - Redeemable - Others (fully paid)		Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2015 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2014 ₹ in Crore
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**- Unlisted**

3% Feedback Infra Private Ltd. (yield to maturity -13%)			-	2,00,000	1,000	20.00	
				-			



	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>Pass Through Certificates &amp; Security Receipts</b>		
- for financing Real Estate Projects		
Pass Through Certificates	17.13	21.94
Security Receipts	<u>19.97</u>	<u>19.97</u>
	<u><u>37.10</u></u>	<u><u>41.91</u></u>
- Others		
Security Receipts	8.11	21.97
	<u>8.11</u>	<u>21.97</u>
<b>Government Securities</b>		
Government of India Loans	<u>4,087.64</u>	<u>3,719.77</u>
<b>Schemes of Mutual Funds</b>		
HDFC Mutual Fund	10.00	10.00
	<u>10.00</u>	<u>10.00</u>
<b>Venture Funds</b>		
Faering Capital India Evolving Fund	27.11	17.06
Gaja Capital India Fund	-	8.40
India Value Fund	47.24	12.98
India Venture Trust	5.00	5.00
Kaizen Domestic Scheme 1	7.29	5.50
Tata Capital Growth Fund	6.72	5.28
Tamil Nadu Urban Development Fund	16.72	-
	<u>110.08</u>	<u>54.22</u>

**Notes :**

- 1) Unquoted investments include ₹ Nil (Previous Year ₹ 6.08 crore ) in respect of equity shares, which are subject to a lock-in period and include ₹ 40.17 crore (Previous Year ₹ 35.96 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ 60.74 crore (Previous Year ₹ 60.74 crore) in respect of equity shares, which are subject to restrictive covenant.
- 2) Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
- 3) NHB Sumeru Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.



**DEFERRED TAX ASSET / LIABILITY:**

In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), the Corporation has taken debit of ₹ 271.00 crore (Previous Year ₹ 27.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2015 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ 559.54 crore (Previous Year ₹ Nil) has been adjusted against utilisation from the General Reserve (as per Note 3.2) and ₹ Nil (Previous Year ₹ 25.49 crore) has been adjusted against the utilisation from Statutory Reserve (As per Section 29C of National Housing Bank Act, 1987) as per Note 3.4.

The major components of deferred tax assets and liabilities are :

Particulars	Assets		Liabilities	
	Current Year	Previous Year	Current Year	Previous Year
a) Depreciation	-	-	61.92	50.66
b) Special Reserve I & II	-	-	924.31	-
c) Provision for Contingencies	726.81	669.62	-	-
d) Provision for Employee Benefits	43.48	31.16	-	-
e) Accrued Redemption Loss (net)	5.53	7.21	-	-
f) Others (net)	9.74	-	-	27.46
<b>Total</b>	<b>785.56</b>	<b>707.99</b>	<b>986.23</b>	<b>78.12</b>
<b>Net Deferred Tax Asset / Liability</b>		<b>629.87</b>	<b>200.67</b>	

**LONG-TERM LOANS AND ADVANCES**

Particulars	₹ in Crore	As at	As at
		March 31, 2015	March 31, 2014
		₹ in Crore	₹ in Crore
<b>Loans:</b>	[Refer Notes 15.3, 15.4 & 15.5]		
- Individuals		1,46,668.23	1,25,768.44
- Corporate Bodies		52,768.61	48,785.08
- Others		2,724.33	1,738.52
		<b>2,02,161.17</b>	1,76,292.04
Less: Provision for Sub-Standard and Doubtful loans [Refer Note 15.6 & 30.1] (including additional provision made by the Corporation in the previous year)		<b>(480.74)</b>	(545.96)
		<b>2,01,680.43</b>	1,75,746.08
<b>Others:</b>			
Corporate Deposits - Unsecured; Considered doubtful	2.00		2.00
Capital Advances - Unsecured; considered good	10.70		3.99
Advance against Investment in Properties	0.59		184.82
Security Deposits - Unsecured; considered good	18.69		311.35
Instalments due from borrowers - Secured; Considered doubtful	99.39		83.92
Others - Unsecured; Considered doubtful	49.71		49.71
<b>Other Long-term Loans and Advances:</b>			
- Staff Loans Others - Secured; considered good [Refer Note 15.1]	17.53		14.95
- Prepaid Expenses - Unsecured; considered good	91.16		61.54
- Advance Tax (Net of Provision)	2,326.66		1,979.75
	<b>2,616.43</b>		2,692.03
Less : Provision for Doubtful Corporate Deposit & Other Receivables [Refer Notes 32.1]	<b>51.71</b>		51.71
		<b>2,564.72</b>	2,640.32
		<b>2,04,245.15</b>	1,78,386.40



- 15.1 Loans includes amounts due from the directors ₹ 0.08 crore (Previous Year ₹ 0.13 crore) [Refer Note 35].
- 15.2 Investments in Debentures, Pass Through Certificates and Security Receipts amounting to ₹ 100.44 crore (Previous Year ₹ 205.24 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected in Note 13.
- 15.3 Loans granted by the Corporation aggregating to ₹ 1,99,935.60 crore (Previous Year ₹ 1,74,277.73 crore) are secured or partly secured by:
- Equitable mortgage of property and / or
  - Pledge of shares, units, other securities, assignment of life insurance policies and / or
  - Hypothecation of assets and / or
  - Bank guarantees, company guarantees or personal guarantees and / or
  - Negative lien and / or
  - Assignment of hire purchase receivables and / or
  - Undertaking to create a security.
- 15.4 Loans include ₹ 198.33 crore (Previous Year ₹ 35.31 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- 15.5 Long term loans and advances includes Sub-Standard and Doubtful Loans of ₹ 1,542.36 crore (Previous Year ₹ 1,413.12 crore). [Refer note 30.1]
- 15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 32.1]

Particulars	As at March 31, 2014 ₹ in Crore	As at March 31, 2013 ₹ in Crore
Opening Balance	545.96	475.33
Additions/(Reversal) during the year (Net) [Refer Note 3.4]	(37.44)	116.80
Utilised during the year – towards Loans written off	(27.78)	(46.17)
Closing Balance	480.74	545.96

16 **Other Non-Current Assets**

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Unamortised discount on Non-Convertible Debentures	-	2.24
Receivables on Securitised Loans	353.19	331.57
Forward Receivable	104.00	104.00
Interest accrued but not due on Loans	373.24	356.99
Interest accrued but not due on Bank Deposits	26.16	0.02
Income accrued but not due on Investments	42.93	56.31
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	1,863.59	62.95
	<b>2,763.11</b>	<b>914.08</b>

- 16.1 Bank deposits, with maturities beyond twelve months from the balance sheet date, includes earmarked balances ₹ 58.46 crore (Previous Year ₹ 62.82 crore) against foreign currency loans [Refer note 4.4] and ₹ 0.13 crore (previous year ₹ 0.13 crore) towards letter of credit issued by Bank.

1.



**Note 17** **Current Investments**

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>Held as current Investments</b>		
<b>(At lower of cost and fair value unless stated otherwise stated)</b>		
<b>Trade</b>		
Equity Shares - Subsidiary Companies	108.67	108.67
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable [Refer Note 20.5]	265.18	265.18
<b>Non Trade</b>		
Equity Shares - Unlisted	45.00	-
Debentures and Bonds - Redeemable	10.00	20.00
<b>Current portion of Long Term Investments (at cost)</b>		
Debentures and Bonds - Redeemable - for Financing Real Estate Projects [Refer Note 20.5]	100.00	-
Debentures and Bonds - Redeemable - Others	20.00	19.99
Pass Through Certificates and Security Receipts - for Financing Real Estate Project	13.11	-
Government Securities	-	42.60
Venture Funds & Other Funds	44.77	86.07
	<u>606.73</u>	<u>542.51</u>
Less : Provision for Diminution in Value of Investments	4.09	0.15
	<u>602.64</u>	<u>542.36</u>
	<b>Book Value</b> ₹ in Crore	<b>Market Value</b> ₹ in Crore
<b>Aggregate of Quoted Investments</b>	-	-
<i>Previous Year</i>	10.00	9.85
<b>Aggregate of Investments listed but not quoted</b>	110.00	
<i>Previous Year</i>	52.60	
<b>Aggregate of Unquoted Investments (Others)</b>	492.64	
<i>Previous Year</i>	479.76	
	<u>602.64</u>	
<i>Previous Year</i>	542.36	





**Held as Current Investments**

**Trade Investments :**

	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
<b>Equity Shares - Subsidiary Companies (fully paid) *</b>						
Grandeur Properties Pvt. Ltd.	10,000	10	49.80	10,000	10	49.80
Windermere Properties Pvt. Ltd.	10,000	10	56.68	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	2.19	10,000	10	2.19
Pentagram Properties Pvt. Ltd.	10,000	10	-	10,000	10	-
Haddock Properties Pvt. Ltd.	10,000	10	-	10,000	10	-
			<u>108.67</u>			<u>108.67</u>

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2015 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2014 ₹ in Crore
<b>Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable (fully paid)*</b>						
6.40% Haddock Properties Pvt Ltd	6,981	1,00,000	56.39	6,981	1,00,000	56.39
9.00% Pentagram Properties Pvt Ltd	5,532	1,00,000	54.47	5,532	1,00,000	54.47
6.50% Winchester Properties Pvt Ltd	3,912	1,00,000	39.12	3,912	1,00,000	39.12
7.70% Windermere Properties Pvt Ltd	11,520	1,00,000	115.20	11,520	1,00,000	115.20
			<u>265.18</u>			<u>265.18</u>

\* received in specie distribution

**Non - Trade Investments:**

	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
<b>Equity Shares - Unlisted</b>						
Avantha Power & Infrastructure Ltd.	145,35,188	10	45.00			
			<u>45.00</u>			

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2015 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2014 ₹ in Crore
<b>Debentures and Bonds - Redeemable (fully paid)</b>						
<b>- Listed Unquoted</b>						
11.25% DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	100	10,00,000	10.00	100	10,00,000	10.00
<b>- Listed Quoted</b>						
12.15% Religare Finvest Ltd.			-	1,00,000	1,000	10.00
			<u>10.00</u>			<u>20.00</u>

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**Current portion of Long Term Investments**

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2015 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond (₹)	As at March 31, 2014 ₹ in Crore
<b>Debentures and Bonds - Redeemable</b>						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
Trent Ltd. (yield to maturity - 10%)	1,000	10,00,000	100.00			
			<u>100.00</u>			
<b>Debentures and Bonds - Redeemable - Others</b>						
<b>(fully paid)</b>						
<b>- Unlisted</b>						
5.64% Mandava Holdings Private Limited (yield to maturity - 14.10%)				4	5,00,00,000	19.99
3% Feedback Infrastructure Services Pvt Ltd. (yield to maturity -13%)	2,00,000	1,000	20.00			
			<u>20.00</u>			<u>19.99</u>
			<u>As at</u>			<u>As at</u>
			<u>March 31, 2015</u>			<u>March 31, 2014</u>
			<u>₹ in Crore</u>			<u>₹ in Crore</u>
<b>Pass Through Certificates &amp; Security Receipts</b>						
<b>- for financing Real Estate Projects</b>						
Pass Through Certificates			1.59			
Security Receipts			11.52			-
			<u>13.11</u>			<u>-</u>
<b>Government Securities</b>						
Government of India Loans			-			42.60
<b>Venture Funds and Other Funds</b>						
India Value Fund			8.99			41.98
Gaja Capital India Fund			8.40			-
Tamil Nadu Urban Development Fund			-			16.71
HDFC Property Fund - Scheme HDFC India Real Estate Fund			27.38			27.38
			<u>44.77</u>			<u>86.07</u>

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18	<b>Trade Receivables</b>	<b>As at March 31, 2015 ₹ in Crore</b>	<b>As at March 31, 2014 ₹ in Crore</b>
	Trade Receivables - Unsecured; Considered Good, less than six months	<b>46.18</b>	84.52
		<b>46.18</b>	<b>84.52</b>

18.1 Trade Receivables includes amounts due from the related parties ₹ 45.14 crore (Previous Year ₹ 71.60 crore) [Refer Note 35].

19	<b>Cash and Bank Balances</b>	<b>As at March 31, 2015 ₹ in Crore</b>	<b>As at March 31, 2014 ₹ in Crore</b>
	(a) Cash and cash equivalents		
	(i) Balances with banks:		
	In Current Accounts	<b>61.50</b>	2,083.40
	In Deposit accounts with original maturity less than 3 months	<b>2,600.00</b>	3,525.00
	(ii) Cash on hand	<b>0.31</b>	0.50
	(iii) Cheques on hand	<b>95.12</b>	25.82
		<b>2,756.93</b>	5,634.72
	(b) Other Bank balances		
	(i) Earmarked balance with banks		
	- Unclaimed Dividend Account	<b>20.47</b>	14.36
	- Towards Guarantees Issued by Banks	<b>0.13</b>	0.14
	- Other - Against Foreign Currency Loans [Refer Note 4.4]	<b>7.10</b>	6.40
	(ii) Short - term bank deposits	<b>580.02</b>	2,059.90
		<b>3,364.65</b>	7,715.52

20	<b>Short-Term Loans and Advances</b>	<b>As at March 31, 2015 ₹ in Crore</b>	<b>As at March 31, 2014 ₹ in Crore</b>
	<b>Loans:</b> [Refer Note 20.1]		
	Current maturities of long-term loans and advances	<b>23,569.97</b>	18,310.72
	Corporate Bodies	<b>2,449.72</b>	2,497.59
		<b>26,019.69</b>	20,808.31
	<b>Others:</b>		
	Current maturities of Staff Loans - others -Secured; Considered good [Refer Note 20.6]	<b>4.35</b>	3.75
	Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]	<b>921.34</b>	1,403.01
	Instalments due from borrowers - Secured; Considered good	<b>900.88</b>	763.72
	Other Advances - Unsecured; Considered good [Refer Note 20.4]	<b>33.26</b>	24.97
	Prepaid Expenses - Unsecured; Considered good	<b>99.22</b>	96.46
	Security Deposits - Unsecured; Considered good	<b>7.23</b>	11.45
		<b>1,966.28</b>	2,303.36
		<b>27,985.97</b>	23,111.67

20.1 Loans granted by the Corporation, aggregating ₹ 22,922.81 crore (Previous Year ₹ 19,343.97 crore) are secured and considered good [Refer Note 15.3].

20.2 Out of the Corporate Deposits, amounts aggregating to ₹ 253.40 crore (Previous Year ₹ 601.65 crore) are secured and considered good [Refer Note 15.3].

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- 20.3 Corporate Deposits includes amounts due from the related parties **₹ 23.58 crore** (Previous Year ₹ 25.00 crore) [Refer Note 35].
- 20.4 Other Advances includes amounts due from the related parties **₹ 9.48 crore** (Previous Year ₹ 9.51 crore) [Refer Note 35].
- 20.5 Investments in Debentures and Corporate Deposits amounting to **₹ 604.77 crore** (Previous Year ₹ 547.93 crore) are towards financing Real Estate Projects. The Debentures are reflected in Note 17.
- 20.6 Current maturities of staff loans includes amounts due from the directors **₹ 0.05 crore** (Previous Year ₹ 0.02 crore) [Refer Note 35].

## 21 OTHER CURRENT ASSETS

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Receivables on Securitised Loans	53.30	30.11
Interest accrued but not due on Loans	343.13	206.31
Interest accrued and due on Loans	0.22	5.65
Income accrued but not due on Investments	166.81	105.41
Interest accrued but not due on Corporate Deposits	11.12	38.53
Interest accrued and due on Corporate Deposits	0.72	10.39
Application money - Investments	0.00	0.90
	<b>575.30</b>	<b>397.30</b>

## 22 CONTINGENT LIABILITIES AND COMMITMENTS:

The Company has certain matters in appellate, judicial and arbitration proceedings (including those described below), arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees and undertakings. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

22.1 Given below are amounts in respect of claims asserted by revenue authorities and others;

- a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to **₹ 1,103.51 crore** (Previous Year ₹ 919.19 crore). The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.
- b) Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to **₹ 0.15 crore** (Previous Year ₹ 0.15 crore).

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

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

22.2 Contingent liability in respect of guarantees and undertakings comprise of the following;

- a) Guarantees **₹ 361.68 crore** (Previous Year ₹ 435.26 crore).
- b) Corporate undertakings for securitisation of receivables aggregated to **₹ 1,919.65 crore** (Previous Year ₹ 1,943.05 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

22.5 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is **₹ 252.82 crore** (Previous Year ₹ 59.30 crore).



23	<b>Revenue from Operations</b>	<b>Current Year ₹ in Crore</b>	Previous Year ₹ in Crore
	<b>Interest Income :</b>		
	- Interest on Loans	<b>24,713.80</b>	21,870.87
	- Other Interest [Refer Note 23.1]	<b>891.79</b>	822.30
	- Net Gain on foreign currency transactions and translation	<b>0.18</b>	1.78
	Income from Leases	<b>10.38</b>	10.92
	Dividends [Refer Note 23.2]	<b>688.28</b>	555.59
	Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 23.3]	<b>364.55</b>	337.38
	Fees and Other Charges [Refer Note 23.4]	<b>290.90</b>	295.19
		<b>26,959.88</b>	23,894.03

- 23.1 a) Other Interest includes interest on investments amounting to ₹ 387.05 crore (Previous Year ₹ 372.38 crore), including ₹ 43.03 crore (Previous Year ₹ 6.18 crore) in respect of investments classified as current investments.  
b) Other Interest includes interest on income tax refund ₹ 44.31 crore (Previous Year ₹ 33.78 crore) .

23.2 Dividend income includes ₹ 400.02 crore (Previous Year ₹ 308.86 crore) received from subsidiary companies [Refer Note 35].

23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ 364.55 crore (Previous Year ₹ 337.38 crore) is in respect of investments held as current investments.

23.4 Fees and Other Charges is net of the amounts paid to Direct Selling Agents ₹ 354.75 crore (Previous Year ₹ 307.82 crore).

24 Profit on sale of investments includes profit of ₹ 260.47 crore (Previous Year ₹ Nil) on account of sale of shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company) and is net of loss of ₹ Nil (Previous Year ₹ 0.01 crore) on account of sale of IPF Online Ltd. (Associate Company)

25 Other Income includes rent of ₹ 12.56 crore (Previous Year ₹ 9.19 crore).

25.1 Earnings in foreign currency :

Particulars	₹ in crore	
	Current year	Previous Year
Interest on Bank Deposits	2.43	2.87
Consultancy and other fees	5.32	9.71

25.2 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures in respect of Operating Leases are made :

Income from Leases includes ₹ 4.01 crore (Previous Year ₹ 4.71 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

Period	₹ in crore	
	Current Year	Previous Year
Not later than one year	3.37	4.11
Later than one year but not later than five years	2.19	5.02
Later than five years	-	-



25.3 Other Income includes brokerage of ₹ 0.08 crore (Previous Year ₹ 0.06 crore) received in respect of insurance/agency business undertaken by the Corporation.

26 **Finance Cost**

	₹ in Crore	Current Year ₹ in Crore	Previous Year ₹ in Crore
<b>Interest</b>			
- Loans	2,332.01		2,060.83
- Deposits	6,139.40		5,274.26
- Bonds and Debentures	7,646.40		7,567.45
- Commercial Paper	1,746.90		884.84
		<b>17,864.71</b>	15,787.38
Net (Gain) / Loss on foreign currency transactions and translation [Refer Note 26.2]		(19.77)	137.39
<b>Other charges</b> [Refer Note 26.1]		<b>130.15</b>	104.60
		<b>17,975.09</b>	16,029.37

26.1 Other Charges is net of exchange loss ₹ 0.32 crore (Previous Year includes exchange gain of ₹ 0.66 crore)

26.2 A net gain of ₹ 19.95 crore (Previous Year loss of ₹ 135.61 crore) has been recognised in the Statement of Profit and Loss being net gain on transaction and translation of foreign currency monetary assets and liabilities as shown below:

	₹ in crore	
Particulars	Current Year	Previous Year
Exchange (Gain) / Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings [Refer Note 3.7]	(34.72)	(198.80)
- Cross Currency interest Rate Swaps [Refer Note 4.7]	107.98	145.77
Net Exchange (Gain) / Loss on Translation [Refer Note 3.7]	73.26	(53.03)
Realised (Gain) / Loss	(93.03)	190.42
Net (Gain)/Loss on foreign currency transaction and translation recognised in finance cost	(19.77)	137.39
Realised (Gain) / Loss recognised in Revenue from operations [Refer Note 23]	(0.18)	(1.78)
Net (Gain)/Loss recognised in statement of Profit and Loss	(19.95)	135.61

26.3 Expenditure in foreign currency :

	₹ in crore	
Particulars	Current year	Previous Year
Interest and Other Charges on Loans	41.01	7.39
Others	16.17	22.91

27 **Staff Expenses**

[Refer Notes 27.3]

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Salaries and Bonus [Refer Notes 27.1 & 27.2]	263.87	225.96
Contribution to Provident Fund and Other Funds	51.34	40.68
Staff Training and Welfare Expenses	13.25	12.54
	<b>328.46</b>	279.18

27.1 Salaries and Bonus include ₹ 22.02 crore (Previous Year ₹ 12.49 crore) towards provision made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard on Employee Benefits (AS 15).

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ 3.53 crore (Previous Year ₹ 2.68 crore).



## Employee Benefits

## (a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises, if any, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ 245.40 crore and ₹ 2,44.59 crore respectively (Previous Year ₹ 207.38 crore and ₹ 207.04 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of 7.96% (Previous Year 9.31%) and an average expected future period of 21.75 years (Previous Year 22 years).

The Company recognised ₹ 12.55 crore (Previous Year ₹ 11.88 crore) for provident fund contributions and ₹ 10.17 crore (Previous Year ₹ 8.69 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

## (b) Defined benefit plans

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

Particulars	₹ in crore	
	Current Year	Previous Year
<b>Change in the Benefit Obligations:</b>		
Liability at the beginning of the year	146.36	128.13
Current Service Cost	5.09	4.94
Interest Cost	13.63	10.53
Benefits Paid	(8.37)	(7.74)
Actuarial loss	23.67	10.50
Liability at the end of the year *	180.38	146.36
* The Liability at the end of the year ₹ 180.38 crore (Previous Year ₹ 146.36 crore) includes ₹ 44.12 crore (Previous Year ₹ 37.12 crore) in respect of an un-funded plan.		
<b>Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	108.14	87.51
Expected Return on Plan Assets	9.41	7.53
Contributions	13.50	16.11
Actuarial loss on Plan Assets	(0.58)	(3.01)
Fair Value of Plan Assets at the end of the year	130.47	108.14
Total Actuarial loss to be recognised	(24.25)	(13.51)
<b>Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	9.41	7.53
Actuarial loss on Plan Assets	(0.58)	(3.01)
Actual Return on Plan Assets	8.83	4.52
<b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>		
Opening Net Liability	38.22	40.62
Expense recognised	33.56	21.45
Contribution by the Corporation	(13.50)	(16.11)
Benefits paid by the Corporation / Insurance Companies	(8.37)	(7.74)
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" ₹ 49.38 crore (Previous Year ₹ 37.69 crore) and under "Short term Provision for Employee Benefits" ₹ 0.53 crore (Previous Year ₹ 0.53 crore).	49.91	38.22
<b>Expense Recognised in the Statement of Profit and Loss :</b>		
Current Service Cost	5.09	4.94
Interest Cost	13.63	10.53
Expected Return on Plan Assets	(9.41)	(7.53)
Net Actuarial loss to be recognised	24.25	13.51
Expense recognised in the Statement of Profit and Loss under "Staff Expenses"	33.56	21.45



₹ in crore

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Amount Recognised in the Balance Sheet:</b>					
Liability at the end of the year	180.38	146.36	128.13	107.69	94.24
Fair Value of Plan Assets at the end of the year	130.47	108.14	87.51	75.56	60.17
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" and "Short term Provision for Employee Benefits"	49.91	38.22	40.62	32.13	34.07
<b>Experience Adjustment :</b>					
On Plan Liabilities	23.67	20.44	17.25	10.59	7.13
On Plan Assets	(0.58)	(3.01)	(6.16)	(4.61)	(3.36)
Estimated Contribution for next year	10.49	6.19	8.03	6.79	5.79

**Investment Pattern:**

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	26.91	17.37
State Government securities / securities guaranteed by State / Central Government	17.05	12.00
Public Sector / Financial Institutional Bonds	12.10	23.75
Private Sector Bonds	19.98	16.90
Special Deposit Scheme	1.69	2.04
Certificate of Deposits	-	1.31
Deposits with Banks and Financial Institutions	1.02	3.07
Equity Shares	17.76	19.37
Others (Including bank balances)	3.49	4.19
Total	100.00	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

**Principal Assumptions:**

Particulars	Current Year %	Previous Year %
Discount Rate	7.96	9.31
Return on Plan Assets	7.96	8.70
Salary Escalation	5.00	5.00

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

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**Establishment Expenses**

	Current Year ₹ in Crore	Previous Year ₹ In Crore
Rent [Refer Note 28.1]	59.68	60.54
Rates and Taxes	2.72	3.54
Repairs and Maintenance - Buildings	6.26	5.80
General Office Expenses	2.36	2.58
Electricity Charges	13.95	13.80
Insurance Charges	0.79	0.72
	<b>85.76</b>	<b>86.98</b>





28.1 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures in respect of Operating Leases are made :

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ 23.50 crore (Previous Year ₹ 32.72 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ 14.09 crore (Previous Year ₹ 18.79 crore) have been netted off from rent expenses. The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

Period	₹ in crore	
	Current Year	Previous Year
Not later than one year	0.17	31.39
Later than one year but not later than five years	-	75.26
Later than five years	-	-

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#### OTHER EXPENSES

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Travelling and Conveyance	16.73	17.03
Printing and Stationery	8.89	8.06
Postage, Telephone and Fax	23.67	21.28
Advertising	27.42	35.07
Repairs and Maintenance - Other than Buildings	7.89	7.07
Office Maintenance	22.16	19.56
Legal Expenses	12.49	9.63
Computer Expenses	14.91	12.60
Directors' Fees and Commission	3.90	3.34
Miscellaneous Expenses [Refer Note 29.1, 29.2 & 29.3]	120.61	93.08
Auditors' Remuneration [Refer Note 29.4]	3.96	3.31
	<b>262.63</b>	<b>230.03</b>

29.1 Miscellaneous Expenses exclude ₹ 10.83 crore (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve during the year.

29.2 Miscellaneous Expenses include Provision for Wealth Tax amounting to ₹ 2.51 crore (Previous Year ₹ 0.60 crore) and Securities Transaction Tax amounting to ₹ 0.29 crore (Previous Year ₹ 0.26 crore).

29.3 Miscellaneous Expenses includes ₹ 18.07 crore (Previous Year ₹ Nil) towards Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013.

29.4 Auditors' Remuneration:

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Audit Fees	1.23	1.05
Tax Matters	0.96	0.79
Other Matters	1.76	1.43
Reimbursement of Expenses	0.01	0.04
Service Tax	0.48	0.42
Less: Service tax input credit availed / to be availed	(0.24)	(0.21)
Less: Service tax input credit expensed	(0.24)	(0.21)
	<b>3.96</b>	<b>3.31</b>

Audit Fees include ₹ 0.04 crore (Previous Year ₹ 0.03 crore) paid to Branch Auditors.



## Summary of total Borrowings, Loans and Investments

<b>Borrowings</b>		₹ in crore	
<b>Term-wise Break-up</b>	<b>Current Year</b>	<b>Previous Year</b>	
Long-term borrowings	97,602.34	86,881.04	
Short-term borrowings	33,257.71	25,317.85	
Current maturities of long-term borrowings	77,738.98	71,774.30	
Unclaimed matured deposits	617.92	442.56	
<b>Total Borrowings</b>	<b>2,09,216.95</b>	<b>1,84,415.75</b>	
<b>Category-wise Break-up</b>			
Bonds and Debentures	90,657.55	85,193.10	
Term Loans :			
- Banks	22,575.87	29,104.76	
- External Commercial Borrowing	1,884.00	1,805.10	
- Others	1,734.37	2,041.90	
Commercial Papers	25,659.20	9,250.10	
Deposits	66,705.96	57,020.79	
<b>Total Borrowings</b>	<b>2,09,216.95</b>	<b>1,84,415.75</b>	

<b>Loans</b>		₹ in crore	
<b>Term-wise Break-up</b>	<b>Current Year</b>	<b>Previous Year</b>	
Long-term loans	2,02,161.17	1,76,292.04	
Current maturities of long-term loans	23,569.97	18,310.72	
Short term loans	2,449.72	2,497.59	
	2,28,180.86	1,97,100.35	
Less: Provision for Sub-Standard and Doubtful loans	(480.74)	(545.96)	
<b>Net Loan Book</b>	<b>2,27,700.12</b>	<b>1,96,554.39</b>	
<b>Category-wise Break-up</b>			
Individual	1,55,689.71	1,33,281.08	
Corporate Bodies	69,144.76	61,624.77	
Others	3,346.39	2,194.50	
	2,28,180.86	1,97,100.35	
Less: Provision for Sub-Standard and Doubtful loans	(480.74)	(545.96)	
<b>Net Loan Book</b>	<b>2,27,700.12</b>	<b>1,96,554.39</b>	

<b>Investments</b>		₹ in crore	
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>	
Non-Current Investments	13,691.70	13,370.29	
Current Investments	602.64	542.36	
<b>Total Investments</b>	<b>14,294.34</b>	<b>13,912.65</b>	

## 32.1 Summary of total Provision for Contingencies:

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
	₹ in Crore	₹ in Crore
Provision for Contingencies Account [Refer Note 6.2]	1,501.44	1,309.04
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	480.74	545.96
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	51.71	51.71
	<b>2,033.89</b>	<b>1,906.71</b>



**Disclosures Required by the National Housing Bank**

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

## (a) Capital to Risk Assets Ratio (CRAR)

Particulars	Current Year	Previous Year
1) CRAR (%)	16.11	14.55
2) CRAR – Tier I Capital (%)	12.47	12.10
3) CRAR – Tier II Capital (%)	3.64	2.45

## (b) Exposure to Real Estate Sector

		₹ in crore	
Particulars	Current Year	Previous Year	
1. Direct Exposure			
A Residential Mortgages : Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual Housing Loans upto ₹ 15 Lacs: ₹ 23,132.28 crore (Previous Year ₹ 22,557.61 crore)	1,50,587.27	1,29,128.39	
B Commercial Real Estate : Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	52,038.26	44,785.78	
C Investments in Mortgage Backed Securities (MBS) and other securitised exposures – (i) Residential (ii) Commercial Real Estate	18.73	21.94	
2. Indirect Exposure			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	165.88	151.50	

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

## (c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2015:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Maturity Buckets	Current Year ₹ in crore			
	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,466.46	1,545.98	3,517.52	137.38
Over one month to 2 months	241.56	1,910.99	3,651.55	200.00
Over 2 to 3 months	942.93	3,635.48	5,271.02	1,196.43
Over 3 to 6 months	956.52	8,105.56	13,746.75	2,297.74
Over 6 months to 1 year	3,745.62	8,900.30	24,593.70	899.90
Over 1 to 3 years	8,870.14	34,029.98	71,215.10	256.21
Over 3 to 5 years	5,891.61	27,788.63	47,830.53	810.60
Over 5 to 7 years	2,345.03	21,895.63	22,699.28	8,444.94
Over 7 to 10 years	-	7,594.20	21,735.59	-
Over 10 years	-	1,000.00	13,439.08	51.14
<b>Total</b>	<b>24,459.87</b>	<b>1,16,316.75</b>	<b>2,27,700.12</b>	<b>14,294.34</b>



Maturity pattern of certain items of assets and liabilities as on March 31, 2014:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	906.12	2,443.75	3,143.97	-
Over one month to 2 months	1,353.74	4,155.00	3,450.90	-
Over 2 to 3 months	1,361.51	2,715.00	3,259.93	1,883.84
Over 3 to 6 months	5,091.75	3,866.25	11,439.89	2,009.85
Over 6 months to 1 year	1,866.05	10,999.00	21,914.74	341.06
Over 1 to 3 years	10,287.45	32,048.23	62,540.57	619.63
Over 3 to 5 years	7,177.30	22,799.23	40,335.23	612.75
Over 5 to 7 years	1,866.94	9,734.24	22,266.28	8,423.72
Over 7 to 10 years	1,000.00	5,007.40	17,517.15	21.80
Over 10 years	-	1,000.00	10,665.73	-
<b>Total</b>	<b>30,909.86</b>	<b>94,768.10</b>	<b>1,96,554.39</b>	<b>13,912.65</b>

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

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#### Dividend Payable to Non-Resident Shareholders

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

Particulars	Current Year		Previous Year
	Interim	Annual	Annual
Year to which the dividend relates	2014-15	2013-14	2012-13
Number of non-resident shareholders	5,110	4,495	4,442
Number of shares held by them of Face Value of ₹ 2 each	126,10,53,766	122,23,33,357	115,22,95,895
Gross amount of dividend (in ₹)	252,21,07,532	1711,26,66,998	1440,36,99,371

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## RELATED PARTY TRANSACTIONS

As per the Accounting Standard on 'Related Party Disclosures' (AS 18), the related parties of the Corporation are as follows:

### A) Subsidiary Companies

HDFC Developers Ltd.	HDFC Asset Management Company Ltd.
HDFC Holdings Ltd.	HDFC Realty Ltd.
HDFC Trustee Company Ltd.	HDFC ERGO General Insurance Company Ltd.
HDFC Standard Life Insurance Company Ltd.	HDFC Sales Pvt. Ltd.
HDFC Venture Capital Ltd.	HDFC Property Ventures Ltd.
HDFC Ventures Trustee Company Ltd.	Credila Financial Services Pvt. Ltd.
GRUH Finance Ltd.	Griha Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	HDFC Pension Management Company Ltd.
HDFC Education and Development Services Pvt. Ltd.	(Subsidiary of HDFC Standard Life Insurance Company Ltd.)
H. T. Parekh Foundation (Up to 30th March 2015)	Grandeur Properties Pvt. Ltd.
Windemere Properties Pvt. Ltd.	Pentagram Properties Pvt. Ltd.
Winchester Properties Pvt. Ltd.	Haddock Properties Pvt. Ltd.
HDFC Investments Ltd.	

### B) Associate Companies

HDFC Bank Ltd.
India Value Fund Advisors Pvt. Ltd.
RuralShores Business Services Pvt. Ltd.

### C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II) (with effect from 24th June, 2014)
HDFC Property Fund - Scheme - HDFC IT Corridor Fund (Up to 28th March, 2014)

### D) Key Management Personnel

Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

### E) Relatives of Key Management Personnel

(Where there are transactions)	
Ms Arnaaz K. Mistry	Mr Rishi R. Sud
Mr Ashok Sud	Ms Riti Karnad
Mr Ketan Karnad	Ms Swarn Sud
Ms Abhinaya S. Rangan	Ms S. Anuradha

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Dividend Income</b>										
- HDFC Asset management Co. Ltd.	98.13	75.48	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	269.35	216.27	-	-	-	-	-	-
- HDFC Holdings Ltd.	1.62	9.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	101.06	72.19	-	-	-	-	-	-	-	-
- HDFC Investments Ltd.	94.68	89.35	-	-	-	-	-	-	-	-
- Others	104.53	62.84	0.16	0.27	0.05	0.05	-	-	-	-
<b>Interest Income</b>										
- Credila Financial Services Pvt. Ltd.	9.92	10.92	-	-	-	-	-	-	-	-
- Windemere Properties Pvt. Ltd.	10.98	0.10	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	7.51	8.83	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	5.54	0.12	-	-	-	-	-	-	-	-
- HDFC Property Fund - Scheme - HDFC IT Corridor Fund	-	-	-	-	-	76.26	-	-	-	-
- Others	14.42	2.48	-	0.08	5.48	-	-	-	0.03	0.03
<b>Consultancy &amp; Other Fees Income</b>										
- HDFC Asset management Co. Ltd.	42.36	59.01	-	-	-	-	-	-	-	-
- Others	0.26	2.17	-	-	-	-	-	-	-	-
<b>Rent Income</b>										
- HDFC Asset management Co. Ltd.	10.03	11.17	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	6.49	6.49	-	-	-	-	-	-	-	-
- Others	4.78	4.00	2.01	1.74	-	-	-	-	-	0.01
<b>Support Cost Recovered</b>										
- HDFC Asset management Co. Ltd.	1.86	1.45	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	2.04	1.37	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	1.19	0.81	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	0.35	0.32	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	0.84	0.80	-	-	-	-	-	-	-	-
- Others	0.78	0.45	0.37	0.25	-	-	-	-	-	-
<b>Other Income</b>										
- HDFC Bank Ltd.	-	-	116.77	80.46	-	-	-	-	-	-
- Others	3.65	1.20	-	-	-	-	-	-	-	-
<b>Interest Expense</b>										
- HDFC ERGO General Insurance Co. Ltd.	12.39	10.58	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	54.28	44.02	-	-	-	-	-	-	-	-
- Others	1.76	2.18	2.45	4.57	-	-	0.48	0.53	-	0.02



Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Bank &amp; Other Charges</b>										
- HDFC Bank Ltd.	-	-	0.53	0.68	-	-	-	-	-	-
<b>Remuneration</b>										
- Mr. Keki M. Mistry	-	-	-	-	-	-	8.12	7.78	-	-
- Ms. Renu S. Kamad	-	-	-	-	-	-	7.39	7.16	-	-
- Mr. V. S. Rangan	-	-	-	-	-	-	4.85	4.54	-	-
<b>Donations</b>										
- H. T. Parekh Foundation	13.87	-	-	-	-	-	-	-	-	-
<b>Other Expenses</b>										
- HDFC Sales Pvt. Ltd.	165.89	150.80	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	143.52	130.07	-	-	-	-	-	-
- Others	9.23	8.71	0.10	0.15	-	-	-	-	0.09	0.09
<b>Investments made</b>										
- HIT- II	-	-	-	-	51.14	-	-	-	-	-
- Windemere Properties Pvt Ltd	-	171.88	-	-	-	-	-	-	-	-
- Haddock Properties Pvt Ltd	-	56.39	-	-	-	-	-	-	-	-
- Pentagram Properties Pvt Ltd	-	54.47	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd	5.00	51.00	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	-	49.80	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	47.01	0.66	-	-	-	-	-	-	-	-
- Others	8.00	46.32	-	-	4.00	20.57	-	-	-	-
<b>Investments sold / redeemed</b>										
- HIT	-	-	-	-	14.45	-	-	-	-	-
- HDFC Property Fund - Scheme - HDFC IT Corridor Fund	-	-	-	-	-	423.85	-	-	-	-
- Others	-	-	-	6.31	-	-	-	-	-	-
<b>Investments</b>										
- HDFC Bank Ltd.	-	-	5,549.74	5,549.74	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	1,508.77	1,545.64	-	-	-	-	-	-	-	-
- Others	1,708.97	1,658.98	2.53	2.53	223.49	182.80	-	-	-	-
<b>Loans given</b>										
- HDFC Property Ventures Pvt. Ltd.	113.00	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	16.85	-	-	-	-	-	-	-	-	-
- Pentagram Properties Pvt Ltd	3.85	1.00	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	1.19	8.00	-	-	-	-	-	-	-	-
- Winchester Properties Pvt. Ltd	2.73	3.54	-	-	-	-	-	-	-	-
- Haddock Properties Pvt Ltd	3.46	1.86	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd	-	392.00	-	-	-	-	-	-	-	-
- Others	4.00	1.00	-	-	-	-	-	-	-	-
<b>Loans repaid</b>										
- GRUH Finance Ltd.	1.02	0.95	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd	-	392.00	-	-	-	-	-	-	-	-
- Others	-	1.00	-	-	-	-	0.02	0.02	0.01	0.01
<b>Loans sold</b>										
- HDFC Bank Ltd.	-	-	8,249.21	5,556.07	-	-	-	-	-	-
<b>Loans</b>										
- HDFC Property Ventures Pvt. Ltd.	113.00	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	16.85	-	-	-	-	-	-	-	-	-
- GRUH Finance Ltd.	11.31	12.32	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	9.19	8.00	-	-	-	-	-	-	-	-
- Winchester Properties Pvt Ltd	6.27	3.54	-	-	-	-	-	-	-	-
- Haddock Properties Pvt Ltd	5.32	1.86	-	-	-	-	-	-	-	-
- Pentagram Properties Pvt Ltd	4.85	1.00	-	-	-	-	-	-	-	-
- Others	4.00	-	-	-	-	-	0.13	0.15	0.30	0.31
<b>Bank Deposits placed</b>										
- HDFC Bank Ltd.	-	-	1,070.00	3,234.92	-	-	-	-	-	-
<b>Bank Deposits repaid / matured</b>										
- HDFC Bank Ltd.	-	-	2,559.90	1,734.90	-	-	-	-	-	-
<b>Bank balance and Deposits</b>										
- HDFC Bank Ltd.	-	-	975.25	4,610.46	-	-	-	-	-	-
<b>Corporate Deposits placed</b>										
- Grandeur Properties Pvt. Ltd.	-	95.00	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	22.58	20.50	-	-	-	-	-	-	-	-
- Others	2.00	9.50	-	-	-	-	-	-	-	-
<b>Corporate Deposits repaid / matured</b>										
- Grandeur Properties Pvt. Ltd.	-	95.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	-	12.00	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	20.50	-	-	-	-	-	-	-	-	-
- Others	5.50	-	-	3.00	-	-	-	-	-	-



Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Corporate Deposits</b>										
- HDFC Venture Capital Ltd	22.58	20.50	-	-	-	-	-	-	-	-
- Others	1.00	4.50	-	-	-	-	-	-	-	-
<b>Trade Receivable</b>										
- HDFC Asset management Co. Ltd.	39.53	57.12	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	5.07	13.11	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	0.01	0.01	-	-	-	-	-	-	-	-
- Others	0.53	1.36	-	-	-	-	-	-	-	-
<b>Other Advances / Receivables</b>										
- HDFC ERGO General Insurance Co. Ltd.	1.56	1.58	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	7.60	7.60	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	4.26	3.28	-	-	-	-	-	-
- Others	0.87	0.37	-	-	-	-	-	-	0.06	0.06
<b>Deposits placed</b>										
- HDFC Holdings Ltd.	16.84	23.22	-	-	-	-	-	-	-	-
- HDFC Developers Ltd	-	5.40	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	2.51	2.82	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	1.05	16.10	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	2.38	0.02	-	-
- Others	0.20	2.20	-	-	-	-	-	1.75	0.01	-
<b>Deposits repaid / matured</b>										
- HDFC Holdings Ltd.	19.22	25.03	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	4.13	13.02	-	-	-	-	-	-
- Others	5.21	8.42	-	-	-	-	3.75	2.42	0.03	0.29
<b>Deposits</b>										
- HDFC Holdings Ltd.	16.84	19.22	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	-	3.08	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	2.40	2.02	-	-
- Mr. Keki M. Mistry	-	-	-	-	-	-	0.87	2.61	-	-
- Others	-	2.50	-	-	-	-	-	-	0.09	0.12
<b>Non-Convertible Debentures</b>										
- HDFC ERGO General Insurance Co. Ltd.	125.00	110.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	776.00	665.00	-	-	-	-	-	-	-	-
<b>Other Liabilities / Payables</b>										
- HDFC Bank Ltd.	-	-	15.73	14.44	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	7.49	6.57	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	6.02	5.87	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	30.51	27.03	-	-	-	-	-	-	-	-
- Others	1.36	1.50	-	0.04	-	-	0.33	0.48	-	0.01



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**Segment Reporting**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17).

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**Interest in Joint Ventures**

In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27), the Corporation has interests in the following jointly controlled entities, which are incorporated in India.

Names of Companies	HDFC Standard Life Insurance Co. Ltd.		HDFC ERGO General Insurance Co. Ltd.	
	Current Year	Previous Year	Current Year	Previous Year
Percentage of Shareholding	70.65	72.37	73.63	73.82
Amount of Interest based on the last Audited Accounts	₹ in crore			
Assets	49,017.54	37,903.85	3,335.42	2,940.07
Liabilities	47,186.48	36,471.84	2,581.67	2,276.35
Income	19,280.48	12,593.20	1,465.80	1,366.35
Expenditure	18,712.08	12,128.20	1,362.10	1,200.76
Capital Commitment	411.97	365.94	6.59	9.59
Contingent Liability	124.37	105.36	0.01	-

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Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.





# **HDFC**

**Audited consolidated financial  
statements as at and for the years  
ended 31 March 2016 and 2015 and  
the respective audit reports of the  
Auditors thereon**

# Deloitte Haskins & Sells LLP

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Indiabulls Finance Centre  
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Maharashtra, India

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

## **Deloitte Haskins & Sells LLP**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### **Emphasis of Matter**

We refer to Note 5.2 to the consolidated financial statements, which describes the accounting treatment used by the Holding Company and one of its subsidiary company in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

### **Other Matters**

- a) We did not audit the financial statements of a branch and twelve subsidiaries, whose financial statements reflect total assets of ₹ 90,678.36 crore as at March 31, 2016, total revenues of ₹ 20,776.46 crore and net cash flows amounting to ₹ 200.98 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the branch and these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, is based solely on the reports of the other auditors.
- b) The consolidated financial statements also includes the Group's share of net profit of ₹ 3.39 crore for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of two associate companies, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these two associate companies, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid two associate companies, is based solely on such unaudited financial

statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

- c) Policy Liabilities (current and non-current) include an actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, in respect of one subsidiary and Short-Term Provisions include the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. These liabilities have been duly certified by the subsidiaries' appointed actuaries, and in their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of those subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their opinion on the financial statements of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors, the financial statements certified by the Management and the actuarial valuation for the life insurance policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of the estimate of claims IBNR and claims IBNER.

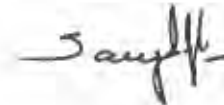
#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding Company, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/ subsidiary company's / associate company's incorporated in India internal financial controls over financial reporting.

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at year end.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sanjiv V. Pilgaonkar**  
Partner  
(Membership No. 39826)

Mumbai, May 2, 2016



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

In conjunction with our audit of the consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates as at and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Group and its associates, which are companies incorporated in India as of that date.

The estimate of claims Incurred But Not Reported ("IBNR") and claims Incurred But Not Enough Reported ("IBNER"), included under Short Term Provisions and the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date included under Policy Liabilities (current and non-current) as at March 31, 2016 has been duly certified by the subsidiaries' appointed actuaries as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulations"), and has been relied upon by subsidiaries' auditors, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements as at and for the year ended March 31, 2016. In view of this, the subsidiaries' auditors did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER as well as the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act").

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Group and its associates internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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## **Deloitte Haskins & Sells LLP**

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiaries and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a branch and twelve subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The financial statements and internal financial controls over financial reporting in relation to two associate companies, which are the companies incorporated in India, are unaudited. Our opinion on the internal financial controls over financial reporting of the aforesaid entities excludes consideration of the internal financial controls over financial reporting in respect of these associates. In our opinion and

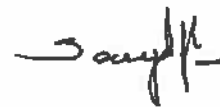
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according to the information and explanations given to us by the Holding Company's management, the financial statements of these associates, and the related internal financial controls over financial reporting are not material to the consolidated financial statements, and the related internal financial controls over financial reporting of the aforesaid entities.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and representation of the Board of Director and management.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sanjiv V. Pilgaonkar**  
Partner  
(Membership No. 39826)

Mumbai, May 2, 2016





# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

## Consolidated Balance Sheet as at March 31, 2016

EQUITY AND LIABILITIES	Note	₹ in Crore	March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	4	315.97		314.94
Reserves and Surplus	5	50,533.61		44,756.69
Money received against warrants	5.10	51.10		-
			50,900.68	45,071.63
<b>MINORITY INTEREST</b>				
			2,325.97	1,820.08
<b>NON-CURRENT LIABILITIES</b>				
Policy Liabilities (Policyholder's Fund)		61,215.25		54,924.28
Long-term borrowings	7	1,18,782.38		1,04,545.72
Deferred tax liabilities (net)	17	970.41		231.32
Other Long-term liabilities	8	1,777.85		2,546.12
Long-term provisions	9	2,630.02		1,998.04
			1,85,375.91	1,64,245.48
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	10	41,948.83		34,420.05
Trade Payables	11	3,303.66		2,984.85
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		10,931.51		10,531.68
- Borrowings		88,562.64		78,390.95
- Others		9,737.93		7,864.17
Short-term provisions	13	4,593.36		4,196.29
			1,59,077.93	1,38,387.99
			<u>3,97,680.49</u>	<u>3,49,525.18</u>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed assets				
(i) Tangible assets	14	1,312.56		1,203.17
(ii) Intangible assets	15	67.88		79.25
(iii) Capital work in Progress		6.58		5.60
(iv) Intangible assets under Development		12.13		3.38
<b>GOODWILL ON CONSOLIDATION</b>				
		187.81		187.81
Non-current investments	16	95,464.42		88,887.59
Deferred tax asset (net)	17	18.18		18.55
Long-term loans and advances	18			
- Loans		2,45,527.80		2,11,531.09
- Others		3,234.78		3,150.97
Other non-current assets	19	789.28		2,799.52
			3,46,621.42	3,05,866.93
<b>CURRENT ASSETS</b>				
Current investments	20	9,256.32		6,894.83
Trade receivables	21	466.80		457.79
Cash and bank balances	22	6,381.05		4,261.92
Short-term loans and advances	23			
- Loans		26,567.81		26,674.83
- Others		4,242.84		3,879.28
Other current assets	24	4,154.25		1,689.60
			51,059.07	43,658.25
			<u>3,97,680.49</u>	<u>3,49,525.18</u>

See accompanying notes forming part of the financial statements





With you, right through

## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Signatures to the Consolidated Balance Sheet as at March 31, 2016, and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Deepak S Parakh

Bansi S Mehta

D M Sukthankar

D N Ghosh

S A Dave

Nasser M Munjee

J J Irani

Bimal Jalan

V Srinivasa Rangan

Renu Sud Karnad

Keki M Mistry

Company Secretary

Mumbai, May 2, 2016

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# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

## Consolidated Statement of Profit and Loss for the year ended March 31, 2016

<b>INCOME</b>	Note	₹ in Crore	Previous Year ₹ in Crore
Revenue from Operations	26	31,873.34	29,075.78
Profit on sale of Investments	27	1,616.53	510.87
Other Income		34.18	74.34
Premium from Insurance Business		17,876.25	16,427.35
Other Operating Income from Insurance Business		1,856.81	2,301.69
<b>Total Revenue</b>		<b>53,257.11</b>	<b>48,390.03</b>
<b>EXPENSES</b>			
Finance Cost	28	20,295.60	18,710.29
Employee Benefits Expenses	29	788.14	699.14
Establishment Expenses	30	134.88	136.95
Other Expenses	31	878.79	584.13
Claims paid pertaining to Insurance Business		9,486.04	9,551.25
Commission and operating expenses pertaining to Insurance Business		2,524.69	2,112.45
Other expenses pertaining to Insurance Business		6,682.58	6,244.53
Depreciation and Amortisation	14 & 15	120.52	46.63
Provision for Contingencies	33.2	732.90	188.04
<b>Total Expenses</b>		<b>41,644.14</b>	<b>38,273.41</b>
<b>PROFIT BEFORE TAX</b>		<b>11,612.97</b>	<b>10,116.62</b>
Tax Expense			
Current Tax		3,479.32	2,883.62
Deferred Tax	17	160.02	282.08
<b>PROFIT FOR THE YEAR</b>		<b>7,973.63</b>	<b>6,950.92</b>
Share of profit of Minority Interest		(527.99)	(482.72)
Net share of Profit from Associates		2,744.62	2,294.42
<b>PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION</b>	5.1	<b>10,190.26</b>	<b>8,762.62</b>
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>	36		
Basic (₹)		64.07	55.81
Diluted (₹)		63.59	55.30

See accompanying notes forming part of the financial statements





With you, right through

## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Signatures to the Consolidated Statement of Profit and Loss for the year ended March 31, 2016,  
and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Deepak S Parakh

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D M Sukthankar

S A Dave

J J Irani

V Srinivasa Rangan

Keki M Mistry

Company Secretary

Mumbai, May 2, 2016

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**HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

	Notes	₹ in Crore	Previous Year ₹ in Crore
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit After tax Attributable to the Group		10,190.26	8,762.62
Add: Provision for Taxation		3,639.34	3,165.70
Profit Before Tax		<u>13,829.60</u>	<u>11,928.32</u>
Adjustments for:			
Depreciation and Amortisation *	14 & 15	196.87	130.73
Provision for Contingencies	33.2	732.90	188.04
Interest Expense	28	20,091.60	16,589.83
Net (Gain) / Loss on translation of foreign currency monetary assets and liabilities		55.03	(16.28)
Interest Income	26	(29,460.14)	(28,994.73)
Shelter Assistance Reserve - utilisation	5.7	(85.31)	(10.83)
Reserve for Unexpired Risk		189.28	104.41
Policy Liabilities (net)		5,690.80	16,152.28
Surplus from Deployment in Cash Management Schemes of Mutual Funds	28	(311.67)	(369.48)
Profit on Sale of Investments		(1,616.53)	(510.87)
Dividend Income	26	(49.85)	(41.16)
Provision for Diminution in Value of Investments		10.17	5.06
Bad debts written off		5.80	4.60
(Profit) / Loss on Sale of Fixed Assets (net)		<u>(7.45)</u>	<u>(27.64)</u>
Operating Profit before Working Capital changes		<u>10,271.10</u>	<u>19,132.28</u>
Adjustments for:			
Current and Non Current Assets		(1,996.18)	(978.49)
Current and Non Current Liabilities		<u>584.95</u>	<u>759.48</u>
Cash generated from operations		<u>8,857.88</u>	<u>18,913.27</u>
Interest Received		29,129.49	28,682.39
Interest Paid		(19,687.41)	(18,519.42)
Premium paid on redemption of Debentures		(100.86)	(192.80)
Dividend Received		49.85	41.16
Taxes Paid		<u>(3,653.24)</u>	<u>(3,227.76)</u>
Net cash from operation		<u>14,595.71</u>	<u>23,696.84</u>
Loans disbursed (net)		(33,753.21)	(33,281.47)
Corporate Deposits (net)		<u>(429.14)</u>	<u>466.44</u>
Net cash used in operating activities	[ A ]	<u>(19,586.64)</u>	<u>(9,118.19)</u>
* Includes depreciation included under Other expenses pertaining to Insurance Business			
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(147.88)	(616.32)
Sale of Fixed Assets		11.07	57.81
Goodwill (net)		(0.00)	(2.22)
Investments (net)		<u>(9,175.48)</u>	<u>(17,994.19)</u>
Net cash used in investing activities	[ B ]	<u>(9,312.29)</u>	<u>(18,554.92)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share Capital - Equity	4.1	1.03	2.84
Utilisation of Reserves for Buy back of Equity Shares by one of the Subsidiary Company		(99.90)	-
QIP Warrants Issue	5.10	51.10	-
Securities Premium	5	433.33	726.52
Deposits, CPs and other Short Term Borrowings (Net)		7,371.82	27,136.32
Proceeds from long-term borrowings		70,432.31	64,672.34
Repayment of long-term borrowings		(46,363.56)	(65,098.31)
Dividend paid		(2,520.44)	(2,505.94)
Tax paid on Dividend		(602.38)	(485.43)
Bonus and Securities Issue Expenses		(85.58)	(22.01)
Increase in Minority Interest		368.07	394.05
Net cash from financing activities	[ C ]	<u>28,986.82</u>	<u>24,820.38</u>
Net (Decrease) / Increase in cash and cash equivalents	[ A+B+C ]	<u>87.89</u>	<u>(2,852.73)</u>
Add: Cash and cash equivalents as at the beginning of the year	22	3,547.72	6,397.65
Add: Exchange difference on bank balance		3.71	2.80
Cash and cash equivalents as at the end of the year	22	<u>3,639.32</u>	<u>3,547.72</u>
Earmarked balances with banks:			
- Unclaimed dividend account		494.77	21.52
- Other against Foreign Currency Loans		8.10	7.20
- Guarantees issued by banks		0.06	0.13
- Others		0.69	2.59
Short - term bank deposits		<u>2,236.11</u>	<u>682.76</u>
Cash and Bank balances at the end of the year	22	<u>6,381.05</u>	<u>4,261.92</u>

See accompanying notes forming part of the financial statements





With you, right through

## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Signatures to the Consolidated Cash Flow Statement for the year ended March 31, 2016

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sanjiv V. Pitgaonkar  
Partner  
(Membership No. 39826)

  
Deepak S Parakh  
Bansal S Mehta  
D N Ghosh  
Nasser M Munjee  
Bimal Jalan  
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D M Sukthankar  
S A Dave  
J J Irani  
V Srinivasa Rangan  
Keki M Mehta  
Company Secretary

Mumbai, May 2, 2016

1 **SIGNIFICANT ACCOUNTING POLICIES**

1.1 **ACCOUNTING CONVENTION  
OTHER THAN INSURANCE COMPANIES**

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank and Reserve Bank of India to the extent applicable

**INSURANCE COMPANIES**

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, (the IRDA Financial Statements Regulations), provisions of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Act, 1938, circulars/notifications issued by the Insurance Regulatory and Development Authority of India (the IRDAI) from time to time, the Companies Act, 2013 and applicable Accounting Standards specified under Section 133 of the Companies Act, 2013.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

1.2 **GAIN OR LOSS ON DILUTION**

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

1.3 **SYSTEM OF ACCOUNTING**

The Group adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

1.4 **USE OF ESTIMATES**

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.5 **INFLATION**

Assets and liabilities are recorded at historical cost to the Group. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.6 **OPERATING CYCLE**

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



- 1.7 **CASH FLOW STATEMENT**  
Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.
- 1.8 **CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)**  
Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- 1.9 **LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES**  
Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.  
A loan is recognised as non-performing ("NPA") or as a "doubtful" or as a "loss" asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as directed from time to time. Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.
- 1.10 **INTEREST INCOME ON LOANS**  
Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual rest or on a monthly rest basis on the principal outstanding at the beginning of the relevant period.  
Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.  
  
Interest on loan assets classified as "non-performing" is recognised only on realisation.
- 1.11 **DIVIDEND**  
Dividend income is recognised when the right to receive has been established.
- 1.12 **FEES AND OTHER REVENUE**  
Fees, charges and other revenue is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.
- 1.13 **PREMIUM INCOME FROM INSURANCE BUSINESS**
- LIFE INSURANCE BUSINESS**
- Premium Income**  
Premium income is accounted for when due from the policyholders and reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.
- Income from Linked Policies**  
Income from linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.





#### **Reinsurance Premium Ceded**

Reinsurance premium ceded is accounted for on due basis, at the time when related premium income is accounted for in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

#### **GENERAL INSURANCE BUSINESS**

##### **Premium Income**

Premium including Reinsurance accepted (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.

##### **Reinsurance Premium Ceded**

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

##### **Commission received**

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

#### **1.14 INCOME FROM LEASES**

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its subsidiaries / associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not confirm any minimum lease payment or contingent rent payments.

#### **1.15 MANAGEMENT AND TRUSTEESHIP FEES**

Management and Trusteeship fees are accounted on accrual basis.

#### **1.16 INCOME FROM INVESTMENTS**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest income on investments is accounted for on accrual basis.

Amortisation of premium or accretion of discount at the time of purchase of debt securities is amortised over the remaining period of maturity/holding on a straight line basis.

The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

#### **1.17 BORROWING AND BORROWING COSTS**

The Corporation borrows funds, primarily in Indian Rupees, and carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and holds these instruments till maturity. At each reporting date, these liabilities are restated at the closing rate.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium.



1.18 **TRANSLATION OF FOREIGN CURRENCY**

**Initial recognition**

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction.

**Measurement at the Balance Sheet date**

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at the closing rate.

The net loss/gain on translation of long term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account". The net loss/gain on translation of short term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

1.19 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

1.20 **BROKERAGE - MUTUAL FUND EXPENSE**

Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively.

Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

Recurring expenses of schemes of HDFC Mutual Fund are borne by one of the subsidiary company, including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India, are accounted in the respective heads in the Statement of Profit and Loss.

1.21 **INVESTMENTS**

(i) **OTHER THAN INSURANCE COMPANIES**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13) and is recognised through the Provision for Contingencies Account. Investment properties acquired as part of the debt asset settlement are recorded at the fair value on the date of the transfer. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

(ii) **INSURANCE COMPANIES**

Investments are made in accordance with the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority of India (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority of India (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority of India (Investment) (Fifth Amendment) Regulations, 2013, wherever applicable and various other circulars/notifications/clarifications issued by the IRDA in this context from time to time.

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes if any, and excluding accrued interest (i.e. since the previous coupon date) as on the date of purchase.

In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve in the Balance Sheet. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Revenue Account or the Profit and Loss Account.



- 1.22 TANGIBLE FIXED ASSETS**  
Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.
- 1.23 INTANGIBLE ASSETS**  
Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.
- 1.24 CAPITAL WORK IN PROGRESS**  
Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.
- 1.25 IMPAIRMENT OF ASSETS**  
The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.
- 1.26 DEPRECIATION AND AMORTISATION**
- Tangible Fixed Assets**  
Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value  
Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:
- Computers and data processing equipment - 4 years
  - Vehicles - 5 years
  - Leasehold land is amortised over the duration of the lease.
- Intangible Assets**  
Intangible assets are amortised over their estimated useful life on straight line method as follows:  
Computers Software - 4 years
- Investment in Properties**  
Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.
- The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.
- 1.27 PROVISIONS AND CONTINGENCIES**  
A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.
- 1.28 PROVISION FOR CONTINGENCIES AND NON PERFORMING ASSETS**  
The Group's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the interest and/or instalments are overdue for specified number of days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank, the Reserve Bank of India and the IRDA Regulations. The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Group covers the minimum provisioning required as per the NHB, the Reserve Bank of India and the IRDA Regulations.



1.29 **STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)**

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.30 **EMPLOYEE BENEFITS**

**Employee Stock Option Scheme ("ESOS")**

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

**Defined contribution plans**

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation.

The Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

**Defined benefit plans**

For defined benefit plans in the form of leave encashment / compensated absences, gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

**Short-term employee benefits**

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

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.



131 **CLAIMS PAID AND OTHER EXPENSES PERTAINING TO INSURANCE BUSINESS**

**(i) LIFE INSURANCE BUSINESS**

**Benefits paid**

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

**Non-linked business**

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payment and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

**Linked business**

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt on intimation when associated units are de-allocated. Amounts payable on lapsed policies are accounted for on expiry of lock in period, which is the period after which policies cannot be revived. Surrenders and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

**Policy acquisition costs**

Policy acquisition costs mainly consist of commission to insurance intermediaries, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses incurred to source and issue the policy. These costs are expensed in the period in which they are incurred.

**(ii) GENERAL INSURANCE BUSINESS**

**Claims incurred**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in the estimate liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBMER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in the light of past experience and progressively modified for changes as appropriate on availability of further information and include insurance claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers / coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBMER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2006 and applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

**Acquisition costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed out in the period in which they are incurred.

**Premium Deficiency**

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk.



1.32 **LEASES**

**(i) Finance leases**

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss.

Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term.

**(ii) Operating leases**

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight line basis, over the non-cancellable lease period.

1.33 **EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.34 **TAXES ON INCOME**

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

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

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

1.35 **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

1.36 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred.



Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

**1.37 POLICY LIABILITIES**

Actuarial liabilities, for all inforce policies and policies where premiums are discontinued, but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, regulations notified by the IRDA and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDA.

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2000 and the APS2 & APS7 issued by the Institute of Actuaries of India.

**1.38 RESERVE FOR UNEXPIRED RISK OF GENERAL INSURANCE BUSINESS**

Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365th method, or as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938, i.e., subject to a minimum of 100% in case of marine hull business and 50% in case of other businesses based on net premium written during the year, whichever is higher. As per the Master Circular on preparation of financial statements General Insurance Business the net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance sheet date.

2 The consolidated financial statements relate to Housing Development Finance Corporation Limited ("HDFC Ltd." or "the Corporation"), its subsidiaries, jointly controlled entities and Group's share of profit / loss in its associates as on March 31, 2016 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' (AS 21).
- (ii) The Corporation's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill / capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23).
- (iii) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2016.
- (iv) The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation's portion of equity is recognised in the financial statements as Goodwill.
- (v) The excess of the Corporation's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.
- (vi) Minority Interest in the net assets of consolidated subsidiaries consists of:
  - a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - b) The minorities' share of movements in equity since the date the relationship came into existence.
- (vii) Minority interest's share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- (viii) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.



- 2.1 The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21).

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Name of Subsidiary	Proportion of Ownership	
	Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	100.00	100.00
HDFC Investments Ltd.	100.00	100.00
HDFC Holdings Ltd.	100.00	100.00
HDFC Asset Management Co. Ltd.	59.99	59.81
HDFC Trustee Co. Ltd.	100.00	100.00
HDFC Realty Ltd.	100.00	100.00
GRUH Finance Ltd.	58.59	58.64
HDFC Venture Capital Ltd.	80.50	80.50
HDFC Ventures Trustee Co. Ltd.	100.00	100.00
HDFC Sales Pvt. Ltd.	100.00	100.00
HDFC Property Ventures Ltd.	100.00	100.00
HDFC Investment Trust	100.00	100.00
HDFC Investment Trust - II	100.00	100.00
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	100.00	100.00
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	100.00	100.00
Credila Financial Services Pvt. Ltd.	78.66	78.66
HDFC Education and Development Services Pvt. Ltd.	100.00	100.00
Grandeur Properties Pvt. Ltd.	100.00	100.00
Haddock Properties Pvt. Ltd.	100.00	100.00
Pentagram Properties Pvt. Ltd.	100.00	100.00
Windermere Properties Pvt. Ltd.	100.00	100.00
Winchester Properties Pvt. Ltd.	100.00	100.00





- 2.2 The financial statements of the following subsidiary companies, all incorporated in India, which are in the nature of jointly controlled entities, have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21).

Name of Subsidiary (Jointly Controlled Entity)	Proportion of Ownership	
	Interest (%)	
	Current Year	Previous Year
HDFC Standard Life Insurance Co. Ltd.	61.63	70.65
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	61.63	70.65
HDFC International Life and Re Company Limited (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	61.63	-
HDFC ERGO General Insurance Co. Ltd.	73.63	73.63

- 2.3 Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.
- 3 Investment made by the Corporation and its subsidiaries in the following associates, have been accounted for, under the equity method, in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23):

Name of Associate	Nature of Business	Proportion of Ownership	
		Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	21.49	21.67
India Value Fund Advisors Pvt. Ltd.	Venture Capital	21.51	21.51
RuralShores Business Services Pvt. Ltd. #	BPO	27.47	27.47
Magnum Foundations Pvt. Ltd. *	Real Estate	50.00	50.00

# As per Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23), the investments in RuralShores Business Services Pvt. Ltd has been excluded from consolidation since the share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.

\* As per the Accounting Standard on Consolidated Financial Statements (AS 23), Investments in Magnum Foundations Pvt. Ltd by one of the subsidiary company has been excluded from consolidation, since it is exclusively held with a view to their subsequent disposal in the near future by such subsidiary company.

HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.



4	SHARE CAPITAL	As at	As at
		March 31, 2016	March 31, 2015
		₹ in Crore	₹ in Crore
AUTHORISED			
170,00,00,000 Equity Shares of ₹ 2 each		340.00	325.00
(Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)			
		<b>340.00</b>	<b>325.00</b>
ISSUED, SUBSCRIBED AND PAID-UP			
1,57,98,46,340 Equity Shares of ₹ 2 each		315.97	314.94
(Previous Year 1,57,46,97,670 Equity Shares of ₹ 2 each)			
		<b>315.97</b>	<b>314.94</b>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	157,46,97,670	314.94	156,05,32,605	312.10
Shares allotted pursuant to exercise of stock options	51,48,670	1.03	1,41,65,065	2.84
Equity shares outstanding as at the end of the year	157,98,46,340	315.97	157,46,97,670	314.94

4.2 The were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016. Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2015 are given below;

Particulars	Outstanding as on March 31, 2015	
	Number	Percentage of shares held to total Shares
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08%

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

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

As at March 31, 2016, 8,19,25,500 shares (Previous year 4,54,25,500 shares) were reserved for issuance as follows:

- 4,54,25,500 shares of ₹ 2 each ( Previous Year 5,05,74,170 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 4.4].
- 3,65,00,000 shares of ₹ 2 each ( Previous Year Nil) towards outstanding share warrants [Refer Note 5.10]



4.4 Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted 62,73,064 options at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year 59,58,841 options (Previous Year NIL options) were vested. In the current year 51,427 options (Previous Year 49,045 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted 61,02,475 options at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year 36,043 options (Previous Year 1,80,438 options) were vested. In the current year 2,884 options (Previous Year 13,263 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2008 (ESOS - 08), the Corporation had on November 25, 2008, granted 57,90,000 options at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year NIL options (Previous Year 97 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2007 (ESOS - 07), the Corporation had on September 12, 2007, granted 54,56,835 options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year 628 options (Previous Year 882 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

The Corporation has used intrinsic value method to account for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.



**Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:**

Particulars	ESOS-14	
	Options	Options
Outstanding at the beginning of the year	62,24,019	-
Granted during the year	-	62,73,064
Vested during the year	59,58,841	-
Exercised during the year	1,00,921	-
Lapsed during the year	51,427	49,045
Outstanding at the end of the year	60,71,671	62,24,019
Unvested at the end of the year	2,22,048	62,24,019
Exercisable at the end of the year	58,49,623	-
Weighted average price per option	₹ 5073.25	

Particulars	ESOS - 11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	37,45,586	54,06,415
Granted during the year	-	-
Vested during the year	36,043	1,80,438
Exercised during the year	9,28,751	16,47,566
Lapsed during the year	2,884	13,263
Outstanding at the end of the year	28,13,951	37,45,586
Unvested at the end of the year	-	36,043
Exercisable at the end of the year	28,13,951	37,09,543
Weighted average price per option	₹ 3177.5	

Particulars	ESOS - 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,102	11,82,357
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	-	11,77,158
Lapsed during the year	-	97
Outstanding at the end of the year	5,102	5,102
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,102	5,102
Weighted average price per option	₹ 1350.6	

Particulars	ESOS - 07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,977	15,148
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	62	8,289
Lapsed during the year	628	882
Outstanding at the end of the year	5,287	5,977
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,287	5,977
Weighted average price per option	₹ 2,149.00	

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Accordingly, each options exercised after August 21, 2010 is entitled to 5 equity shares of ₹ 2 each.



**Fair Value Methodology:**

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

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows :

Particulars	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ Nil (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted under ESOS-14 and ESOS-11 been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

₹ in Crore		
Particulars	Current Year	Previous Year
Net Profit (as reported)	10,190.26	8,762.62
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [ Gross ₹ 338.50 crore (Previous Year ₹ 300.92 crore)] (pro-forma)	221.35	198.64
Net Profit (pro-forma)	9,968.91	8,563.98
Less : Amounts utilised out of Shelter Assistance Reserve	85.31	10.83
Net Profit considered for computing EPS (pro-forma)	9,883.60	8,553.15

Amount in ₹		
Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	64.07	55.81
Basic earnings per share (pro-forma)	62.66	54.54
Diluted earnings per share (as reported)	63.59	55.30
Diluted earnings per share (pro-forma)	62.19	54.04

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



5	RESERVES AND SURPLUS	As at	As at
		March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
	Special Reserve No. I [Refer Note 5.2]	51.23	51.23
	Special Reserve No. II [Refer Note 5.2]	8,773.49	7,637.70
	Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934	52.19	40.86
	General Reserve	15,217.06	13,552.92
	Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)	3,620.67	3,295.69
	Revaluation Reserve	30.85	35.36
	Securities Premium [Refer Note 5.3]	10,130.56	10,315.44
	Capital Redemption Reserve [Refer Note 5.4]	27.67	27.11
	Shelter Assistance Reserve [Refer Note 31.1]	164.47	89.79
	Corporate Social Responsibility Account	1.55	1.55
	Foreign Currency Translation Reserve	10.65	7.46
	Foreign Currency Monetary Item Translation Difference Account (Debit Balance) [Refer Note 5.7 and 5.8]	(122.07)	(33.75)
	Capital Reserve	0.04	0.04
	Capital Reserve on Consolidation	48.30	48.30
	Surplus in the Statement of Profit and Loss (of subsidiaries and associates) [Refer Note 5.1]	12,536.95	9,686.99
		<b>50,533.61</b>	<b>44,756.89</b>

5.1	SURPLUS IN THE STATEMENT OF PROFIT AND LOSS	As at	As at
		March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
	Opening Balance	9,686.99	7,112.48
	Add: Opening Adjustment [Refer Note 2.3]	72.49	1.41
		<b>9,759.48</b>	<b>7,113.89</b>
	Add: Profit after Tax for the year attributable to the Corporation	<b>10,190.26</b>	<b>8,762.62</b>
		<b>19,949.74</b>	<b>15,876.51</b>
	<b>APPROPRIATIONS:</b>		
	Special Reserve No. II [Refer Note 5.2]	1,135.93	1,087.35
	Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)	11.36	7.81
	General Reserve	2,443.08	2,051.64
	Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987) [R]	325.00	150.00
	Shelter Assistance Reserve	150.00	-
	Capital Redemption Reserve [Refer Note 5.4]	0.47	-
	Buyback of equity shares by a subsidiary company [Refer Note 5.3]	37.92	-
	Proposed Dividend [Dividend @ ₹ 14 per equity share of ₹ 2 each]	2,211.78	2,047.11
	Tax on Dividend	631.81	538.75
	Tax on Dividend credit taken [Refer Note 5.6]	(11.15)	(18.59)
	Interim Dividend Paid [Refer Note 5.10]	473.94	314.93
	Dividend [including tax of ₹ 0.45 crore (Previous Year ₹ 1.53 crore)] pertaining to previous year paid during the year [Refer Note 5.7]	2.65	10.52
		<b>12,536.95</b>	<b>9,686.99</b>

5.2 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of HDFC Ltd. and a Subsidiary. Special Reserve No. I relates to the amounts transferred upto Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation has created 25 percent of deferred tax liability of ₹ 579.43 crore (Previous Year ₹ 578.74 crore) on balance of accumulated Special Reserve as on April 1, 2014 by debiting the General reserve. The balance amount of deferred tax liability of ₹ 1,158.17 crore will be created in the next financial year [Note 17].



- 5.3 During the year, ₹ 553.86 crore (Previous Year ₹ 437.07 crore ) has been utilised out of the Securities Premium in accordance with Section 78 of the Companies Act, 1956. Out of the above, ₹ 0.11 crore (Previous Year ₹ 22.01 crore) has been utilised by one of the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses, ₹ 85.46 crore (Previous Year ₹ Nil) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ 468.29 crore (net of tax ₹ 247.84 crore) [(Previous Year ₹ 415.06 crore) (net of tax ₹ 213.72 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non Convertible Debentures.
- 5.4 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extraordinary General Meeting and in accordance with the provisions of the Companies Act, 2013 (Act), has bought back 7,85,400 equity shares during the year (Previous Year Nil) at an aggregate value of ₹ 309.76 (Previous Year ₹ Nil). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ 0.47 crore (Previous Year ₹ Nil) has been transferred to Capital Redemption Reserve in terms of Section 69(1) of the Act.
- 5.5 Additional Tax on dividend Financial Year (FY) 2014-15 credit taken, ₹ 11.15 crore (Previous Year ₹ 18.59 crore for FY 2013-14), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.
- 5.6 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ 2.19 crore for the FY 2014-15 (₹ 8.98 crore for the FY 2013-14) and tax on dividend of ₹ 0.45 crore (Previous Year ₹ 1.53 crore) as approved by the shareholders at the Annual General Meeting held on July 24, 2015 and GRUH Finance Ltd. paid dividend of ₹ 0.02 crore for the FY 2014-15 (₹ Nil crore for the FY 2013-14) and tax on dividend of ₹ 42,179 (Previous Year ₹ Nil) as approved by the shareholders at the Annual General Meeting held on June 26, 2015.
- 5.7 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A Inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 122.07 crore (without considering future tax benefit of ₹ 42.25 crore) [(Previous Year ₹ 33.75 crore) (without considering future tax benefits of ₹ 11.47 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2016. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 5 years.
- 5.8 During the year, there was a net addition of ₹ 88.32 crore (Previous year net reduction ₹ 108.59 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

Particulars	₹ in Crore	
	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	(140.32)	128.54
Net (Debit) Credit to the Statement of Profit & Loss on account of repayments	(59.07)	(93.21)
Net amortisation credit (debit) during the year	111.07	73.26
Net reduction during the year	(88.32)	108.59

- 5.9 The Board of Directors of the Company at its meeting held on March 21, 2016, inter alia, has approved the payment of an Interim dividend of ₹ 3 per equity share (Previous year ₹ 2 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2015-16.
- 5.10 The Corporation has on October 5, 2016 issued 3,65,00,000 Warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Section 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.



6 The Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect the excess/deficit of income over expenses/expenses over income respectively and appropriations in each accounting period arising in the Company's policyholders' fund. Any allocation to the par policyholders would also give rise to a transfer to Shareholders' Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies unlikely to be revived. This surplus is required to be held within the policyholders' fund till the time policyholders are eligible for revival of their policies.

		As at March 31, 2016	As at March 31, 2015
		₹ in Crore	₹ in Crore
7	<b>LONG TERM BORROWINGS</b>		
	Bonds and Debentures [Refer Note 7.7]	63,711.20	60,149.20
	Term Loans : [Refer Note 7.5 and 7.6]		
	- Banks	10,315.91	9,960.44
	- External Commercial Borrowing - Low Cost Affordable	5,318.40	1,884.00
	- Others	5,272.68	3,678.77
	Deposits [Refer Note 7.7]	34,164.19	28,873.31
		<u>1,18,782.38</u>	<u>1,04,545.72</u>

7.1 Long Term Borrowings are further sub classified as follows:

Sr.No.	Particulars		
	<b>Secured : [Refer Note 7.2]</b>		
a)	<b>Bonds and Debentures</b>		
	- Bonds	40.50	46.50
	- Non Convertible Debentures	57,897.70	54,004.70
b)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	9,632.03	8,482.24
c)	<b>Term Loans from other parties</b>		
	- Asian Development Bank [Refer Note 7.3]	205.11	232.09
	- National Housing Bank	5,087.57	3,443.68
	<b>Total Secured</b>	<u>72,842.91</u>	<u>66,209.21</u>
	<b>Unsecured :</b>		
a)	<b>Bonds and Debentures</b>		
	- Non Convertible Subordinated Debentures	5,623.00	5,998.00
	- Perpetual Debt Instrument	150.00	100.00
b)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	683.68	1,478.20
c)	<b>External Commercial Borrowing - Low Cost Affordable Housing</b>	5,318.40	1,884.00
d)	<b>Term Loans from other parties</b>		
	- Under a line from Kreditanstalt für Wiederaufbau	-	3.00
e)	<b>Deposits [Refer Note 7.7]</b>	34,164.19	28,873.31
	<b>Total Unsecured</b>	<u>45,939.47</u>	<u>38,336.51</u>
		<u>1,18,782.38</u>	<u>1,04,545.72</u>

7.2 All secured Long Term Borrowings are secured by

(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.

(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.





7.3 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

7.4 The Corporation has availed an External Commercial Borrowing (ECB) of USD 300 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The unamortised charges for raising of the ECB have been written off in the current year.

During the financial year, the Corporation has refinanced the said ECB of USD 300 million for the balance tenor for a lower interest rate, thereby resulting in a reduction in the interest cost. The said refinanced ECB is swapped into rupees for the entire balance maturity by way of principal only swaps. The charges towards refinance of the ECB has amortised over the tenure of ECB.

During the Financial Year, the Corporation has availed an ECB of USD 500 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The charges for raising the aforesaid ECB has been amortised over the tenure of ECB.

7.5 As on March 31, 2016, the Corporation has foreign currency borrowings of USD 1,447.36 million equivalent (Previous Year USD 1,013.01 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of USD 1,295.81 million equivalent (Previous Year USD 495.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2016, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is USD Nil (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of USD 70 million equivalent (Previous Year USD 330 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ 19,935 crore (Previous Year ₹ 15,240 crore) as on March 31, 2016 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of USD 243.11 million equivalent (Previous Year USD 408.69 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

7.6 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the premiums on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ 84.98 crore (Previous Year ₹ Nil).

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



## A) BONDS &amp; DEBENTURES

(Previous Year figures are in brackets)

₹ in Crore

Bonds & Debentures - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
6.03% - 8%	500.00	-	-	500.00
	(800.00)	-	-	(800.00)
8.01% - 10%	26,107.70	13,430.00	8,605.00	48,142.70
	(24,366.00)	(8,353.70)	(10,495.00)	(43,214.70)
10.01% - 11.95%	5,295.00	-	-	5,295.00
	(2,195.00)	(4,185.00)	-	(6,380.00)
Zero Coupon	1,960.00	2,000.00	-	3,960.00
	(2,810.00)	(800.00)	-	(3,610.00)
Variable Rate				
- Linked to G Sec	13.15	14.95	12.40	40.50
	(12.30)	(14.10)	(20.10)	(46.50)
<b>TOTAL SECURED</b>	<b>A</b> 33,875.85	<b>15,444.95</b>	<b>8,617.40</b>	<b>57,938.20</b>
	<b>A</b> (30,183.30)	<b>(13,352.80)</b>	<b>(10,515.10)</b>	<b>(54,051.20)</b>
Bonds & Debentures - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
7.62% - 10%	-	1,500.00	4,123.00	5,623.00
	(475.00)	(500.00)	(5,023.00)	(5,998.00)
10.01% - 11.95%	-	-	-	-
	-	-	(100.00)	(100.00)
<b>TOTAL UNSECURED</b>	<b>B</b> -	<b>1,500.00</b>	<b>4,123.00</b>	<b>5,623.00</b>
	<b>B</b> (475.00)	<b>(500.00)</b>	<b>(5,123.00)</b>	<b>(6,098.00)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b> 33,875.85	<b>16,944.95</b>	<b>12,740.40</b>	<b>63,561.20</b>
	<b>A+B</b> (30,658.30)	<b>(13,852.80)</b>	<b>(15,638.10)</b>	<b>(60,149.20)</b>

## B) TERM LOANS FROM BANKS

(Previous Year figures are in brackets)

₹ in Crore

Term Loans from Banks - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
7.01% - 9%	32.00	-	300.00	332.00
	-	-	-	-
9.01% - 12.00%	3,807.39	852.03	4,240.80	8,900.22
	(4,354.85)	(963.70)	(2,763.88)	(8,082.43)
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR +150- 200 bps	399.81	-	-	399.81
	(399.81)	-	-	(399.81)
<b>TOTAL SECURED</b>	<b>A</b> 4,239.20	<b>852.03</b>	<b>4,540.80</b>	<b>9,632.03</b>
	<b>A</b> (4,754.66)	<b>(963.70)</b>	<b>(2,763.88)</b>	<b>(8,482.24)</b>
Term Loans from Banks - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
9.01% - 10.25%	285.00	-	-	285.00
	(285.00)	-	-	(285.00)
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR + 325 bps	398.88	-	-	398.88
	(1,193.20)	-	-	(1,193.20)
<b>TOTAL UNSECURED</b>	<b>B</b> 683.88	<b>-</b>	<b>-</b>	<b>683.88</b>
	<b>B</b> (1,478.20)	<b>-</b>	<b>-</b>	<b>(1,478.20)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b> 4,923.08	<b>852.03</b>	<b>4,540.80</b>	<b>10,315.91</b>
	<b>A+B</b> (6,232.86)	<b>(963.70)</b>	<b>(2,763.88)</b>	<b>(9,960.44)</b>



C) External Commercial Borrowing - Low Cost Affordable Housing - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
USD LIBOR + 175 bps	1,994.40	-	-	1,994.40
	-	(1,884.00)	-	(1,884.00)
USD LIBOR + 120 bps	-	3,324.00	-	3,324.00
	-	-	-	-
<b>TOTAL UNSECURED</b>	<b>1,994.40</b>	<b>3,324.00</b>	<b>-</b>	<b>5,318.40</b>
	-	(1,884.00)	-	(1,884.00)

D) TERM LOANS FROM OTHER PARTIES

Term Loans from Other parties - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Asian Development Bank				
USD LIBOR + 40 bps	17.53	19.82	16.55	53.90
	(15.57)	(17.61)	(25.28)	(58.46)
Variable linked to Bank PLR	26.37	29.82	24.89	81.08
	(24.80)	(28.04)	(40.26)	(93.10)
Variable linked to G Sec	22.81	25.79	21.53	70.13
	(21.45)	(24.25)	(34.82)	(80.52)
National Housing Bank				
5.50% - 8%	384.02	198.30	324.87	907.19
	(399.01)	(189.51)	(183.47)	(771.99)
8.01% - 10%	2,043.87	617.39	1,499.12	4,160.38
	(931.11)	(585.33)	(1,155.26)	(2,671.70)
10.01% - 12%	-	-	-	-
	-	-	-	-
<b>TOTAL SECURED</b>	<b>2,494.59</b>	<b>891.12</b>	<b>1,886.97</b>	<b>5,272.68</b>
	(1,391.94)	(844.74)	(1,439.09)	(3,675.77)
Term Loans from Other parties - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Kreditanstalt für Wiederaufbau - 6%	-	-	-	-
	(3.00)	-	-	(3.00)
<b>TOTAL UNSECURED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.00)</b>
	(3.00)	-	-	(3.00)
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>2,494.59</b>	<b>891.12</b>	<b>1,886.97</b>	<b>5,272.68</b>
	(1,391.94)	(844.74)	(1,439.09)	(3,675.77)

8

**OTHER LONG TERM LIABILITIES**

Amounts payable on swaps [Refer Note 7.6]  
Interest Accrued but not due on Borrowings  
Premium payable on redemption of Debentures  
Security and Other Deposits Received  
Income Received in Advance  
Trade Payables  
Accrued Redemption Loss on Investments

	As at March 31, 2016 ₹ In Crore	As at March 31, 2015 ₹ in Crore
	-	397.08
	1,043.81	807.62
	557.38	1,160.26
	7.83	9.97
	66.64	82.24
	93.86	72.97
	8.33	15.98
	<b>1,777.85</b>	<b>2,546.12</b>

9

**LONG TERM PROVISIONS**

Provision for Employee Benefits [Refer Note 29.2]  
Provision for Contingencies [Refer Notes 9.1 and 9.2]  
Reserve for Unexpired Risk (Includes Insurance Reserve)

	As at March 31, 2016 ₹ In Crore	As at March 31, 2015 ₹ In Crore
	77.25	73.20
	2,167.93	1,576.47
	384.84	348.37
	<b>2,630.02</b>	<b>1,998.04</b>



9.1 Provision for Contingencies includes provisions for standard assets and all other contingencies. In accordance with the prudential norms of National Housing Bank and Reserve Bank of India, the minimum provision required to be carried forward is ₹ 1,392.47 crore (Previous Year ₹ 1,210.03 crore) and ₹ 7.39 crore (Previous Year ₹ 4.33 crore) respectively.

9.2 Movement in Provision for Contingencies Account during the year is as under:

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Opening Balance	1,576.47	1,370.14
Additions during the year (Net) [Refer Note 33.2]	639.19	216.56
Utilised during the year towards diminution in value of Investments	(11.21)	(10.23)
Utilised during the year towards loans and others written off	(36.52)	-
Closing Balance	2,167.93	1,576.47

10 **SHORT-TERM BORROWINGS**

Loans repayable on demand:

- from Banks - Unsecured - 291.46

Deposits - Unsecured [Refer Note 7.7] 3,809.58 2,853.39

Other loans and advances

- Scheduled Banks - Secured [ Refer Note 10.1] 10,806.18 4,668.26

- Scheduled Banks - Unsecured 1,190.00 -

- Commercial Papers - Unsecured 26,144.07 26,606.94

41,948.83 34,420.05

As at  
March 31, 2016  
₹ in Crore

As at  
March 31, 2015  
₹ in Crore

10.1 All secured Short Term Borrowings are secured by;  
(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.  
(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

10.2 Commercial papers of the Corporation have a maturity value of ₹ 27,075 crore ( Previous Year ₹ 27,615 crore)

11 **TRADE PAYABLES**

Trade payables

3,303.66 2,984.85

3,303.66 2,984.85

As at  
March 31, 2016  
₹ in Crore

As at  
March 31, 2015  
₹ in Crore

12 **OTHER CURRENT LIABILITIES**

Policy Liabilities (Policyholder's Fund)

10,931.51 10,531.68

Current maturities of long-term borrowings

88,562.84 78,390.95

Interest accrued but not due on borrowings 5,567.21 5,393.38

Interest Accrued and due on Borrowings - 2.67

Premium payable on redemption of Debentures 1,349.77 136.54

Interest accrued and due on matured deposits 75.54 78.70

Income and other amounts received in advance 377.10 295.30

Interim Dividend Payable 473.95 3.53

Unclaimed dividend 20.81 17.99

Unclaimed matured deposits 560.05 626.32

Current Maturities Of Finance Lease Obligations - 0.01

Other payables

- Statutory Remittances 203.76 220.94

- Financial Assistance from Kreditanstalt für Wiederaufbau 7.78 7.78

- Amounts payable - Securitised Loans 580.87 567.73

- Amounts payable on swaps [Refer Note 7.5 and 7.6] 211.79 172.57

- Accrued Redemption Loss on Investments 6.77 -

- Others 302.53 340.71

9,737.93 7,864.17

1,09,232.08 96,786.80



12.1 Current maturities of Long Term Borrowings are further sub classified as follows:

S.No.	Particulars	As at	As at
		March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
<b>Secured [Refer Note 12.2]</b>			
a)	<b>Bonds and Debentures</b>		
	- Bonds	6.00	5.75
	- Non Convertible Debentures	31,229.00	29,874.60
b)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	15,727.34	9,358.62
c)	<b>Term Loans from other parties</b>		
	- Aslan Development Bank	30.40	28.17
	- National Housing Bank	1,433.37	790.16
<b>Unsecured</b>			
a)	<b>Bonds and Debentures</b>		
	- Non Convertible Subordinated Debentures	875.00	500.00
b)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	1,649.13	2,191.00
c)	<b>Term Loans from other parties</b>		
	- Under a line from Kreditanstalt für Wiederaufbau	3.00	14.44
d)	<b>Deposits [Refer Note 7.7]</b>	37,609.40	35,628.21
		<b>88,562.64</b>	<b>78,390.95</b>

12.2 Secured Current maturities of Long Term Borrowings are secured by:

- (i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.
- (ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

13

**SHORT-TERM PROVISIONS**

	As at	As at
	March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
Provision for Employee benefits [Refer Note 29.2]	199.12	188.28
Provision for Tax (net of Advance Tax)	80.07	87.73
Proposed Dividend	2,211.78	2,047.12
Additional Tax on Proposed Dividend	467.30	431.54
claims Incurred but not reported (IBNR) and		
Incurred but not enough reported (IBNER)	610.60	569.94
Reserve for Unexpired Risk (Includes Insurance Reserve)	1,024.49	871.68
	<b>4,593.36</b>	<b>4,196.29</b>



## 14 Tangible assets

Previous Year figures are in (brackets)  
₹ In crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at March 31, 2015	Additions	Adjustments	Deductions	As at March 31, 2015	As at March 31, 2015	For the Year	Adjustments	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015
<b>Land :</b>												
Freehold	16.57 (16.67)	40.12	0.04	0.03	56.80 (16.67)	-	-	-	-	-	56.80 (16.67)	16.57 (16.67)
Leasehold	370.24 (3.44)	- (366.80)	-	-	370.24 (370.24)	2.95 (0.88)	8.85 (2.29)	0.00	-	11.80 (2.95)	358.44 (367.29)	367.29 (2.78)
<b>Buildings :</b>												
Own Use	656.51 (573.64)	9.89 (119.90)	43.52	0.46 (37.03)	709.46 (658.51)	74.31 (71.06)	10.20 (3.25)	23.48	(8.67)	114.66 (74.31)	594.80	582.20
Under Operat	-	-	293.60	5.75	287.85	-	40.01	168.86	4.12	204.75	83.10 (582.20)	- (502.58)
Leasehold Imprn	119.60 (110.72)	10.87 (11.81)	0.05	3.25 (2.93)	127.25 (119.69)	58.65 (48.43)	19.27 (16.81)	-	(1.10) 1.41	88.02 (88.65)	38.24 (50.95)	50.95 (62.29)
Computer Hard	247.04 (215.61)	23.66 (43.41)	-	11.94 (11.98)	258.76 (247.04)	174.73 (151.25)	13.82 (9.05)	-	(11.17) 14.43	198.42 (174.73)	59.34 (72.31)	72.31 (64.36)
<b>Furniture &amp; Fittings</b>												
Own Use	155.65 (155.00)	13.13 (10.00)	-	5.79 (8.15)	164.19 (156.85)	112.30 (117.61)	5.32	-	0.94 (4.31)	116.68 (112.30)	47.51 (44.55)	44.55 (37.39)
Under Operating Lease	- (0.71)	-	0.13	- (0.71)	0.13	0.00 (0.63)	0.87	0.05	- (0.70)	0.12	0.01	0.00 (0.09)
<b>Office Equipment etc.</b>												
Own Use	161.45 (155.04)	15.68 (15.52)	(0.05)	9.83 (9.11)	167.23 (161.45)	110.92 (107.93)	8.24 (4.94)	-0.04	2.69 (1.11)	116.43 (110.66)	50.80 (50.59)	50.53 (48.01)
Under Operat	0.00 (0.80)	-	1.24	- (0.80)	1.24	0.00 (0.87)	0.36	0.78	- (0.79)	1.14	0.10	0.00 (0.13)
<b>Vehicles :</b>												
Owned	33.07 (24.85)	13.30 (10.54)	-	5.00 (2.32)	41.37 (33.07)	14.48 (12.83)	3.48 (1.35)	0.00	- 0.60	17.98 (14.48)	23.41 (18.89)	18.59 (12.32)
Under Finance	0.12 (0.29)	-	-	0.11 (0.17)	0.01 (0.12)	0.10 (0.24)	-	-	0.10 (0.14)	- (0.10)	0.01 (0.02)	0.02 (0.05)
<b>Leased Assets :</b>												
Plant & Mach	129.18 (129.18)	-	-	-	129.18 (129.18)	129.18 (129.18)	-	-	-	129.18 (129.18)	-	-
Vehicles *	16.37 (16.37)	-	-	-	16.37 (16.37)	16.37 (16.37)	-	-	-	16.37 (16.37)	-	-
Computers *	-	-	-	-	-	-	-	-	-	-	-	-
	<b>1,907.10</b>	<b>128.63</b>	<b>336.53</b>	<b>42.17</b>	<b>2,330.09</b>	<b>703.99</b>	<b>109.32</b>	<b>193.13</b>	<b>-11.09</b>	<b>1,017.53</b>	<b>1,312.56</b>	<b>1,203.11</b>
Previous Year	(1,402.32)	(577.98)	-	(73.20)	(1,907.10)	(656.68)	(38.88)	-	9.39	(703.93)	(1,203.17)	(746.68)

(\*) Assets held for disposal

## Notes

- (1) Net of depreciation for the year amounting to ₹ 48.53 crore (Previous Year ₹ 52.49 crore) included in Other expenses pertaining to Insurance Business.
- (2) Depreciation for the financial year excludes ₹ 5.28 crore (Previous Year ₹ 3.98 crore) being depreciation charge on Investment in Properties.
- (3) Represents acquisition of subsidiary in the previous year.

## 15 Intangible assets

Previous Year figures are in (brackets)  
₹ in crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at March 31, 2015	Additions	Adjustments	Deductions	As at March 31, 2015	As at March 31, 2015	For the Year	Adjustments	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015
<b>Computer Software</b>												
Owned	221.19 (185.05)	21.18 (36.14)	0.07	0.03	242.41 (221.19)	149.81 (115.13)	4.89 (3.09)	0.15	(26.68) 31.68	181.63 (149.90)	60.78 (71.29)	71.38 (69.92)
Goodwill	157.74 (149.41)	- (8.33)	-	-	157.74 (157.74)	149.99 (149.36)	0.88 (0.63)	-	-	150.87 (149.99)	8.87 (7.75)	7.75 (0.05)
Website Deve'o	2.74 (2.62)	0.07 (0.22)	-	-	2.81 (2.74)	2.53 (2.50)	0.05 (0.03)	-	-	2.58 (2.53)	0.23 (0.21)	0.21 (0.02)
	<b>381.67</b>	<b>21.25</b>	<b>0.07</b>	<b>0.03</b>	<b>402.96</b>	<b>302.33</b>	<b>5.92</b>	<b>0.15</b>	<b>(26.68)</b>	<b>335.88</b>	<b>67.88</b>	<b>79.34</b>
Previous Year	(338.98)	(44.69)	-	-	(381.67)	(256.89)	(3.75)	-	31.68	(302.42)	(79.25)	(69.99)

## Notes

- (1) Net of depreciation for the year amounting to ₹ 26.82 crore (Previous Year ₹ 31.61 crore) included in Other expenses pertaining to Insurance Business.



	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>Investment in Associates:</b>		
<b>Equity Shares</b>		
Equity Investments in Associates by the Holding Company	1,468.97	1,468.97
Equity Investments in Associate by Subsidiaries	73.32	73.32
	<u>1,542.29</u>	<u>1,542.29</u>
Add: Goodwill on Acquisition of Associates (share of pre-acquisition of profits)	3,891.12	3,891.12
	<u>5,433.41</u>	<u>5,433.41</u>
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	14,936.37	12,581.71
	<u>20,369.78</u>	<u>18,015.12</u>
Less: Provision for Diminution in Value of Investments	(2.50)	(2.50)
	<u>(A) 20,367.28</u>	<u>18,012.62</u>
<b>Other Investments</b>		
<b>Insurance Companies</b>		
Equity Shares - Other Companies	28,773.43	32,201.78
Preference Shares	234.90	69.36
Non Convertible Debentures and Bonds	15,551.17	12,275.45
Pass Through Certificates & Security Receipts	8.36	3.70
Government Securities	23,595.00	18,548.00
Mutual Funds and Other Funds	10.11	3.18
Fixed Deposits	53.39	227.15
	<u>68,224.36</u>	<u>63,328.62</u>
Add: Fair Value Adjustment	37.79	(23.71)
Less: Provision for Diminution in Value of Investments	-	-
	<u>(B) 68,262.15</u>	<u>63,304.91</u>
	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Investments related to Policy Holders	22,518.85	18,290.85
Investments to cover linked liabilities	5,347.52	4,869.85
Investments related to Shareholders	40,395.78	40,144.21
	<u>68,262.15</u>	<u>63,304.91</u>

**16.1 Encumbrances**

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2016, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/ margin with exchange and collateral securities issued.

Particulars	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
(i) issued in India	96.73	88.50
(ii) issued outside India	0.09	0.09
<b>Total</b>	<u>96.82</u>	<u>88.59</u>



	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>Other Investments</b>		
<b>Other than Insurance Companies</b>		
Equity Shares - Other Companies	737.97	613.69
Preference Shares	91.67	97.98
Debentures and Bonds	403.75	313.94
Pass Through Securities & Security Receipts	47.24	45.22
Government Securities	5,121.36	4,140.95
Mutual Funds and Other Funds	135.50	166.70
Properties (Net of Depreciation)	377.42	270.93
	<u>6,914.91</u>	<u>5,649.41</u>
Less: Provision for Diminution in Value of Investments	(79.92)	(79.35)
	<u>6,834.99</u>	<u>5,570.06</u>
	<b>(C)</b>	
<b>Total</b>	<b>(A) + (B) + (C)</b>	
	<u>95,484.42</u>	<u>86,887.59</u>
	<b>Book Value</b>	<b>Market Value</b>
	<b>₹ in Crore</b>	<b>₹ in Crore</b>
<b>Aggregate book value of Quoted Investments</b>	<b>318.89</b>	<b>409.99</b>
<i>Previous Year</i>	286.10	443.65
<b>Aggregate book value of Investments listed but not quoted</b>	<b>5,264.23</b>	
<i>Previous Year</i>	4,248.97	
<b>Aggregate book value of Investments in Unquoted Mutual Funds</b>	-	-
<i>Previous Year</i>	34.54	32.50
<b>Aggregate book value of Unquoted Investments (Others)</b>	<b>874.45</b>	
<i>Previous Year</i>	729.52	
<b>Properties</b>	<b>377.42</b>	
<i>Previous Year</i>	270.93	
	<u>6,834.99</u>	
	5,570.06	

\* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

**Note:**

Unquoted investments include ₹ Nil (Previous Year ₹ Nil ) in respect of equity shares, which are subject to a lock-in period and include ₹ 100.17 crore (Previous Year ₹ 40.17 crore) in respect of equity shares, which are subject to restrictive covenant.





17

**Deferred Tax Asset / Liabilities:**

In compliance with the Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), debit has been taken for ₹ 160.02 crore (Previous Year debit had been taken ₹ 282.08 crore) in the Statement of Profit and Loss for the year ended March 31, 2016 towards deferred tax asset (net) for the year, arising on account of timing differences, ₹ 579.43 crore (Previous Year ₹ 578.74 crore) has been adjusted against utilisation from the General Reserve (as per Note 5.2)

Major components of deferred tax assets and liabilities arising on account of timing differences are :

Particulars	₹ in Crore			
	Deferred Tax Liability Assets / (Liabilities)		Deferred Tax Assets Assets / (Liabilities)	
	Current Year	Previous Year	Current Year	Previous Year
(a) Depreciation	(71.29)	(76.25)	8.54	8.65
(b) Preliminary Expenses	-	-	0.02	0.01
(c) Special Reserve II	(1,945.78)	(924.31)	-	-
(d) Provision for Contingencies	985.56	748.63	8.01	6.77
(e) Provision for Employee Benefits	50.77	46.04	1.44	3.19
(f) Accrued Redemption Loss (net)	5.57	5.93	-	-
(g) Others (net)	4.74	(31.36)	0.17	(0.07)
<b>Total</b>	<b>(970.41)</b>	<b>(231.32)</b>	<b>18.18</b>	<b>18.55</b>

17.1

In respect of Credila Financial Services Pvt. Ltd., the deferred tax assets are recognised only to the extent that there are timing differences and there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

17.2

In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ 191.14 crore (Previous year ₹ 138.40 crore), ₹ 174.55 crore charged to the Revenue Account (Previous year ₹ 119.34 crore) and ₹ 16.59 crore charged to the Profit and Loss Account (Previous year ₹ 19.07 crore), in accordance with the Income tax Act, 1961 and Rules and Regulations there under as applicable to the Company.

18

**LONG-TERM LOANS AND ADVANCES**

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>Loans: [Refer Notes 18.1, 18.2 &amp; 18.4]</b>		
- Individuals	1,81,548.79	1,56,462.80
- Corporate Bodies	60,930.09	52,653.39
- Others	3,624.23	2,904.35
	<b>2,46,103.11</b>	<b>2,12,020.54</b>
<b>Less: Provision for Sub-Standard and Doubtful Loans [Refer Note 18.3] (Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.)</b>	<b>575.31</b>	<b>489.45</b>
	<b>2,45,527.80</b>	<b>2,11,531.09</b>
<b>Others:</b>		
Corporate Deposits - Unsecured; considered doubtful	2.00	2.00
Corporate Deposits - Secured; Considered good	3.80	-
Capital Advances - Unsecured; considered good	12.79	17.64
Advance against Investment in Properties	-	0.59
Security Deposits - Unsecured; considered good	69.97	66.18
Instalment due from Borrowers - Secured; considered doubtful	108.84	99.35
<b>Other Long Term Loans and Advances</b>		
- Staff Loan others - Secured, considered good	18.14	17.53
- Prepaid Expenses - Unsecured, considered good	194.53	241.11
- Advance Tax (Net of Provision)	2,754.14	2,587.88
- Others - Unsecured, considered good	72.57	120.69
- Others - Unsecured, considered doubtful	49.71	49.71
	<b>3,288.49</b>	<b>3,202.68</b>
<b>Less: Provision for Doubtful Receivables</b>	<b>51.71</b>	<b>51.71</b>
	<b>3,234.78</b>	<b>3,150.97</b>
	<b>2,48,762.58</b>	<b>2,14,682.06</b>



- 18.1 Out of Loans, amounts aggregating to ₹ 2,44,857.78 crore (Previous Year ₹ 2,09,268.48 crore) are secured or partly secured by:
- Equitable mortgage of property and / or
  - Pledge of shares, units, other securities, fixed deposits, assignment of life insurance policies and / or
  - Hypothecation of assets and / or
  - Bank guarantees, company guarantees or personal guarantees and / or
  - Negative lien and / or
  - Assignment of hire purchase receivables and / or
  - Undertaking to create a security.

18.2 Long Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ 1,869.63 crore (Previous Year ₹ 1,568.33 crore).

18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Opening Balance	489.45	553.77
Additions during the year [Refer Note 5.3]	85.86	(36.54)
Utilised during the year – towards Loans written off	-	(27.78)
Closing Balance	<u>575.31</u>	<u>489.45</u>

18.4 Loans include ₹ 89.32 crore (Previous Year ₹ 198.33 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>19 OTHER NON-CURRENT ASSETS</b>		
Receivable on Securitised Loans	371.18	353.18
Forward Receivables	83.69	104.00
Amounts receivable on Swaps and other derivatives	87.22	-
Interest Accrued but not due on Loans	80.34	373.24
Interest accrued but not due on Bank Deposits	8.85	31.08
Income accrued but not due on Investments	64.43	51.62
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	93.57	1,886.40
	<u>789.28</u>	<u>2,799.52</u>

19.1 Bank deposits with maturities beyond twelve months includes earmarked balances ₹ 53.90 crore (Previous Year ₹ 58.46 crore) against foreign currency loans, ₹ 0.14 crore (previous year ₹ 0.13 crore) towards letter of credit issued by bank and ₹ Nil crore (Previous Year ₹ 0.21 crore) against letter of guarantee issued by the bank to one of the subsidiary company.



	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
<b>Insurance Companies [Refer Note 16.1]</b>		
Non Convertible Debentures and Bonds	608.89	821.13
Investment: Insurance Co - Preference Shares	-	19.67
Pass Through Certificates & Security Receipts	-	31.21
Government Securities	1,565.54	943.04
Investment: Insurance Co - Securities Receipts	-	4.23
Mutual Funds and Other Funds	670.65	63.10
Fixed Deposits	538.00	328.00
Commercial Papers	118.34	83.34
Certificate of Deposits	989.65	844.30
Treasury Bills	1,019.12	762.52
Repo Investments	2,523.69	1,777.36
Investment: Insurance Co - Less: Fair Value Change	(1.51)	(2.09)
(A)	<u>8,032.37</u>	<u>5,675.81</u>
Investments related to Policy Holders	3,050.11	1,266.10
Investments to cover linked liabilities	1,240.90	936.37
Investments related to Shareholders	3,741.36	3,473.34
	<u>8,032.37</u>	<u>5,675.81</u>
<b>Other than Insurance Companies</b>		
<b>Held as Current Investments</b>		
<b>(At cost or market value whichever is lower unless stated otherwise)</b>		
Equity Shares - Subsidiary / Associate Companies	23.25	131.92
Equity Shares - Unlisted Company	-	45.00
Debentures - Convertible - Subsidiary Companies	-	265.18
Non Convertible Debentures and Bonds	-	9.25
Mutual Funds	878.25	554.58
<b>Current Maturities of Long Term Investments (At cost)</b>		
Security Receipts	6.05	13.11
Government Securities	287.78	30.60
Venture Funds and Other Funds	41.19	44.77
Non Convertible Debentures and Bonds	-	130.00
	<u>1,238.52</u>	<u>1,224.41</u>
Less: Provision for Diminution in Value of Investments	(12.57)	(5.39)
(B)	<u>1,223.95</u>	<u>1,219.02</u>
<b>Total</b>	<b>(A) + (B)</b>	
	<u>9,256.32</u>	<u>6,894.83</u>
	<b>Book Value</b>	<b>Market Value</b>
	<b>₹ in Crore</b>	<b>₹ in Crore</b>
<b>Aggregate book value of Quoted Investments</b>	<b>437.84</b>	<b>437.84</b>
<i>Previous Year</i>	<i>137.86</i>	<i>137.86</i>
<b>Aggregate book value of Investments listed but not quoted</b>	<b>172.13</b>	
<i>Previous Year</i>	<i>139.32</i>	
<b>Aggregate book value of Investments in Unquoted Mutual Funds</b>	<b>550.29</b>	<b>878.59</b>
<i>Previous Year</i>	<i>416.70</i>	<i>533.58</i>
<b>Aggregate book value of Unquoted Investments (Others)</b>	<b>63.69</b>	
<i>Previous Year</i>	<i>525.14</i>	
<i>Previous Year</i>	<u>1,223.95</u>	
	<u>1,219.02</u>	

\* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.



		As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
21	<b>TRADE RECEIVABLES</b>		
	Trade Receivables – Unsecured; Considered good, less than six months	444.70	456.42
	Trade Receivables – Unsecured; Considered good, more than six months	27.89	5.47
		<u>472.59</u>	<u>461.89</u>
	Less : Provision for Doubtful Receivables [ Refer Note 33.2]	5.79	4.10
		<u>466.80</u>	<u>457.79</u>
		<u>466.80</u>	<u>457.79</u>
22	<b>CASH AND BANK BALANCES</b>		
	(a) Cash and cash equivalents		
	(i) Balances with banks:		
	- In Current Accounts	3,306.26	527.83
	- In Deposit Accounts with original maturity less than 3 months	1.97	2,621.92
	(ii) Cash on Hand	0.61	0.39
	(iii) Cheques on Hand	330.48	397.58
	Sub total	<u>3,639.32</u>	<u>3,547.72</u>
	(b) Other Bank balances:		
	(i) Earmarked balances with banks		
	- Unclaimed Dividend Account	494.77	21.52
	- Against Foreign Currency Loans [Refer Note 7.3]	8.10	7.20
	- Towards Guarantees Issued by Banks	0.06	0.13
	- Others [Refer Note 22.1]	0.69	2.59
	(ii) Short - term bank deposits [Refer Note 22.2]	2,238.11	682.76
		<u>6,381.05</u>	<u>4,261.92</u>
22.1	Earmarked balances with banks - Others include an amount of ₹ 0.69 crore (Previous Year ₹ 2.59 crore) given by HDFC Asset Management Company Limited (HDFC AMC) to HDFC Trustee Company Limited and held in a designated account maintained by the latter being balance amount to be paid to unit holders of HDFC mutual fund, HDFC AMC's portfolio services clients and SEBI Investor Protection and Education fund as directed by Securities Exchange Board of India in the matter of from running trades by a former equities dealer of HDFC AMC		
22.2	Bank Deposits of the subsidiary companies of ₹ 1.30 crore ( Previous Year ₹ 1.25 crore) are marked as lien for overdraft facility.		
23	<b>SHORT TERM LOANS AND ADVANCES</b>		
	Loans: [Refer Note 23.1]		
	Current maturities of long-term loans and advances Corporate Bodies	24,347.72	25,173.71
		<u>2,210.09</u>	<u>1,501.12</u>
		26,557.81	26,674.83
	Others:		
	Current maturities of Staff Loans - Others - Secured; Considered good	4.94	4.43
	Corporate Deposits [Refer Note 23.2]	1,383.41	947.39
	Instalments due from borrowers - Secured, considered good	1,363.15	1,295.76
	Prepaid Expenses - Unsecured; Considered good	139.88	99.35
	Sundry Deposits - Unsecured, considered good	17.88	16.70
	Other Advances - Unsecured, considered good	1,306.83	1,284.15
	Loans and Advances to Related parties	26.75	31.50
		<u>4,242.84</u>	<u>3,679.28</u>
		<u>30,800.65</u>	<u>30,354.11</u>
23.1	Out of Loans, amounts aggregating to ₹ 21,929.59 crore (Previous Year ₹ 22,844.03 crore) are secured and considered good [Refer Note 18.1].		
23.2	Out of Corporate deposits, amounts aggregating to ₹ 568.77 crore (Previous Year ₹ 299.30 crore) are secured and considered good [Refer Note 18.1].		



24	<b>OTHER CURRENT ASSETS</b>	As at	As at
		March 31, 2016 ₹ in Crore	March 31, 2015 ₹ in Crore
	Receivables on Securitised Loans	68.27	53.30
	Receivables on sale of Investments	1,785.48	0.00
	Interest Accrued but not due on Loans	592.36	350.83
	Interest accrued and due on Loans	0.23	0.22
	Income Accrued but not due on Investments	1,478.12	1,208.37
	Income Accrued and due on Investments	-	48.93
	Interest Accrued but not due on Corporate Deposits	228.67	25.23
	Interest accrued and due on Corporate Deposits	1.10	0.72
	Application Money - Investments	-	2.00
		<b>4,154.25</b>	<b>1,689.60</b>

25 **CONTINGENT LIABILITIES AND COMMITMENTS**

The Group is involved in certain appellate, judicial and arbitration proceedings (including those described below)

25.1 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, amounts to ₹ 1,321.47 crore (Previous Year ₹ 1,129.72 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ 1,290.84 crore (Previous Year ₹ 1,119.09 crore) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in the favour of HDFC Ltd. and the respective subsidiary companies.
- Contingent Liability in respect of disputed dues towards wealth tax, interest on lease tax and payment towards employers' contribution to ESIC not provided for by HDFC Ltd. amounts to ₹ 0.15 crore (Previous Year ₹ 0.15 crore).
- The subsidiary companies have received show cause cum demand notices, amounting to ₹ 92.28 crore (Previous Year ₹ 189.75 crore), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. One of the subsidiary has filed appeals to the appellate authorities on the said show cause notices. The subsidiary has been advised by an expert that their grounds of appeal are well supported in law. As a result, the subsidiary is confident to defend the appeal against the demand and does not expect the demand to crystallise into a liability.
- During the current year, one the subsidiary company has received show cause notice in respect of a Service tax matter amounting to ₹ 21.69 Crore (Previous year ₹ 21.69 Crore)]. Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

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

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

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

- Guarantees ₹ 502.51 crore (Previous Year ₹ 381.89 crore).
- Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ 1,889.83 crore (Previous Year ₹ 1,919.65 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

25.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ 518.82 crore (Previous Year ₹ 556.82 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ 0.77 crore (Previous Year ₹ 0.86 crore).

25.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 798.95 crore (Previous Year ₹ 426.84 crore).



26	REVENUE FROM OPERATIONS	Current Year	Previous Year
		₹ in Crore	₹ in Crore
	Interest Income :		
	- Interest on Loans	28,291.58	25,919.84
	- Other Interest [Refer Note 26.1]	1,168.56	1,074.89
	Net Gain on foreign currency transactions and translation	0.85	0.18
	Dividends [Refer Note 26.2]	49.85	41.16
	Management & Trusteeship Fees	1,531.49	1,181.96
	Income from Leases [Refer Note 26.4]	29.46	10.38
	Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 26.3]	311.67	369.48
	Fees and Other Charges [Refer Note 26.5]	489.87	477.89
		<b>31,873.34</b>	<b>29,075.78</b>

- 26.1 a) Other Interest includes interest on investments amounting to ₹ 442.01 crore (Previous Year ₹ 420.04 crore).
- b) Other Interest includes interest on investments amounting to ₹ 21.95 crore (Previous Year ₹ 43.03 crore) in respect of current investments.
- c) Other Interest includes Interest on Income Tax Refund ₹ Nil (Previous Year ₹ 44.31 crore).
- 26.2 Dividend income includes ₹ 13.82 crore (Previous Year ₹ 11.17 crore) in respect of current investments.
- 26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ 311.67 crore (Previous Year ₹ 369.48 crore) is in respect of investments held as current investments.
- 26.4 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures are made in respect of Operating Leases :
- Income from Leases includes ₹ 4.83 crore (Previous Year ₹ 4.01 crore) in respect of properties and certain assets leased out under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows :

Period	₹ in Crore	
	Current Year	Previous Year
Not later than one year	4.16	3.37
Later than one year but not later than five years	1.15	2.19

- 26.5 Fees and other charges is net off the amounts paid to Direct Selling Agent ₹ 457.74 crore (Previous Year ₹ 362.85 crore).
- 27 Profit on sale of investments includes ₹ 25.02 crore (Previous Year ₹ 19.35 crore) in respect of current investments.

28	FINANCE COST	Current Year	Previous Year
		₹ in Crore	₹ in Crore
	Interest		
	- Loans	2,662.72	2,768.54
	- Deposits	6,797.22	6,255.58
	- Bonds and Debentures	7,784.65	7,597.80
	- Commercial Paper	2,847.01	1,987.91
		<b>20,091.60</b>	<b>18,589.83</b>
	Net Loss on foreign currency transactions and translation [Refer Note 28.1]	52.70	(20.09)
	Other Charges [Refer Note 28.2]	151.30	140.55
		<b>20,295.60</b>	<b>18,710.29</b>



- 28.1 ₹ 51.84 crore (Previous Year gain ₹ 20.27 crore) has been recognised in the Statement of Profit and Loss being net Loss on transaction and translation of foreign currency monetary assets and liabilities as shown below:

Particulars	₹ in Crore	
	Current Year	Previous Year
Exchange (Gain) / Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings	3.01	(34.72)
- Cross Currency Interest Rate Swaps [Refer Note 7.6]	108.26	107.98
Net Exchange (Gain) / Loss on Translation [Refer Note 5.11]	111.27	73.26
Realised (Gain) / Loss	(58.57)	(93.35)
Net (Gain) / Loss on translation and transactions recognised in Finance cost	52.70	(20.09)
Realised (Gain) / Loss recognised in Revenue from Operations [Refer Note 26]	(0.86)	(0.18)
Net (Gain) / Loss recognised in Statement of Profit and Loss	51.84	(20.27)

- 28.2 Other Charges is net of Exchange gain ₹ 0.13 crore (Previous Year includes exchange loss of ₹ 0.32 crore)

29	EMPLOYEE BENEFITS EXPENSES	Current Year	Previous Year
		₹ in Crore	₹ in Crore
	Salaries and Bonus [Refer Note 29.1 & 29.2]	688.76	612.43
	Contribution to Provident Fund and Other Funds [Refer Note 29.3]	77.64	68.02
	Gratuity Expenses	3.26	2.55
	Staff Training and Welfare Expenses	18.48	16.13
		<b>788.14</b>	<b>699.14</b>

- 29.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard on Employee Benefits (AS 15).

29.2 **Employee Benefits**

In accordance with the Accounting Standard 15 on Employee Benefits (AS 15), the following disclosures have been made:

The following amounts are recognised in the Statement of Profit and Loss which are included as under:

Particulars	₹ in crore			
	Contributions to Provident Fund and Other Funds under Staff		Other expenses pertaining to Insurance Business	
	Current Year	Previous Year	Current Year	Previous Year
Provident Fund [Refer Note 29.3]	26.25	22.57	27.80	26.25
Superannuation Fund [Refer Note 29.3]	12.94	10.85	0.48	0.42
Employees' Pension Scheme-1995	3.70	2.75	-	-
Employees' State Insurance Corporation	2.27	2.04	-	(2.62)
Labour Welfare Fund	0.02	0.01	0.01	0.05

- 29.3 The Corporation makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ 287.31 crore and ₹ 286.17 crore respectively (Previous Year ₹ 245.40 crore and ₹ 244.59 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of 7.86% (Previous Year 7.96%) and an average expected future period of 13 years (Previous Year 21.75 years).

The Corporation recognised ₹ 13.73 crore (Previous Year ₹ 12.55 crore) for provident fund contributions and ₹ 12.16 crore (Previous Year ₹ 10.17 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.



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

Particulars	Current Year ₹ in crore	Previous Year ₹ in crore
<b>Change in the Benefit Obligations:</b>		
Liability at the beginning of the year	244.42	190.67
Current Service Cost	17.70	13.39
Interest Cost	19.41	17.74
Benefits Paid	(16.36)	(13.18)
Actuarial loss	25.04	35.80
Liability at the end of the year *	290.21	244.42
* The Liability at the end of the year ₹ 290.21 crore (Previous Year ₹ 244.42 crore) includes ₹ 54.79 crore (Previous Year ₹ 50.20 crore) in respect of un-funded plans.		
<b>Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	175.70	141.56
Expected Return on Plan Assets	14.04	12.43
Contributions	36.44	24.55
Benefits Paid	(4.67)	(4.43)
Actuarial loss on Plan Assets	(1.43)	1.59
Fair Value of Plan Assets at the end of the year	220.08	175.70
Total Actuarial loss to be recognised	(26.47)	(34.21)
<b>Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	14.04	12.43
Actuarial loss on Plan Assets	(1.43)	1.59
Actual Return on Plan Assets	12.61	14.02
<b>Expense Recognised in the Statement of Profit and Loss :</b>		
Current Service Cost	17.70	13.39
Interest Cost	19.41	17.74
Expected Return on Plan Assets	(14.04)	(12.43)
Net Actuarial loss to be recognised	26.47	34.21
Expense recognised in the Statement of Profit and Loss		
included under Contribution to Provident Fund and Other Funds	40.49	41.75
included under Other expenses pertaining to Insurance Business	9.05	11.16
	49.54	52.91

Particulars	Current ₹ in crore	Previous ₹ in crore
<b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>		
Opening Net Liability	68.72	49.11
Expense recognised	49.54	52.91
Contribution by the Corporation	(36.44)	(24.55)
Benefits paid in respect of unfunded	(11.69)	(8.75)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" and "Other Current Liabilities"	70.13	68.72

Particulars	₹ in crore				
	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Amount Recognised in the Balance Sheet:</b>					
Liability at the end of the year	290.21	244.42	190.67	165.02	133.13
Fair Value of Plan Assets at the end of the year	220.08	175.70	141.56	110.02	94.08
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	70.13	68.72	49.11	55.00	39.05
<b>Experience Adjustment :</b>					
On Plan Liabilities	6.99	26.81	22.14	21.16	10.09
On Plan Assets	0.87	1.59	(3.09)	(5.74)	(4.44)
Estimated Contribution for next year	23.60	28.18	19.54	22.55	13.09





**Investment Pattern:**

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	19.76	24.45
State Government securities / securities guaranteed by State / Central Government	16.79	1.80
Public Sector / Financial Institutional Bonds	12.46	16.23
Private Sector Bonds	20.68	0.61
Special Deposit Scheme	1.01	0.02
Certificate of Deposits	1.37	-
Deposits with Banks and Financial Institutions	0.69	2.64
Investment in Insurance Companies	* 12.50	* 31.31
Investment in Equity Shares	10.22	5.69
Others (including bank balances)	4.52	17.25
Total	100.00	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

\* As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

**Principal Assumptions:**

Particulars	Current Year %	Previous Year %
Discount Rate	7.5 to 8.5	7.50 to 9.31
Return on Plan Assets	7.8 to 8.10	7.9 to 8
Salary Escalation	5 to 10	5 to 10

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

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**ESTABLISHMENT EXPENSES**

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Rent [Refer Note 30.1]	84.89	101.11
Rates and Taxes	6.64	3.93
Repairs and Maintenance - Buildings	13.61	6.67
General Office Expenses	4.41	2.64
Electricity Charges	23.76	21.18
Insurance Charges	1.57	1.42
	<b>134.88</b>	<b>136.95</b>

30.1

In accordance with the Accounting Standard 19 on 'Leases' (AS 19), the following disclosures are made in respect of Operating and Finance Leases:

- (a) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to ₹ 96.64 crore (Previous Year ₹ 176.76 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ Nil crore (Previous Year ₹ 14.09 crore) have been netted off from rent expense. The future lease payments in respect of the above are as follows:

Period	Current Year ₹ in Crore	Previous Year ₹ in Crore
Not later than one year	42.99	36.92
Later than one year but not later than five years	27.93	36.24



- (b) Certain motor cars have been acquired under Operating Lease by subsidiary companies. In respect of these operating leases, the lease rentals charged to the Statement of Profit and Loss are ₹ 0.66 crore (Previous Year ₹ 1.08 crore) included under Other expenses pertaining to insurance business. The minimum future lease rentals payable for specified duration in respect of such leases amount to the following :

Period	Current Year	Previous Year
	₹ in Crore	₹ in Crore
Not later than one year	0.66	0.72
Later than one year but not later than five years	-	0.65

- (c) Certain motor cars have been acquired under Finance Lease by a subsidiary for an aggregate fair value of ₹ Nil crore (Previous Year ₹ 0.01 crore). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

Period	Total MLP	Current Year	
		Interest	Principal
Not later than one year	-	-	-
Later than one year but not later than five years	-	-	-

Period	Total MLP	Previous Year	
		Interest	Principal
Not later than one year	0.01	-	0.01
Later than one year but not later than five years	-	-	-

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#### OTHER EXPENSES

	Current Year	Previous Year
	₹ in Crore	₹ in Crore
Travelling and Conveyance	31.74	28.54
Printing and Stationery	35.79	22.42
Postage, Telephone and Fax	37.64	32.45
Advertising	133.47	104.15
Repairs and Maintenance - Other than Buildings	19.89	17.94
Office Maintenance	32.28	29.03
Legal Expenses	22.16	19.14
Computer Expenses	18.81	16.52
Directors' Fees and Commission	8.66	7.25
Miscellaneous Expenses [Refer Note 31.1 and 31.2]	530.20	300.25
Auditors' Remuneration [Refer Note 32]	7.96	6.44
Preliminary Expenses written off	0.21	-
	<b>878.79</b>	<b>584.13</b>

31.1

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The details of amounts spent towards CSR are as under:

		₹ in Crore		
		In Cash	Yet to be paid in cash	Total
a)	Construction / acquisition of any asset	-	-	-
b)	On purposes other than (a) above *	106.19	-	106.19

\* The above consists of an amount of ₹ 85.23 crore charged to the Shelter Assistance Reserve.

31.2

Miscellaneous expenses include ₹ 6.97 crore being amount distributed to the Unit holders of relevant schemes of HDFC Mutual Fund and Portfolio management services clients by one of the subsidiary company as directed by SEBI in the matter of front running trades by a former equities dealer.



32 Auditors' Remuneration:	Current Year	Previous Year
	₹ In Crore	₹ In Crore
Audit Fees	4.54	3.90
Tax Matters	1.50	1.48
Other Matters	3.85	2.75
Reimbursement of Expenses	0.10	0.10
	9.99	8.23
Less: included under commission and operating expenses pertaining to Insurance Business	2.03	1.79
	7.96	6.44

- a) Auditors' remuneration exclude ₹ 0.75 crore (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Coverible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.
- b) Auditors' remuneration above is excluding Service tax and Swachh Bharat Cess

### 33 PROVISION FOR NON PERFORMING LOANS

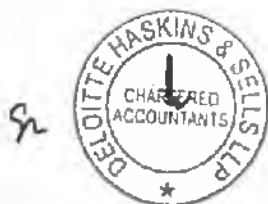
33.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows (Refer Note 18):

Particulars	₹ in Crore			
	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
<b>Standard Assets</b>				
- Principal Outstanding	1,97,553.31	1,72,732.67	74,475.05	66,136.39
- Provisions	915.75	791.69	476.72	418.34
<b>Sub-Standard Assets</b>				
- Principal Outstanding	557.59	423.40	577.19	338.37
- Provisions	84.62	66.24	86.58	50.45
<b>Doubtful Assets</b>				
- Principal Outstanding	444.04	418.00	341.18	441.35
- Provisions	258.02	235.11	197.18	189.12
<b>Total</b>				
- Principal Outstanding	1,98,554.94	1,73,574.07	75,393.43	66,914.11
- Provisions	1,258.39	1,093.01	760.48	657.91

Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in Value of Investments amounting to ₹ 11.17 crore (Previous Year ₹ 12.19 crore).

33.2 During the year ₹ 732.90 crore (Previous Year ₹ 188.04 crore) has been charged to the Statement of Profit and Loss towards provision for contingencies as under:

Particulars	₹ in Crore	
	Current Year	Previous Year
To Provision for Contingencies Account (Net) [Refer Note 9.2]	639.19	216.56
To Provision for Non-Performing Loans [Refer Note 18.3]	85.86	(36.54)
To Provision for Diminution in value of Investments	6.11	4.14
To Provision for Doubtful Receivables [Refer Note 21]	1.74	3.88
	732.90	188.04



34. As per the Accounting Standard 17 on 'Segment Reporting' (AS 17), the main segments and the relevant disclosures relating thereto are as follows:

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Segment Revenue	32,217.55	28,476.86	17,953.52	17,037.52	2,069.46	1,990.66	1,602.56	1,254.57	327.57	236.41	(971.42)	(638.95)	57.87	33.96	53,257.11	48,390.03
Segment Result	10,223.70	8,694.04	1,007.92	923.91	202.81	140.84	735.75	754.77	(33.82)	6.37	(581.24)	(437.07)	57.85	33.76	11,612.97	10,116.62
Income-tax (Current)															3,479.32	2,883.62
Deferred tax															160.02	282.08
Total Result	10,223.70	8,694.04	1,007.92	923.91	202.81	140.84	735.75	754.77	(33.82)	6.37	(581.24)	(437.07)	(3,581.49)	(3131.94)	7,973.63	6,950.92
Capital Employed																
Segment Assets	2,91,697.11	2,54,021.78	76,806.93	69,387.43	4,912.04	4,521.80	1,107.95	1,223.93	434.16	261.79	(1,516.96)	(1,276.11)	24,217.21	21,384.54	3,97,658.44	3,49,525.16
Segment Liabilities	2,63,032.03	2,32,742.52	73,840.85	66,997.34	3,829.50	3,505.58	397.75	368.55	462.14	49.22	(1,624.79)	(1,348.81)	1,032.30	319.05	3,41,769.78	3,02,633.45
Net Assets	28,203.03	21,279.26	2,966.08	2,390.09	1,082.54	1,016.22	710.25	855.38	(27.98)	212.57	107.82	72.70	23,184.91	21,065.49	53,226.85	46,891.71
Other Information																
Capital Expenditure	39.88	456.31	33.86	106.09	15.61	30.05	9.99	16.29	48.54	7.58	-	-	-	-	147.88	616.32
Depreciation	57.68	31.85	44.94	42.71	31.44	41.39	11.59	10.55	51.22	4.23	-	-	-	-	196.87	130.73
Non cash expenses other than Depreciation	925.41	322.74	1.72	30.22	3.89	6.23	0.85	0.99	6.48	8.41	-	-	-	-	938.35	368.59

a) Asset Management segment includes portfolio management, mutual fund and property investment management.

b) Others includes project management, investment consultancy and property related services.

c) The group does not have any material operations outside India and hence disclosure of geographic segments is not given.

\* Included in Other expenses relating to Insurance Business



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As per the Accounting Standard 18 on 'Related Party Disclosures' (AS 18), the related parties of the Corporation are as follows:

## A) Associate Companies

HDFC Bank Ltd.  
India Value Fund Advisors Pvt. Ltd.  
RuralShores Business Services Pvt. Ltd.  
Magnum Foundations Pvt Ltd

## B) Investing Party and its Group Companies

Standard Life Investments Ltd  
Standard Life (Mauritius Holdings) 2006 Ltd  
ERGO International AG  
Munich Re

## C) Key Management Personnel

Mr. Keki M. Mistry  
Ms. Renu Sud Karnad  
Mr. V. Srinivasa Rangan

## D) Relatives of Key Management Personnel - (Where there are transactions)

Ms. Arnaaz K. Mistry      Mr. Rishi R. Sud      Mr. Ketan Karnad  
Mr. Ashok Sud              Ms. Swarn Sud        Mr. Bharat Karnad  
Ms. Tinaz Mistry            Ms. S. Anuradha      Ms. Abhinaya S. Rangan  
Mrs. Kirti Sud                Mr. V. Jayam            Ms. Riti Karnad  
Ms. V Rajalakshmi

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

Particulars	₹ in Crore							
	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Dividend Income</b>								
- HDFC Bank Ltd.	450.99	372.10	-	-	-	-	-	-
- Others	0.40	0.16	-	-	-	-	-	-
<b>Interest Income</b>								
- HDFC Bank Ltd.	27.09	37.27	-	-	-	-	-	-
- Others	0.04	-	-	-	-	-	0.03	0.03
<b>Consultancy, Fees &amp; Other Income</b>								
- Standard Life Investments Ltd	-	-	0.56	0.51	-	-	-	-
- HDFC Bank Ltd.	0.01	0.23	-	-	-	-	-	-
<b>Rent Income</b>								
- HDFC Bank Ltd.	1.99	2.01	-	-	-	-	-	-
<b>Reinsurance Income</b>								
- Munich Re	-	-	1.50	1.50	-	-	-	-
<b>Support Cost Recovered</b>								
- HDFC Bank Ltd.	0.26	0.37	-	-	-	-	-	-
<b>Miscellaneous Services rendered</b>								
- HDFC Bank Ltd.	258.89	152.95	-	-	-	-	-	-
- Others	0.02	0.10	-	-	0.01	0.01	-	-
<b>Interest Expense</b>								
- HDFC Bank Ltd.	2.38	2.40	-	-	-	-	-	-
- Others	-	0.05	-	-	0.27	0.48	0.02	-
<b>Bank and Other Charges</b>								
- HDFC Bank Ltd.	66.89	28.21	-	-	-	-	-	-
<b>Reinsurance Expense</b>								
- Munich Re	-	-	11.12	12.09	-	-	-	-
<b>Remuneration</b>								
- Mr. Keki M. Mistry	-	-	-	-	9.71	8.43	-	-
- Ms. Renu Sud Karnad	-	-	-	-	8.81	7.62	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	5.81	5.03	-	-
<b>Dividend Payments</b>								
- Standard Life (Mauritius Holdings) 2006 Ltd	-	-	46.88	36.31	-	-	-	-
- Standard Life Investments Ltd	-	-	80.52	65.42	-	-	-	-
- ERGO International AG	-	-	17.40	10.44	-	-	-	-
<b>Other Expenses</b>								
- HDFC Bank Ltd.	1,060.04	757.45	-	-	-	-	-	-
- Others	0.12	0.36	-	-	-	-	0.10	0.09



₹ In Crore

Particulars	Associates		Investing Party and Its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Investments made - HDFC Bank Ltd.	531.31	827.03	-	-	-	-	-	-
Investments sold - Magnum Foundations Pvt Ltd	9.25	-	-	-	-	-	-	-
Securities purchased - HDFC Bank Ltd	291.82	337.67	-	-	-	-	-	-
Investments - HDFC Bank Ltd. - Others	8,076.30 25.78	7,545.35 35.03	- -	- -	- -	- -	- -	- -
Bank Deposits placed - HDFC Bank Ltd.	611.87	1,492.69	-	-	-	-	-	-
Bank Deposits repaid / withdrawn - HDFC Bank Ltd.	1,650.88	2,969.81	-	-	-	-	-	-
Bank Balance and Deposits - HDFC Bank Ltd.	3,984.73	1,632.08	-	-	-	-	-	-
Loans given - Magnum Foundations Pvt. Ltd.	-	31.50	-	-	-	-	-	-
Loans repaid - Magnum Foundations Pvt. Ltd. - Others	3.82 -	- -	- -	- -	- 0.05	- 0.02	- 0.02	- 0.01
Loans sold - HDFC Bank Ltd.	12,773.37	8,249.21	-	-	-	-	-	-
Loans - Magnum Foundations Pvt. Ltd. - Others	27.68 -	31.50 -	- -	- -	- 0.07	- 0.12	- 0.28	- 0.30
Trade Receivable - HDFC Bank Ltd.	4.17	5.07	-	-	-	-	-	-
Other Advances / Receivables - HDFC Bank Ltd. - Others	8.34 -	10.74 -	- 0.11	- 0.17	- -	- 0.02	- 0.06	- 0.06
Deposits placed - RuralShores Business Services Pvt. Ltd. - Ms. Renu Sud Karnad - Ms. Swarn Sud - Others	- - - -	1.05 - - -	- - - -	- - - -	- 0.03 - -	- 2.38 - -	- - 0.09 -	- - - 0.01
Deposits repaid / matured - RuralShores Business Services Pvt. Ltd. - Mr. Keki M. Mistry - Ms. Renu Sud Karnad - Others	- - - -	4.13 - - -	- - - -	- - - -	- 0.87 0.02 -	- 1.75 2.00 -	- - - 0.09	- - - 0.03
Deposits - Ms. Renu Sud Karnad - Others	- -	- -	- -	- -	2.40 -	2.40 0.87	- 0.09	- 0.09
Other Liabilities / Payables - HDFC Bank Ltd. - Others	418.59 -	149.61 0.01	- 4.09	- 6.21	- 0.34	- 0.33	- 0.02	- -



36 In accordance with the Accounting Standard 20 on "Earning per Share" (AS 20), the following disclosures have been made:

- (i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ 10,190.26 crore (Previous Year ₹ 8,762.62 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ 85.31 crore (Previous Year ₹ 10.83 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ 10,104.95 crore (Previous Year ₹ 8,751.79 crore) and the weighted average number of shares during the year of 157.72 crore (Previous Year 156.82 crore).

- (ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Particulars	Amount in ₹	
	Current Year	Previous
Basic Earnings Per Share	64.07	55.81
Effect of outstanding Stock Options	(0.48)	(0.51)
Diluted Earnings Per Share	63.59	55.30

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

Particulars	Number in crore	
	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	157.72	156.82
Diluted effect of outstanding Stock Options	1.20	1.45
Weighted average number of shares for computation of Diluted Earnings Per Share	158.92	158.27



37 Additional Information as required by Paragraph 2 of the General Instructions for Preparation of  
(As on/for the year ended March 31, 2016)

Sr. No.	Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit / (Loss)	
		As % of consolidated net assets	Amount (In crore)	As % of consolidated Profit or loss	Amount (In crore)
<b>Parent</b>					
1	Housing Development Finance Corporation Limited		34,121.06		7,093.10
	Less: Inter Company eliminations		(8,127.64)		(990.15)
	<b>Net of eliminations</b>	<b>48.84%</b>	<b>25,993.42</b>	<b>59.89%</b>	<b>6,102.95</b>
<b>Subsidiaries</b>					
<b>Indian</b>					
1	Gruh Finance Ltd.	1.05%	560.55	2.41%	245.82
2	HDFC Standard Life Insurance Co. Ltd.	2.25%	1,198.62	8.06%	821.51
3	HDFC ERGO General Insurance Co. Ltd.	1.23%	657.04	1.54%	156.80
4	HDFC Asset Management Co. Ltd.	1.53%	811.88	5.93%	604.33
5	HDFC Trustee Co. Ltd.	0.01%	3.36	0.00%	0.02
6	HDFC Investment Trust	0.40%	214.40	0.15%	15.21
7	HDFC Investment Trust - II	0.24%	129.80	0.21%	21.56
8	HDFC Venture Capital Ltd.	0.04%	21.71	-0.01%	(0.81)
9	HDFC Ventures Trustee Co. Ltd.	0.00%	0.98	0.00%	(0.03)
10	HDFC Property Venture Ltd.	0.19%	99.04	-0.07%	(7.27)
11	HDFC Pension Management Co. Ltd.	0.05%	27.68	0.00%	0.02
12	HDFC Capital Advisors	0.01%	3.11	0.01%	1.51
13	HDFC Investments Ltd.	0.12%	61.82	1.45%	147.84
14	HDFC Holdings Ltd.	0.29%	156.83	0.09%	9.21
15	HDFC Developers Ltd.	0.00%	0.39	-0.13%	(13.05)
16	HDFC Sales Pvt. Ltd.	0.03%	14.46	-2.14%	(218.26)
17	HDFC Realty Ltd.	0.03%	17.21	0.03%	2.81
18	Credila Financial Services Pvt. Ltd.	0.32%	171.32	0.49%	50.31
19	Grandeur Properties Pvt. Ltd.	0.03%	18.50	-0.06%	(6.48)
20	Haddock Properties Pvt. Ltd.	0.05%	25.13	-0.05%	(5.25)
21	Pentagram Properties Pvt. Ltd.	0.04%	19.60	-0.03%	(3.01)
22	Windermere Properties Pvt. Ltd.	0.07%	39.16	-0.12%	(11.78)
23	Winchester Properties Pvt. Ltd.	0.03%	14.31	-0.05%	(5.53)
24	HDFC Education and Development Services Pvt. Ltd.	0.08%	44.15	-0.01%	(0.99)
<b>Foreign</b>					
1	Griha Investments	0.25%	134.49	0.54%	55.20
2	Griha Pte. Ltd.	0.03%	13.96	0.12%	12.62
3	HDFC Life International and Re Company Ltd	0.15%	80.69	-0.02%	(1.63)
	<b>Share of Minorities</b>	<b>4.37%</b>	<b>2,325.95</b>	<b>-5.18%</b>	<b>(527.99)</b>
<b>Associates (Investment as per the equity method)</b>					
<b>Indian</b>					
1	HDFC Bank Limited	38.26%	20,365.62	26.90%	2,741.45
2	India Value Fund Advisors Pvt Ltd.	0.00%	1.67	0.03%	3.17
<b>Total</b>		<b>100.00%</b>	<b>53,226.65</b>	<b>100.00%</b>	<b>10,190.26</b>

38 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.





**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

***Management's Responsibility for the Consolidated Financial Statements***

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

*Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Associates as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

*Emphasis of Matter*

We refer to Note 5.2 to the consolidated financial statements, which describes the accounting treatment used by the Holding Company and one of its Subsidiary Company in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

*Other Matters*

- (a) We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹ 80,203.40 crore as at March 31, 2015, total revenues of ₹ 19,178.93 crore and net cash flows amounting to ₹ 125.03 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) The consolidated financial statements also include the Group's share of net profit of ₹ 0.34 crore for the year ended March 31, 2015, as considered in the consolidated financial statements, in respect of one associate of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.
- (c) Claims paid and pertaining to Insurance business have been adjusted for the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, in respect of one subsidiary and the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. These liabilities have been duly certified by the subsidiaries' appointed actuaries, and in their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of those subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their conclusion on the financial result of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on:

- i. the work done and the reports of the other auditors,
- ii. the financial statements / financial information certified by the Management and

- iii. the actuarial valuation for the life insurance policies in force and for the policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of IBNR and IBNER.

Our opinion is not modified in respect of these matters.

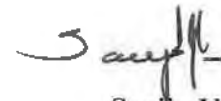
**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company, Subsidiary Companies and Associate Company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer Note 25.1 to the consolidated financial statements.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, where necessary, on long-term contracts including derivative contracts – Refer (a) Note 5.10, 5.11 and 33 to the consolidated financial statements in respect of such items as it relates to the Group and (b) the Group's share of net profit in respect of its associates.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its Subsidiary Companies and Associate Company incorporated in India.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

MUMBAI, April 29, 2015  
SVP/PG/2014-15

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order does not includes 6 subsidiary companies / controlled entities and 1 associate company to which the Order is not applicable but includes 3 subsidiary companies, incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- i. In respect of the fixed assets of the Holding Company, subsidiary companies and associate company incorporated in India:
  - a. The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. Some of the fixed assets were physically verified during the year by the Managements of the respective entities and by the appointed firm of chartered accountants in accordance with a programme of verification, which in our opinion and the opinion of the other auditors provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us and the other auditors, no material discrepancies were noticed on such verification.
- ii. According to the information and explanations given to us, the nature of business of Holding Company, subsidiary companies and associate company is such that it is not required to hold any inventories except in the case of one subsidiary where the other auditor have reported as follows:
  - a. The stock of acquired and/or developed properties of one subsidiary have been physically verified during the year by its management. In the opinion of other auditor, the frequency of verification is reasonable.
  - b. The procedures of physical verification of stock of acquired and/or developed properties followed by the management are reasonable and adequate in relation to the size of that subsidiary company and the nature of its business.
  - c. The subsidiary company is maintaining proper records of acquired and developed properties. No discrepancy was noticed no verification between the physical properties and the book records.

- iii. According to the information and explanations given to us, the Holding Company, subsidiary companies and associate company incorporated in India have granted loans, to the extent included in the consolidated financial statements, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities. In respect of such loans:
  - a. The receipts of principal amounts and interest have been regular/as per stipulations.
  - b. There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.
- iv. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is an adequate internal control system in the Holding Company, subsidiary companies and associate companies incorporated in India, commensurate with the size of the respective entities and the nature of their business for acquisition of properties and purchase of fixed assets and for the sale of properties and services and during the course of our and the other auditors audit no major weaknesses in such internal control system has been observed.
- v. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company and one subsidiary company incorporated in India have complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014, as amended and the Housing Finance Companies (NHB) Directions, 2010, with regard to the deposits accepted. Other subsidiary companies and associate company incorporated in India have not accepted any deposit during the year. According to the information and explanations given to us and the other auditors, no order has been passed by the Company Law Board or the National Company Law Tribunal or the National Housing Bank or the Reserve Bank of India or any Court or any other Tribunal in respect of any of the respective entities.
- vi. The provisions of clause (3) (vi) of the Order are not applicable to the Holding Company, subsidiary companies and associate company incorporated in India as the services rendered by them are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- vii. According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary companies and associate company incorporated in India:
  - a. The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.

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- b. There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- c. Details of dues of Wealth Tax, Interest on Lease Tax, Employees' State Insurance and Income Tax which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes by the aforesaid entities are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in crore
<b>Holding Company</b>				
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	Financial Year 1998-1999	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	Financial Year 1999-2000	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant / Deputy Director - ESIC	Financial Year 2010-2011	0.01
<b>Subsidiary Companies</b>				
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2007-2008	0.24
Income Tax Act, 1961	Income Tax	High Court of Bombay	Financial Year 2007-2008	0.15
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2008-2009	0.52
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2009-2010	0.19



Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2010-2011	1.60
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2011-2012	0.98
<b>Associate</b>				
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2007-08	0.44
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2009-10	0.20
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2010-11	0.15
Income Tax Act, 1961	Income Tax	Assesing Officer	Financial Year 2012-13	0.19

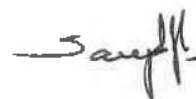
- d. The aforesaid entities have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- viii. The Group and its associate does not have consolidated accumulated losses at the end of the financial year and the Group and its associate have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- ix. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies and associate company incorporated in India have not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- x. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, subsidiary companies and associate company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions. The terms and conditions of the guarantees given by the Holding Company for loans taken by others outside of the Group and its associates from

**Deloitte  
Haskins & Sells LLP**

banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Group and its associates.

- xi. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company, subsidiary companies and associate company incorporated in India during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- xii. To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, its subsidiary companies and associate company incorporated in India and no material fraud on the Holding Company, its subsidiary companies and associate company incorporated in India has been noticed or reported during the year. Although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amount whereof are not material in the context of the size of the Group and its associate Company and the nature of its business and which have been provided for.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

MUMBAI, April 29, 2015  
SVP/PG/2014-15

# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

## Consolidated Balance Sheet as at March 31, 2015

	Note	₹ in Crore	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>		₹ in Crore	₹ in Crore	₹ in Crore
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	4	314.94		312.10
Reserves and Surplus	5	<u>44,756.69</u>	<b>45,071.63</b>	<u>37,262.51</u>
				<b>37,574.61</b>
<b>MINORITY INTEREST</b>				
			<b>1,820.08</b>	1,423.88
<b>NON-CURRENT LIABILITIES</b>				
Policy Liabilities (Policyholder's Fund)		54,924.28		45,003.25
Long-term borrowings	7	1,04,545.72		91,757.78
Deferred tax liabilities (net)	17	231.32		15.82
Other Long-term liabilities	8	2,546.12		2,288.20
Long-term provisions	9	<u>1,998.04</u>	<b>1,64,245.48</b>	<u>1,682.20</u>
				<b>1,40,747.25</b>
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	10	34,420.05		26,012.51
Trade Payables	11	2,984.85		2,371.99
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		10,531.68		4,300.42
- Borrowings		78,390.95		72,831.68
- Others		7,864.17		7,559.93
Short-term provisions	13	<u>4,196.29</u>	<b>1,38,387.99</b>	<u>4,082.38</u>
			<b>3,49,525.18</b>	<u>1,17,158.91</u>
			<b>3,49,525.18</b>	<b>2,96,904.65</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>				
Fixed assets				
(i) Tangible assets	14	1,203.17		746.16
(ii) Intangible assets	15	79.25		70.49
(iii) Capital work in Progress		5.60		21.01
(iv) Intangible assets under Development		3.38		0.03
<b>GOODWILL ON CONSOLIDATION</b>				
		187.81		185.59
Non-current investments	16	86,887.59		65,377.26
Deferred tax asset (net)	17	18.55		663.34
Long-term loans and advances	18			
- Loans		2,11,531.09		1,83,423.95
- Others		3,150.97		3,084.79
Other non-current assets	19	<u>2,799.52</u>	<b>3,05,866.93</b>	<u>930.61</u>
				<b>2,54,503.23</b>
<b>CURRENT ASSETS:</b>				
Current investments	20	6,894.83		7,536.95
Trade receivables	21	457.79		376.79
Cash and bank balances	22	4,261.92		8,588.11
Short-term loans and advances	23			
- Loans		26,674.83		21,324.43
- Others		3,679.28		3,259.49
Other current assets	24	<u>1,689.60</u>	<b>43,658.25</b>	<u>1,315.65</u>
			<b>43,658.25</b>	<u>42,401.42</u>
			<b>3,49,525.18</b>	<u>2,96,904.65</u>

See accompanying notes forming part of the financial statements

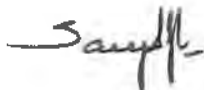


## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

### Signatures to the Consolidated Balance Sheet as at March 31, 2015, and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)



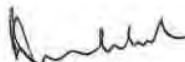
Deepak S Parekh



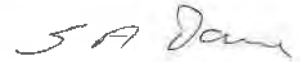
Bansi S Mehta



D M Sukthankar



D N Ghosh



S A Dave



Ram S Tarneja



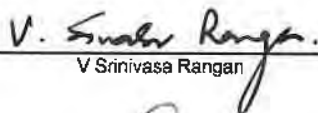
Nasser M Munjee



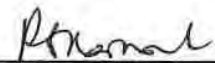
J J Irani



Bimal Jalan



V Srinivasa Rangan



Renu Sud Karnad



Kek M Mistry



Company Secretary

Mumbai, April 29, 2015

# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

## Consolidated Statement of Profit and Loss for the year ended March 31, 2015

<b>INCOME</b>	Note	₹ in Crore	Previous Year ₹ in Crore
Revenue from Operations	26	29,075.78	25,583.15
Profit on sale of Investments	27	510.87	294.03
Other Income	26.6	74.34	61.39
Premium from Insurance Business		16,427.35	13,539.59
Other Operating Income from Insurance Business		2,301.69	1,336.40
<b>Total Revenue</b>		<b>48,390.03</b>	<b>40,814.56</b>
<b>EXPENSES</b>			
Finance Cost	28	18,710.29	16,607.89
Employee Benefits Expenses	29	699.14	597.24
Establishment Expenses	30	136.95	143.14
Other Expenses	31	584.13	465.07
Claims paid pertaining to Insurance Business		9,551.25	5,969.83
Commission and operating expenses pertaining to Insurance Business		2,112.45	1,924.34
Other expenses pertaining to Insurance Business		6,244.53	6,103.93
Depreciation and Amortisation	14 & 15	46.63	46.85
Provision for Contingencies		188.04	110.42
<b>Total Expenses</b>		<b>38,273.41</b>	<b>31,968.71</b>
<b>PROFIT BEFORE TAX</b>		<b>10,116.62</b>	<b>8,845.85</b>
Tax Expense			
Current Tax		2,883.62	2,317.05
Deferred Tax	17	282.08	41.29
<b>PROFIT FOR THE YEAR</b>		<b>6,950.92</b>	<b>6,487.51</b>
Share of profit of Minority Interest		(482.72)	(454.89)
Net share of Profit from Associates		2,294.42	1,915.20
<b>PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION</b>	5.1	<b>8,762.62</b>	<b>7,947.82</b>
<b>EARNINGS PER SHARE (Face Value ₹ 2)</b>			
Basic (₹)	36	55.81	51.01
Diluted (₹)		55.30	50.61

See accompanying notes forming part of the financial statements



## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

### Signatures to the Consolidated Statement of Profit and Loss for the year ended March 31, 2015, and notes thereto

As per our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)



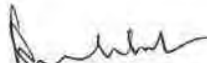
Deepak S Parekh



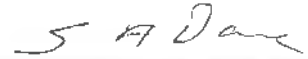
Bansai S Mehta



D M Sukthankar



D N Ghosh



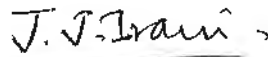
S A Dave



Ram S Tarneja

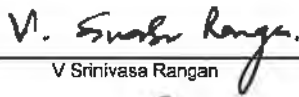


Nasser M Munjee

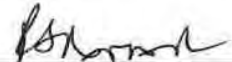


J J Irani

Bimal Jalan



V Srinivasa Rangan



Renu Sud Karnad



Keki M Mistry



Company Secretary

Mumbai, April 29, 2015

# HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Notes	₹ in Crore	Previous Year ₹ in Crore
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit After tax Attributable to the Group		8,762.62	7,947.82
Add: Provision for Taxation		3,165.70	2,358.34
Profit Before Tax		<u>11,928.32</u>	<u>10,306.16</u>
Adjustments for:			
Depreciation and Amortisation *	14 & 15	130.73	108.87
Provision for Contingencies	5.3	188.04	110.20
Interest Expense	28	18,589.83	16,357.10
Net (Gain) / Loss on translation of foreign currency monetary assets and liabilities		(16.28)	138.76
Interest Income	26	(26,994.73)	(23,774.91)
Premium paid on redemption of Debentures		(192.80)	(398.20)
Shelter Assistance Reserve - utilisation	5.10	(10.83)	(13.02)
Corporate Social Responsibility Account - utilisation	5.10	-	(0.46)
Reserve for Unexpired Risk		104.41	180.83
Policy Liabilities (net)		16,152.28	9,979.18
Surplus from Deployment in Cash Management Schemes of Mutual Funds	26	(369.48)	(344.01)
Profit on Sale of Investments		(510.87)	(294.03)
Dividend Income	26	(41.16)	(47.64)
Provision for Diminution in Value of Investments		5.06	(0.38)
Bad debts written off		4.60	1.89
(Profit) / Loss on Sale of Fixed Assets (net)		(27.64)	(22.41)
Operating Profit before Working Capital changes		<u>18,939.48</u>	<u>12,287.93</u>
Adjustments for:			
Current and Non Current Assets		(978.49)	266.46
Current and Non Current Liabilities		<u>759.49</u>	<u>14.08</u>
Cash generated from operations		18,720.48	12,568.47
Interest Received		26,682.39	23,271.11
Interest Paid		(18,519.42)	(15,418.73)
Dividend Received		41.16	47.64
Taxes Paid		<u>(3,227.77)</u>	<u>(2,910.84)</u>
Net cash from operation		23,696.84	17,557.65
Loans disbursed (net)		(33,281.47)	(28,586.35)
Corporate Deposits (net)		466.44	293.80
Net cash used in operating activities	[ A ]	<u>(9,118.19)</u>	<u>(10,734.90)</u>
* Includes depreciation included under Other expenses pertaining to Insurance Business			
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		(616.32)	(255.13)
Sale of Fixed Assets		57.81	31.21
Goodwill (net)		(2.22)	(0.51)
Investments (net)		<u>(17,994.19)</u>	<u>(12,766.59)</u>
Net cash used in investing activities	[ B ]	<u>(18,554.92)</u>	<u>(12,991.02)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share Capital - Equity	4.1	2.84	2.83
Utilisation of Reserves for Buy back of Equity Shares by one of the Subsidiary Company		-	(20.92)
Securities Premium	5	726.52	651.41
Deposits, CPs and other Short Term Borrowings (Net)		27,136.33	5,377.93
Proceeds from long-term borrowings		64,672.33	71,905.16
Repayment of long-term borrowings		(65,098.31)	(50,231.75)
Dividend paid		(2,505.94)	(1,939.91)
Tax paid on Dividend		(485.43)	(385.73)
Bonus and Securities Issue Expenses		(22.01)	(0.30)
Increase in Minority Interest		394.05	359.81
Net cash from financing activities	[ C ]	<u>24,820.38</u>	<u>25,718.53</u>
Net (Decrease) / Increase in cash and cash equivalents	[ A+B+C ]	<u>(2,852.73)</u>	<u>1,992.61</u>
Add: Cash and cash equivalents as at the beginning of the year	22	6,397.65	4,397.46
Add: Exchange difference on bank balance		2.80	7.58
Cash and cash equivalents as at the end of the year	22	<u>3,547.72</u>	<u>6,397.65</u>
Emarked balances with banks:			
- Unclaimed dividend account		21.52	15.26
- Other against Foreign Currency Loans		7.20	6.39
- Guarantees issued by banks		0.13	0.24
- Others		2.59	2.59
Short-term bank deposits		682.76	2,165.98
Cash and Bank balances at the end of the year	22	<u>4,261.92</u>	<u>8,588.11</u>

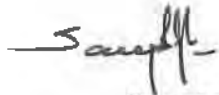


## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

### Signatures to the Consolidated Cash Flow Statement for the year ended March 31, 2015

As per our report attached,

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)



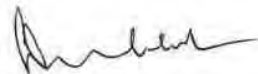
Deepak S Parekh



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D N Ghosh



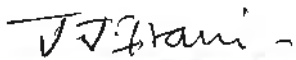
S A Dave



Ram S Tarreja

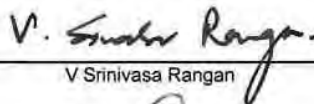


Nasser M Munjee



J J Irani

Bimal Jalan



V Srinivasa Rangan



Renu Sud Karnad



Ketan M Mistry

Company Secretary

Mumbai, April 29, 2015



## 1 SIGNIFICANT ACCOUNTING POLICIES

### 1.1 ACCOUNTING CONVENTION OTHER THAN INSURANCE COMPANIES

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank and Reserve Bank of India to the extent applicable.

#### INSURANCE COMPANIES

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, (the IRDA Financial Statements Regulations), provisions of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Act, 1938, circulars/notifications issued by the Insurance Regulatory and Development Authority of India (the IRDA) from time to time, the Companies Act 2013 and applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

### 1.2 GAIN OR LOSS ON DILUTION

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

### 1.3 SYSTEM OF ACCOUNTING

The Group adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

### 1.4 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 1.5 INFLATION

Assets and liabilities are recorded at historical cost to the Group. These costs are not adjusted to reflect the changing value in the purchasing power of money.

### 1.6 OPERATING CYCLE

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 1.7 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.



- 1.8 **CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)**  
Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- 1.9 **LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES**  
Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.  
A loan is recognised as non-performing ("NPA") or as a "doubtful" or as a "loss" asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions"). Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.
- 1.10 **INTEREST INCOME ON LOANS**  
Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual rest or on a monthly rest basis on the principal outstanding at the beginning of the relevant period.  
Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.  
Interest on loan assets classified as "non-performing" is recognised only on actual receipt.
- 1.11 **DIVIDEND**  
Dividend income is recognised when the right to receive has been established.
- 1.12 **FEES AND OTHER REVENUE**  
Fees, charges and other revenue is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.
- 1.13 **PREMIUM INCOME FROM INSURANCE BUSINESS**
- LIFE INSURANCE BUSINESS**
- Premium Income**  
Premium income is accounted for when due from the policyholders and reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.
- Income from Linked Policies**  
Income from linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.
- Reinsurance Premium Ceded**  
Reinsurance premium ceded is accounted for on due basis, at the time when related premium income is accounted for in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance
- GENERAL INSURANCE BUSINESS**
- Premium Income**  
Premium including Reinsurance accepted (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.



**Reinsurance Premium Ceded**

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

**Commission received**

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

**1.14 INCOME FROM LEASES**

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its subsidiaries / associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not confirm any minimum lease payment or contingent rent payments.

**1.15 MANAGEMENT AND TRUSTEESHIP FEES**

Management and Trusteeship fees are accounted on accrual basis.

**1.16 INCOME FROM INVESTMENTS**

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis.

Interest income on investments is accounted for on accrual basis.

Amortisation of premium or accretion of discount at the time of purchase of debt securities is amortised over the remaining period of maturity/holding on a straight line basis.

**1.17 BORROWING AND BORROWING COSTS**

The Corporation borrows funds, primarily in Indian Rupees, and carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and holds these instruments till maturity. At each reporting date, these liabilities are restated at the closing rate.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium.

**1.18 TRANSLATION OF FOREIGN CURRENCY****Initial recognition**

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction.

**Measurement at the Balance Sheet date**

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at the closing rate.

The net loss/gain on translation of long term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account". The net loss/gain on translation of short term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

**1.19 BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.



- 1.20 **BROKERAGE - MUTUAL FUND EXPENSE**  
 Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively.  
 Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.  
 Recurring expenses of schemes of HDFC Mutual Fund are borne by one of the subsidiary company, including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India, are accounted in the respective heads in the Statement of Profit and Loss.
- 1.21 **INVESTMENTS**
- (i) **OTHER THAN INSURANCE COMPANIES**  
 Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13) and is recognised through the Provision for Contingencies Account. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.
- (ii) **INSURANCE COMPANIES**  
 Investments are made in accordance with the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority of India (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority of India (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority of India (Investment) (Fifth Amendment) Regulations, 2013, wherever applicable and various other circulars/notifications/clarifications issued by the IRDA in this context from time to time.
- Investments are recognised at cost on the date of purchase, which includes brokerage and taxes if any, and excluding accrued interest (i.e. since the previous coupon date) as on the date of purchase.  
 In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve in the Balance Sheet. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Revenue Account or the Profit and Loss Account.
- 1.22 **TANGIBLE FIXED ASSETS**  
 Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.
- 1.23 **INTANGIBLE ASSETS**  
 Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.
- 1.24 **CAPITAL WORK IN PROGRESS**  
 Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.
- 1.25 **IMPAIRMENT OF ASSETS**  
 The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

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## 1.26 DEPRECIATION AND AMORTISATION

### **Tangible Fixed Assets**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

- Computers and data processing equipment - 4 years
- Vehicles - 5 years
- Leasehold land is amortised over the duration of the lease.

### **Intangible Assets**

Intangible assets are amortised over their estimated useful life on straight line method as follows:

- Computers Software - 4 years

### **Investment In Properties**

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

## 1.27 PROVISIONS AND CONTINGENCIES

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## 1.28 PROVISION FOR CONTINGENCIES AND NON PERFORMING ASSETS

The Group's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the interest and/or instalments are overdue for specified number of days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank, the Reserve Bank of India and the IRDA Regulations. The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Group covers the minimum provisioning required as per the NHB, the Reserve Bank of India and the IRDA Regulations.

## 1.29 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon statistical analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.



**EMPLOYEE BENEFITS****Employee Stock Option Scheme ('ESOS')**

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

**Defined contribution plans**

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation.

The Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

**Defined benefit plans**

For defined benefit plans in the form of leave encashment / compensated absences, gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Except in case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

**Short-term employee benefits**

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

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.



**CLAIMS PAID AND OTHER EXPENSES PERTAINING TO INSURANCE BUSINESS****(i) LIFE INSURANCE BUSINESS****Benefits paid**

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

**Non-linked business**

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payment and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

**Linked business**

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt on intimation when associated units are de-allocated. Amounts payable on lapsed policies are accounted for on expiry of lock in period, which is the period after which policies cannot be revived. Surrenders and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

**Policy acquisition costs**

Policy acquisition costs mainly consist of commission to insurance intermediaries, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses incurred to source and issue the policy. These costs are expensed in the period in which they are incurred.

**(ii) GENERAL INSURANCE BUSINESS****Claims incurred**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in the estimate liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in the light of past experience and progressively modified for changes as appropriate on availability of further information and include insurance claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers / coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

**Acquisition costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed out in the period in which they are incurred.

**Premium Deficiency**

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk.

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## **LEASES**

### **(i) Finance leases**

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss.

Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term.

### **(ii) Operating leases**

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight line basis, over the non -cancellable lease period.

1.33

## **EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.34

## **TAXES ON INCOME**

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

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

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

## **WEALTH TAX**

Provision for wealth tax is made at the appropriate rates, as per the applicable provisions of the Wealth Tax Act, 1957.

1.35

## **SERVICE TAX INPUT CREDIT**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

1.36

## **SECURITISED LOANS AND SECURITISATION LIABILITIES**

The Corporation periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.





1.37

**POLICY LIABILITIES**

Actuarial liabilities, for all inforce policies and policies where premiums are discontinued, but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, regulations notified by the IRDA and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDA.

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2000 and the APS2 & APS7 issued by the Institute of Actuaries of India.

1.38

**RESERVE FOR UNEXPIRED RISK OF GENERAL INSURANCE BUSINESS:**

Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365th method, or as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938, i.e., subject to a minimum of 100% in case of marine hull business and 50% in case of other businesses based on net premium written during the year, whichever is higher. As per the Master Circular on preparation of financial statements General Insurance Business the net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance sheet date.

2

The consolidated financial statements relate to Housing Development Finance Corporation Limited ("HDFC Ltd." or "the Corporation"), its subsidiaries, jointly controlled entities and Group's share of profit / loss in its associates as on March 31, 2015 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' (AS 21).
- (ii) The Corporation's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill / capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23).
- (iii) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2015.
- (iv) The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation's portion of equity is recognised in the financial statements as Goodwill.
- (v) The excess of the Corporation's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.
- (vi) Minority Interest in the net assets of consolidated subsidiaries consists of:
  - a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - b) The minorities' share of movements in equity since the date the relationship came into existence.
- (vii) Minority interest's share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- (viii) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

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- 2.1 The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21).

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius and Griha Pte. Ltd. which has been incorporated in Singapore.

Name of Subsidiary	Proportion of Ownership	
	Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	100.00	100.00
HDFC Investments Ltd.	100.00	100.00
HDFC Holdings Ltd.	100.00	100.00
HDFC Asset Management Co. Ltd.	59.81	59.81
HDFC Trustee Co. Ltd.	100.00	100.00
HDFC Realty Ltd.	100.00	100.00
GRUH Finance Ltd.	58.64	59.15
HDFC Venture Capital Ltd.	80.50	80.50
HDFC Ventures Trustee Co. Ltd.	100.00	100.00
HDFC Sales Pvt. Ltd.	100.00	100.00
HDFC Property Ventures Ltd.	100.00	100.00
HDFC Investment Trust	100.00	100.00
HDFC Investment Trust - II (w.e.f June 24, 2014)	100.00	-
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	100.00	100.00
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	100.00	100.00
Credila Financial Services Pvt. Ltd.	78.66	78.66
HDFC Education and Development Services Pvt. Ltd.	100.00	100.00



- 2.2 During the previous year, the Corporation acquired the undermentioned companies, all incorporated in India, as an inspecie distribution from HDFC Property Fund - Scheme HDFC IT Corridor Fund. As per the Accounting Standard on Consolidated Financial Statements, (AS 21), those companies have been excluded from consolidation, since they are held exclusively with a view to their subsequent disposal in the near future.

Name of Subsidiary	Proportion of Ownership	
	Interest (%)	
	Current Year	Previous Year
Grandeur Properties Pvt. Ltd.	100.00	100.00
Haddock Properties Pvt. Ltd.	100.00	100.00
Pentagram Properties Pvt. Ltd.	100.00	100.00
Windermere Properties Pvt. Ltd.	100.00	100.00
Winchester Properties Pvt. Ltd.	100.00	100.00

- 2.3 The financial statements of the following subsidiary companies, all incorporated in India, which are in the nature of jointly controlled entities, have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21).

Name of Subsidiary (Jointly Controlled Entity)	Proportion of Ownership	
	Interest (%)	
	Current Year	Previous Year
HDFC Standard Life Insurance Co. Ltd.	70.65	72.37
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	70.65	72.37
HDFC ERGO General Insurance Co. Ltd.	73.63	73.82

- 2.4 Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.
- 2.5 H. T. Parekh Foundation, a section 8 Company under the Companies Act, 2013, wherein the profits were applied for promoting its objects. The Accounts of H. T. Parekh Foundation were not consolidated in financial statements, since the Corporation would not derive any economic benefits from its investments in H. T. Parekh Foundation. During the current year, the Corporation sold its investment in H. T. Parekh Foundation.
- 3 Investment made by the Corporation and its subsidiaries in the following associates, have been accounted for, under the equity method, in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23):

Name of Associate	Nature of Business	Proportion of Ownership	
		Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	21.67	22.64
India Value Fund Advisors Pvt. Ltd.	Venture Capital	21.51	21.51
RuralShores Business Services Pvt. Ltd. #	BPO	27.47	27.47
Magnum Foundations Pvt. Ltd. *	Real Estate	50.00	-

# As per Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23), the investments in RuralShores Business Services Pvt. Ltd has been excluded from consolidation since the share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.

\* During the current year, Magnum Foundations Pvt. Ltd was acquired as an associate by one of the subsidiary company. As per the Accounting Standard on Consolidated Financial Statements (AS 23), the same has been excluded from consolidation, since it is exclusively held with a view to their subsequent disposal in the near future by such subsidiary company.

HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.



4

**SHARE CAPITAL**

As at  
March 31, 2015  
₹ in Crore

As at  
March 31, 2014  
₹ in Crore

## AUTHORISED

162,50,00,000 Equity Shares of ₹ 2 each (Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)	325.00	325.00
	325.00	325.00

## ISSUED, SUBSCRIBED AND PAID-UP

1,57,46,97,670 Equity Shares of ₹ 2 each (Previous Year 1,56,05,32,605 Equity Shares of ₹ 2 each)	314.94	312.10
	314.94	312.10

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	156,05,32,605	312.10	154,63,47,255	309.27
Shares allotted pursuant to exercise of stock options	1,41,65,065	2.84	1,41,85,350	2.83
Shares allotted pursuant to exchange of warrants	-	-	-	-
Equity shares outstanding as at the end of the year	157,46,97,670	314.94	156,05,32,605	312.10

4.2 The details of each shareholder holding more than 5 percent shares in the Corporation:

Particulars	Outstanding as on March 31, 2015		Outstanding as on March 31, 2014	
	Number	Percentage of shares held to total Shares	Number	Percentage of shares held to total Shares
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08%	11,10,21,121	7.11%

4.3 5,05,74,170 shares of ₹ 2 each ( Previous Year 3,35,28,585 shares of ₹ 2 each) were reserved for issuance towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 4.4].

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

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

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At the 37th Annual General Meeting (AGM) held on July 21, 2014, the shareholders had approved the issue of 62,42,130 stock options representing 3,12,10,650 equity shares of ₹ 2 each to the eligible employees and Directors of the Corporation. The Nomination and Remuneration Committee of Directors (NRC) at its meeting held on October 8, 2014, approved the grant of 62,73,064 new stock options, representing 3,13,65,320 equity shares of ₹ 2 each under ESOS-2014, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the AGM held on July 21, 2014 plus 41,810 options lapsed under previous schemes (ESOS-05 : 12,285 options, ESOS-07 : 29,267 options, and ESOS-08 : 258 options), net of 10,876 options reserved. The options were granted at an exercise price of ₹ 5,073.25 per option (i.e. ₹ 1,014.65 per equity share of ₹ 2 each) being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, no options have vested during the current year. The options can be exercised over a period of five years from the date of respective vesting.

4.4 Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted 61,02,475 options at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **1,80,438 options** (Previous Year 58,26,953 options) were vested. In the current year **13,263 options** (Previous Year 28,787 options) were lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted 57,90,000 options at an exercise price of ₹1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **97 options** (Previous Year 146 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted 54,56,835 options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year **882 options** (Previous Year 28,742 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

#### **Method used for accounting for share based payment plan:**

The Corporation has used intrinsic value method to account for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.



**Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:**

Particulars	ESOS-14	
	Options	Options
Outstanding at the beginning of the year	-	-
Granted during the year	62,73,064	-
Vested during the year	-	-
Exercised during the year	-	-
Lapsed during the year	49,045	-
Outstanding at the end of the year	62,24,019	-
Unvested at the end of the year	62,24,019	-
Exercisable at the end of the year	-	-
Weighted average price per option	₹ 5,073.25	

Particulars	ESOS - 11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	54,06,415	60,71,275
Granted during the year	-	-
Vested during the year	1,80,438	58,26,953
Exercised during the year	16,47,566	6,36,073
Lapsed during the year	13,263	28,787
Outstanding at the end of the year	37,45,586	54,06,415
Unvested at the end of the year	36,043	2,25,182
Exercisable at the end of the year	37,09,543	51,81,233
Weighted average price per option	₹ 3,177.50	

Particulars	ESOS - 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	11,82,357	17,56,739
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	11,77,158	5,74,236
Lapsed during the year	97	146
Outstanding at the end of the year	5,102	11,82,357
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,102	11,82,357
Weighted average price per option	₹ 1,350.60	

Particulars	ESOS - 07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	15,148	16,70,651
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	8,289	16,26,761
Lapsed during the year	882	28,742
Outstanding at the end of the year	5,977	15,148
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,977	15,148
Weighted average price per option	₹ 2,149.00	

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Accordingly, each options exercised after August 21, 2010 is entitled to 5 equity shares of ₹ 2 each.

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#### Fair Value Methodology:

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

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows :

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

Since all the stock options granted under ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ Nil (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted under ESOS-14 and ESOS-11 been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	₹ in Crore	
	Current Year	Previous Year
Net Profit (as reported)	8,762.62	7,947.82
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ 300.92 crore (Previous Year ₹ 52.96 crore)] (pro-forma)	198.64	34.97
Net Profit (pro-forma)	8,563.98	7,912.85
Less : Amounts utilised out of Shelter Assistance Reserve	10.83	13.02
Less : Proportionate share of amounts utilised out of Corporate Social Responsibility Fund of HDFC Asset Management Company Limited.	-	0.46
Net Profit considered for computing EPS (pro-forma)	8,553.15	7,899.37

Particulars	Amount in ₹	
	Current Year	Previous Year
Basic earnings per share (as reported)	55.81	51.01
Basic earnings per share (pro-forma)	54.54	50.79
Diluted earnings per share (as reported)	55.30	50.61
Diluted earnings per share (pro-forma)	54.04	50.39

4.4

The Corporation has not allotted any shares pursuant to contracts without payment being received in cash or as bonus shares not has it bought back any shares during the preceding period of 5 financial years.

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**RESERVES AND SURPLUS**

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Special Reserve No. I [Refer Note 5.2]	51.23	51.23
Special Reserve No. II [Refer Note 5.2]	7,637.70	6,551.53
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934	40.86	33.04
General Reserve	13,552.92	10,246.11
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987) [Refer Note 5.3]	3,295.69	3,145.83
Revaluation Reserve [Refer Note 5.4]	35.36	36.22
Securities Premium [Refer Note 5.5]	10,315.44	10,047.34
Capital Redemption Reserve [Refer Note 5.6]	27.11	27.11
Shelter Assistance Reserve [Refer Note 5.9]	89.79	100.61
Corporate Social Responsibility Account [Refer Note 5.9]	1.55	1.55
Foreign Currency Translation Reserve	7.46	3.47
Foreign Currency Monetary Item Translation Difference Account (Debit Balance) [Refer Note 5.10 and 5.11]	(33.75)	(142.34)
Capital Reserve	0.04	0.04
Capital Reserve on Consolidation	48.30	48.30
Surplus in the Statement of Profit and Loss (of subsidiaries and associates) [Refer Note 5.1]	9,686.99	7,112.48
	<b>44,756.69</b>	<b>37,262.51</b>

## 5.1

**SURPLUS IN THE STATEMENT OF PROFIT AND LOSS**

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Opening Balance	7,112.48	4,729.09
Add: Opening Adjustment [Refer Note 2.4]	1.41	37.90
	<b>7,113.89</b>	<b>4,766.99</b>
Add: Profit after Tax for the year attributable to the Corporation	8,762.62	7,947.82
	<b>15,876.51</b>	<b>12,714.81</b>
<b>APPROPRIATIONS:</b>		
Special Reserve No. II [Refer Note 5.2]	1,087.35	916.62
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)	7.81	6.01
General Reserve	2,051.64	1,083.55
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987) [Refer Note 5.3]	150.00	908.87
Shelter Assistance Reserve	-	60.00
Capital Redemption Reserve [Refer Note 5.6]	-	0.08
Proposed Dividend [Dividend @ ₹ 13 per equity share of ₹ 2 each (Previous year @ ₹ 14 per equity share of ₹ 2 each)]	2,047.11	2,184.75
Additional Tax on Dividend	538.75	446.07
Additional Tax on Dividend FY 2012-13 [Refer Note 5.7]	(18.59)	(15.18)
Interim Dividend Paid [Refer Note 5.12]	314.93	-
Dividend [including tax of ₹ 1.53 crore (Previous Year ₹ 1.70 crore)] pertaining to previous year paid during the year [Refer Note 5.8]	10.52	11.56
	<b>9,686.99</b>	<b>7,112.48</b>





- 5.2 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of HDFC Ltd. and a Subsidiary. Special Reserve No. I relates to the amounts transferred upto Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation and one of its subsidiary company has created 25 percent of deferred tax liability of ₹ 578.74 crore (Previous Year ₹ Nil) on opening balance of accumulated Special Reserve.

- 5.3 During the year, in addition to the charge of ₹ 188.04 crore (Previous Year ₹ 110.42 crore) to the Statement of Profit and Loss, an amount of ₹ Nil (net of deferred tax of ₹ Nil) [(Previous Year ₹ 56.77 crore) (net of Deferred Tax of ₹ 29.23 crore)], has been transferred from Statutory Reserve as per Section 29C of the National Housing Bank Act, 1987 by HDFC Ltd. and by one of the subsidiary company pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 as under:

Particulars	₹ in Crore	
	As at March 31, 2015	As at March 31, 2014
To Provision for Contingencies Account (Net) [Refer Note 9.2]	216.56	75.17
To Provision for Non-Performing Loans [Refer Note 18.3]	(36.54)	117.97
To Provision for Diminution in value of Investments	4.14	-
To Provision for Doubtful Receivables [Refer Note 21]	3.88	0.22
To Minority Interest	-	3.06
	188.04	196.42

- 5.4 During the previous year, one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.) had decided to use the investment property for use in service and administrative purpose. Consequently value of the property so used for own business ₹ Nil (Previous Year ₹ 41.37 crore) has been reclassified from investment property to fixed assets. Thus, the Revaluation Reserve has been adjusted for ₹ Nil (Previous Year ₹ 3.06 crore), being depreciation on revalued amount from date of its classification as investment in properties till its reclassification to fixed assets.
- 5.5 During the year, ₹ 437.07 crore (Previous Year ₹ 374.85 crore) has been utilised out of the Securities Premium in accordance with Section 78 of the Companies Act, 1956. Out of the above, ₹ 22.01 crore (Previous Year ₹ 0.28 crore) has been utilised by one of the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses. ₹ Nil (Previous Year ₹ 17.40 crore) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ 415.06 crore (net of tax ₹ 213.72 crore) [(Previous Year ₹ 357.17 crore) (net of tax ₹ 183.91 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non Convertible Debentures.
- 5.6 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extra General Meeting and in accordance with the provisions of the Companies Act, 1956 (Act) and Private Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999, has bought back Nil equity shares during the year (Previous Year 1,41,500) at an aggregate value of ₹ Nil (Previous Year ₹ 35.13 crore). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ Nil (Previous Year ₹ 0.08 crore) has been transferred to Capital Redemption Reserve in terms of Section 77AA of the Act.
- 5.7 Additional Tax on dividend Financial Year (FY) 2013-14 credit taken, ₹ 18.59 crore (Previous Year ₹ 15.18 crore for FY 2012-13), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.



5.8 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ 8.98 crore for the FY 2013-14 (₹ 9.73 crore for the FY 2012-13) and tax on dividend of ₹ 1.53 crore (Previous Year ₹ 1.66 crore) as approved by the shareholders at the Annual General Meeting held on July 21, 2014 and GRUH Finance Ltd. paid dividend of ₹ Nil for the FY 2013-14 (₹ 0.13 crore for the FY 2012-13) and tax on dividend of ₹ Nil (Previous Year ₹ 0.04 crore) as approved by the shareholders at the Annual General Meeting held on May 28, 2014.

5.9 Miscellaneous Expenses under Note 31 exclude ₹ 10.83 crore (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve and ₹ Nil (Previous Year ₹ 0.46 crore) in respect of amounts utilised out of Corporate Social Responsibility Account during the year.

5.10 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 33.75 crore (without considering future tax benefit of ₹ 11.47 crore) [(Previous Year ₹ 142.34 crore) (without considering future tax benefits of ₹ 48.38 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2015. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

5.11 During the year, there was a net reduction of ₹ 108.59 crore (Previous year ₹ 27.45 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

Particulars	₹ in Crore	
	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	128.54	(117.20)
Net (Debit) Credit to the Statement of Profit & Loss on account of repayments during the year	(93.21)	197.68
Net amortisation credit (debit) during the year	73.26	(63.03)
Net reduction during the year	108.59	27.45

5.12 The Board of Directors of the Company at its meeting held on March 19, 2015, inter alia, has approved the payment of an interim dividend of ₹ 2 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2014-15

6 The Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect the excess/deficit of income over expenses/expenses over income respectively and appropriations in each accounting period arising in the Company's policyholders' fund. Any allocation to the par policyholders would also give rise to a transfer to Shareholders' Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies unlikely to be revived. This surplus is required to be held within the policyholders' fund till the time policyholders are eligible for revival of their policies.

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**LONG TERM BORROWINGS**

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Bonds and Debentures [Refer Note 7.8]	60,149.20	57,480.85
Term Loans : [Refer Note 7.5, 7.6 and 7.8]		
- Banks	9,960.44	7,900.92
- External Commercial Borrowing - Low Cost Affordable Housing	1,884.00	1,805.10
- Others	3,678.77	4,039.77
Deposits	28,873.31	20,531.13
Others (Finance Lease)	-	0.01
	<u>1,04,545.72</u>	<u>91,757.78</u>

7.1 Long Term Borrowings are further sub classified as follows:

Sr.No.

**Particulars****Secured : [Refer Note 7.2]**

a)

**Bonds and Debentures**

- Bonds	46.50	52.25
- Non Convertible Debentures	54,004.70	53,930.60

b)

**Term Loans from Banks**

- Scheduled Banks	8,482.24	7,118.71
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c)

**Term Loans from other parties**

- Asian Development Bank [Refer Note 7.3]	232.09	257.52
- National Housing Bank	3,443.68	3,764.81

d)

**Others (Finance Lease)**

	-	0.01
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**Total Secured**

	66,209.21	65,123.90
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**Unsecured :**

a)

**Bonds and Debentures**

- Non Convertible Subordinated Debentures	5,998.00	3,498.00
- Perpetual Debt Instrument	100.00	

b)

**Term Loans from Banks**

- Scheduled Banks	1,478.20	782.21
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c)

**External Commercial Borrowing - Low Cost Affordable Housing**

	1,884.00	1,805.10
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d)

**Term Loans from other parties**

- Under a line from Kreditanstalt für Wiederaufbau	3.00	17.44
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e)

**Deposits [Refer Note 7.7]**

	28,873.31	20,531.13
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**Total Unsecured**

	38,336.51	26,633.88
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	<u>1,04,545.72</u>	<u>91,757.78</u>
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7.2

All secured Long Term Borrowings are secured by

- (i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.
- (ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.
- (iii) Encumbrance on leased vehicles of one of the subsidiary company, in respect of its finance lease arrangement.

7.3

The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to a financial institution overseas and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.



- 7.4 The Corporation has availed an External Commercial Borrowing of USD 300 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.
- 7.5 As on March 31, 2015, the Corporation has foreign currency borrowings of **USD 1,013.01 million equivalent** (Previous Year USD 740.63 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 495.81 million equivalent** (Previous Year USD 513 million equivalent) to hedge the foreign currency risk. As on March 31, 2015, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of USD 330 million equivalent (Previous Year USD 83 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 15,240 crore** (Previous Year ₹ 19,040 crore) as on March 31, 2015 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 408.69 million equivalent** (Previous Year USD 409.49 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

- 7.6 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end. Monetary items represented by currency swap contracts are restated at closing rate.

For forward contracts or instruments that are in substance, forward exchange contracts, the premiums on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is **₹ Nil** (Previous Year ₹ 6.77 crore).

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

- 7.8 Terms of redemption of bonds and debentures and for repayment terms of term loans:

A) **BONDS & DEBENTURES**

(Previous Year figures are in brackets)

₹ in Crore

<b>Bonds &amp; Debentures - Secured</b>				
<b>Maturities -</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>				
6.03% - 8%	800.00	-	-	800.00
	(1,380.60)	(500.00)	-	(1,880.60)
8.01% - 10%	24,366.00	8,353.70	10,495.00	43,214.70
	(24,349.00)	(10,511.00)	(7,910.00)	(42,770.00)
10.01% - 11.95%	2,195.00	4,185.00	-	6,380.00
	(1,085.00)	(5,295.00)	-	(6,380.00)
Zero Coupon	2,810.00	800.00	-	3,610.00
	(2,435.00)	(360.00)	-	(2,795.00)
Variable Rate				
- Linked to G Sec	12.30	14.10	20.10	46.50
	(116.75)	(13.15)	(27.35)	(157.25)
<b>TOTAL SECURED</b>	<b>A</b>	<b>30,183.30</b>	<b>13,352.80</b>	<b>10,515.10</b>
	A	(29,366.35)	(16,679.15)	(7,937.35)
				(53,982.85)
<b>Bonds &amp; Debentures - Unsecured</b>				
<b>Maturities -</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
<b>Rates of Interest</b>				
7.62% - 10%	475.00	500.00	5,023.00	5,998.00
	(975.00)	-	(2,523.00)	(3,498.00)
10.01% - 11.95%	-	-	100.00	100.00
	-	-	-	-
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>475.00</b>	<b>500.00</b>	<b>5,123.00</b>
	B	(975.00)	-	(2,523.00)
				(3,498.00)
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>30,658.30</b>	<b>13,852.80</b>	<b>15,638.10</b>
	A+B	(30,341.35)	(16,679.15)	(10,460.35)
				(57,480.85)



## B) TERM LOANS FROM BANKS

(Previous Year figures are in brackets)

₹ in Crore

Term Loans from Banks - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
Term Loans from Scheduled Banks - Rupee				
7.01% - 9%	-	-	-	-
	(323.00)	-	-	(323.00)
9.01% - 12.00%	4,354.85	963.70	2,763.88	8,082.43
	(1,620.24)	(2,952.38)	(2,223.09)	(6,795.71)
Term Loans from Scheduled Banks - Rupee				
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR +150- 200 bps	399.81	-	-	399.81
	-	-	-	-
<b>TOTAL SECURED</b>	<b>A</b>	<b>4,754.66</b>	<b>963.70</b>	<b>2,763.88</b>
	<b>A</b>	<b>(1,943.24)</b>	<b>(2,952.38)</b>	<b>(2,223.09)</b>
				<b>8,482.24</b>
				<b>(7,118.71)</b>
<b>Term Loans from Banks - Unsecured</b>				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
Term Loans from Scheduled Banks - Rupee				
9.01% - 10.25%	285.00	-	-	285.00
	-	-	-	-
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR + 325 bps	1,193.20	-	-	1,193.20
	(782.21)	-	-	(782.21)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>1,478.20</b>	<b>-</b>	<b>1,478.20</b>
	<b>B</b>	<b>(782.21)</b>	<b>-</b>	<b>(782.21)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>6,232.86</b>	<b>963.70</b>	<b>2,763.88</b>
	<b>A+B</b>	<b>(2,725.45)</b>	<b>(2,952.38)</b>	<b>(2,223.09)</b>
				<b>9,960.44</b>
				<b>(7,900.92)</b>

## C) External Commercial Borrowing - Low Cost Affordable Housing - Unsecured

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
USD LIBOR + 175 bps	-	1,884.00	-	1,884.00
	-	(1,805.10)	-	(1,805.10)
<b>TOTAL UNSECURED</b>	<b>-</b>	<b>1,884.00</b>	<b>-</b>	<b>1,884.00</b>
	<b>-</b>	<b>(1,805.10)</b>	<b>-</b>	<b>(1,805.10)</b>

## D) TERM LOANS FROM OTHER PARTIES

Term Loans from Other parties - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
Asian Development Bank				
USD LIBOR + 40 bps	15.57	17.61	25.28	58.46
	(14.03)	(15.87)	(32.92)	(62.82)
Variable linked to Bank PLR	24.80	28.04	40.26	93.10
	(23.32)	(26.37)	(54.71)	(104.40)
Variable linked to G Sec	21.45	24.25	34.82	80.52
	(20.17)	(22.81)	(47.32)	(90.30)
Kreditanstalt für Wiederaufbau				
1.70%	-	-	-	-
	-	-	-	-
National Housing Bank				
5.50% - 8%	399.01	189.51	183.47	771.99
	(389.43)	(216.49)	(31.38)	(637.30)
8.01% - 10%	931.11	585.33	1,155.26	2,671.70
	(927.81)	(535.27)	(879.34)	(2,342.42)
10.01% - 12%	-	-	-	-
	(217.62)	(107.44)	(460.03)	(785.09)
<b>TOTAL SECURED</b>	<b>A</b>	<b>1,391.94</b>	<b>844.74</b>	<b>1,439.09</b>
	<b>A</b>	<b>(1,592.38)</b>	<b>(924.25)</b>	<b>(1,505.70)</b>
				<b>3,675.77</b>
				<b>(4,022.33)</b>
<b>Term Loans from Other parties - Unsecured</b>				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
<b>Rates of Interest</b>				
Kreditanstalt für Wiederaufbau - 6%	3.00	-	-	3.00
	(17.44)	-	-	(17.44)
<b>TOTAL UNSECURED</b>	<b>B</b>	<b>3.00</b>	<b>-</b>	<b>3.00</b>
	<b>B</b>	<b>(17.44)</b>	<b>-</b>	<b>(17.44)</b>
<b>TOTAL (SECURED &amp; UNSECURED)</b>	<b>A+B</b>	<b>1,394.94</b>	<b>844.74</b>	<b>1,439.09</b>
	<b>A+B</b>	<b>(1,609.82)</b>	<b>(924.25)</b>	<b>(1,505.70)</b>
				<b>3,678.77</b>
				<b>(4,039.77)</b>



8	OTHER LONG TERM LIABILITIES	As at	As at
		March 31, 2015	March 31, 2014
		₹ in Crore	₹ in Crore
	Amounts payable on swaps [Refer Note 7.5 and 7.6]	397.08	718.60
	Interest Accrued but not due on Borrowings	807.62	755.83
	Premium payable on redemption of Debentures	1,160.26	693.65
	Security and Other Deposits Received	9.97	14.05
	Income Received in Advance	82.24	45.99
	Trade Payables	72.97	41.19
	Accrued Redemption Loss on Investments	15.98	18.89
		<b>2,548.12</b>	<b>2,288.20</b>

9	LONG TERM PROVISIONS	As at	As at
		March 31, 2015	March 31, 2014
		₹ in Crore	₹ in Crore
	Provision for Employee Benefits [Refer Note 29.2]	73.20	43.64
	Provision for Contingencies [Refer Notes 9.1 and 9.2]	1,576.47	1,370.14
	Reserve for Unexpired Risk (Includes Insurance Reserve)	348.37	268.42
		<b>1,998.04</b>	<b>1,682.20</b>

9.1 Provision for Contingencies includes provisions for standard assets and all other contingencies. In accordance with the prudential norms of National Housing Bank and Reserve Bank of India, the minimum provision required to be carried forward is ₹ 1,210.03 crore (Previous Year ₹ 1,042.85 crore) and ₹ 4.33 crore (Previous Year ₹ 3.04 crore) respectively.

9.2 Movement in Provision for Contingencies Account during the year is as under:

	Current Year	Previous Year
	₹ in Crore	₹ in Crore
Opening Balance	1,370.14	1,315.40
Additions during the year (Net) [Refer Note 5.3]	216.56	75.17
Utilised during the year towards Diminution in Value of Investments, etc.	(10.23)	(20.43)
Closing Balance	<b>1,576.47</b>	<b>1,370.14</b>



		As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>10</b>	<b>SHORT-TERM BORROWINGS</b>		
	<b>Loans repayable on demand:</b>		
	- from Banks - Unsecured	291.46	9.64
	Deposits - Unsecured [Refer Note 7.7]	2,853.39	5,757.90
	Other loans and advances		
	- Scheduled Banks - Secured [Refer Note 10.1]	4,668.26	9,845.00
	- Scheduled Banks - Unsecured	-	500.00
	- Commercial Papers - Unsecured	26,606.94	9,899.97
		<b>34,420.05</b>	<b>26,012.51</b>
<b>10.1</b>	All secured Short Term Borrowings are secured by;		
(i)	Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.		
(ii)	First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.		
<b>10.2</b>	Commercial papers of the Corporation have a maturity value of ₹ 27,615.00 crore ( Previous Year ₹ 10,230.00 crore)		
<b>11</b>	<b>TRADE PAYABLES</b>	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
	Trade payables	2,984.85	2,371.99
		<b>2,984.85</b>	<b>2,371.99</b>
<b>12</b>	<b>OTHER CURRENT LIABILITIES</b>	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
	Policy Liabilities (Policyholder's Fund)	10,531.68	4,300.42
	Current maturities of long-term borrowings	78,390.95	72,831.68
	Interest accrued but not due on borrowings	5,393.38	5,393.57
	Interest Accrued and due on Borrowings	2.67	7.37
	Premium payable on redemption of Debentures	136.54	167.17
	Interest accrued and due on matured deposits	78.70	55.19
	Income and other amounts received in advance	295.30	218.06
	Interim Dividend Payable	3.53	-
	Unclaimed dividend	17.99	15.26
	Unclaimed matured deposits	626.32	446.13
	Current Maturities Of Finance Lease Obligations [Refer Note 12.3]	0.01	0.05
	<b>Other payables</b>		
	- Statutory Remittances	220.94	186.23
	- Financial Assistance from Kreditanstalt für Wiederaufbau	7.78	20.93
	- Amounts payable - Securitised Loans	567.73	514.84
	- Amounts payable on swaps [Refer Note 7.5 and 7.6]	172.57	167.24
	- Accrued Redemption Loss on Investments	-	2.32
	- Others	340.71	365.57
		<b>7,864.17</b>	<b>7,559.93</b>
		<b>96,786.80</b>	<b>84,692.03</b>



12.1 Current maturities of Long Term Borrowings are further sub classified as follows:

		As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>Secured [Refer Note 12.2]</b>			
S.No.	Particulars		
a)	<b>Bonds and Debentures</b>		
	- Bonds	5.75	5.25
	- Non Convertible Debentures	29,874.60	26,955.00
b)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	9,358.62	12,119.30
c)	<b>Term Loans from other parties</b>		
	- Asian Development Bank	28.17	26.22
	- Kreditanstalt für Wiederaufbau	-	12.74
	- National Housing Bank	790.16	893.06
<b>Unsecured</b>			
a)	<b>Bonds and Debentures</b>		
	- Non Convertible Subordinated Debentures	500.00	80.70
b)	<b>Term Loans from Banks</b>		
	- Scheduled Banks	2,191.00	1,455.92
c)	<b>Term Loans from other parties</b>		
	- Under a line from Kreditanstalt für Wiederaufbau	14.44	16.70
d)	<b>Deposits [Refer Note 7.7]</b>	35,628.21	31,266.79
		<b>78,390.95</b>	<b>72,831.68</b>

12.2 Secured Current maturities of Long Term Borrowings are secured by;

- (i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29 B of the National Housing Bank Act, 1987.
- (ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

12.3 Current maturities of Finance lease obligation are Secured by encumbrance on leased vehicles of one of the subsidiary company, in respect of its finance lease arrangement.

		As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
13	<b>SHORT-TERM PROVISIONS</b>		
	Provision for Employee benefits [Refer Note 29.2]	188.28	163.66
	Provision for Tax (net of Advance Tax)	87.73	75.00
	Proposed Dividend	2,047.12	2,184.75
	Additional Tax on Proposed Dividend	431.54	380.48
	claims Incurred but not reported (IBNR) and Incurred but not enough reported (IBNER)	569.94	431.28
	Reserve for Unexpired Risk (Includes Insurance Reserve)	871.68	847.21
		<b>4,196.29</b>	<b>4,082.38</b>





Previous Year figures are in (brackets)  
₹ in crore

14 Tangible assets	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at			As at				As at	As at	
	March 31, 2014	Additions	Deductions	March 31, 2015	March 31, 2014	For the Year	Deductions	March 31, 2015	March 31, 2014	
Land:										
Freehold	16.67 (16.67)	-	-	15.57 (15.57)	-	-	-	-	16.67 (16.67)	16.67 (16.67)
Leasehold	3.44 (3.44)	366.80	-	370.24 (3.44)	0.66 (0.62)	2.29 (0.04)	-	2.95 (0.65)	367.29 (2.73)	2.78 (2.82)
Buildings:										
Own Use	573.64 (519.37)	119.90 (61.90)	37.03 (7.63)	656.51 (573.54)	71.06 (58.40)	3.25 (3.54)	-	74.31 (71.06)	582.20 (502.53)	502.58 (460.97)
Under Operating Lease	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	110.72 (60.19)	11.81 (57.32)	2.93 (6.79)	119.60 (119.72)	48.43 (42.95)	16.61 (10.57)	(1.41) (5.09)	68.65 (48.43)	50.95 (62.29)	62.29 (17.24)
Computer Hardware	215.61 (210.69)	43.41 (39.90)	11.98 (38.24)	247.04 (212.41)	151.25 (100.91)	9.05 (10.48)	(14.43) (22.84)	174.73 (148.55)	72.31 (63.86)	64.36 (49.78)
Furniture & Fittings:										
Own Use	155.00 (138.89)	10.00 (27.46)	8.15 (11.35)	155.85 (155.00)	117.61 (118.75)	-1.00 (5.72)	4.31 (8.86)	112.30 (117.61)	44.55 (37.39)	37.39 (20.14)
Under Operating Lease	0.71 (0.71)	-	0.71	0.00 (0.71)	0.63 (0.62)	0.07 (0.01)	0.70	-	0.00 (0.08)	0.08 (0.09)
Office Equipment etc.:										
Own Use	155.04 (138.80)	5.52 (27.58)	9.11 (11.34)	161.45 (155.94)	107.03 (106.40)	4.94 (6.84)	1.11 (6.21)	110.86 (107.03)	50.59 (48.01)	48.01 (32.40)
Under Operating Lease	0.80 (0.80)	-	0.80	-	0.67 (0.65)	0.12 (0.02)	0.79	-	0.00 (0.13)	0.13 (0.15)
Vehicles:										
Owned	24.85 (20.76)	10.54 (5.32)	2.32 (1.73)	33.07 (24.05)	12.53 (10.04)	1.35 (2.21)	(0.60) 0.28	14.48 (12.53)	18.59 (12.32)	12.32 (10.72)
Under Finance Lease	0.29 (0.66)	-	0.17 (0.37)	0.12 (0.29)	0.24 (0.53)	-	0.14 (0.29)	0.10 (0.24)	0.02 (0.05)	0.05 (0.13)
Leased Assets:										
Plant & Machinery *	129.18 (130.65)	-	-	129.18 (129.18)	129.18 (130.65)	-	-	129.18 (129.18)	-	-
Vehicles *	16.37 (16.37)	-	-	16.37 (16.37)	16.37 (16.37)	-	-	16.37 (16.37)	-	-
Computers *	-	-	(0.20)	-	-	-	(0.20)	-	-	-
	1,402.32	577.98	73.20	1,907.10	655.66	(*) 38.88	(1) 9.39	793.93	1,203.17	746.66
Previous Year	(1,258.20)	(220.04)	(79.12)	(1,399.12)	(647.09)	(39.43)	(33.56)	(652.96)	(746.16)	(611.11)

(\*) Assets held for disposal

14.1 The Corporation has reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, the straight line method was used for depreciating Buildings, Computers, Leased Assets and Leasehold Improvements while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than Computer Hardware and Vehicles. Management believes that the revised useful lives of the assets reflect the periods over which those assets are expected to be used.

As a result of the change, the charge on account of Depreciation for year, is lower by ₹ 18.78 crore compared to the method used and useful lives estimated in earlier periods.

#### Notes

- (1) Net of depreciation for the year amounting to ₹ 52.49 crore (Previous Year ₹ 38 /6 crore) included in Other expenses pertaining to Insurance Business.  
(2) Depreciation for the financial year excludes ₹ 3.98 crore (Previous Year ₹ 2.27 crore) being depreciation charge on Investment in Properties.

Previous Year figures are in (brackets)  
₹ in crore

15 Intangible assets	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at			As at				As at	As at	
	March 31, 2014	Additions	Deductions	March 31, 2015	March 31, 2014	For the Year	Deductions	March 31, 2015	March 31, 2014	
Computer Software										
Owned	185.05 (141.79)	36.14 (46.46)	-	221.19 (188.25)	115.13 (87.57)	3.09 (4.98)	(31.68) 25.28	149.90 (117.83)	71.29 (70.42)	69.92 (54.22)
Goodwill	149.41 (149.41)	8.33	-	157.74 (149.41)	149.36 (149.36)	0.63	-	149.99 (149.36)	7.75 (0.05)	0.05 (0.05)
Website Development	2.52 (2.45)	0.22 (0.07)	-	2.74 (2.52)	2.50 (2.33)	0.03 (0.17)	-	2.53 (2.50)	0.21 (0.02)	0.02 (0.12)
	336.98	44.69	-	381.67	266.99	(1) 3.75	(31.68)	302.42	79.25	69.99
Previous Year	(253.65)	(46.53)	-	(340.18)	(239.26)	(5.15)	25.28	(269.39)	(70.49)	(54.39)

#### Notes

- (1) Net of depreciation for the year amounting to ₹ 31.61 crore (Previous Year ₹ 25.26 crore) included in Other expenses pertaining to Insurance Business.



**Non Current Investments**

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>Investment in Associates:</b>		
<b>Equity Shares</b>		
Equity Investments in Associates by the Holding Company	1,468.97	1,468.97
Equity Investments in Associate by Subsidiaries	73.32	73.32
	<u>1,542.29</u>	<u>1,542.29</u>
Add: Goodwill on Acquisition of Associates (share of pre-acquisition of losses)	3,891.12	3,891.12
	<u>5,433.41</u>	<u>5,433.41</u>
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	12,581.71	8,833.19
	<u>18,015.12</u>	<u>14,266.60</u>
Less: Provision for Diminution in Value of Investments	(2.50)	(2.50)
	<u>(A) 18,012.62</u>	<u>14,264.10</u>
<b>Other Investments</b>		
<b>Insurance Companies</b>		
Equity Shares - Other Companies	32,201.78	23,124.73
Preference Shares	69.36	55.19
Non Convertible Debentures and Bonds	12,275.45	10,523.37
Pass Through Certificates & Security Receipts	3.70	37.37
Government Securities	18,548.00	11,929.09
Mutual Funds and Other Funds	3.18	14.04
Fixed Deposits	227.15	199.25
	<u>63,328.62</u>	<u>45,883.04</u>
Add: Fair Value Adjustment	(23.71)	(7.93)
	<u>(B) 63,304.91</u>	<u>45,875.11</u>
	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Investments related to Policy Holders	18,290.85	12,561.57
Investments to cover linked liabilities	4,869.85	30,020.18
Investments related to Shareholders	40,144.21	3,293.36
	<u>63,304.91</u>	<u>45,875.11</u>

**16.1 Encumbrances**

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2015, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/ margin with exchange and collateral securities issued.

Particulars	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
(i) issued in India	88.50	88.01
(ii) issued outside India	0.09	0.08
<b>Total</b>	<u>88.59</u>	<u>88.09</u>

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	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>Other Investments</b>		
<b>Other than Insurance Companies</b>		
Equity Shares - Subsidiary and Associate	-	10.01
Equity Shares - Other Companies	613.69	810.66
Preference Shares	97.98	97.75
Debentures and Bonds	313.94	394.41
Pass Through Securities & Security Receipts	45.22	63.88
Government Securities	4,140.95	3,765.29
Mutual Funds and Other Funds	166.70	77.09
Properties (Net of Depreciation)	270.93	102.88
	<u>5,649.41</u>	<u>5,321.97</u>
Less: Provision for Diminution in Value of Investments	(79.35)	(83.92)
	<u>(C) 5,570.06</u>	<u>5,238.05</u>
<b>Total</b>	<b>(A) + (B) + (C)</b>	
	<u><u>86,887.59</u></u>	<u><u>65,377.26</u></u>
	<b>Book Value</b>	<b>Market Value</b>
	<b>₹ in Crore</b>	<b>₹ in Crore</b>
<b>Aggregate book value of Quoted Investments</b>	<b>286.10</b>	<b>443.65</b>
<i>Previous Year</i>	443.09	572.79
<b>Aggregate book value of Investments listed but not quoted</b>	<b>4,248.97</b>	
<i>Previous Year</i>	3,926.38	
<b>Aggregate book value of Investments in Unquoted Mutual Funds</b>	<b>34.54</b>	<b>* 32.50</b>
<i>Previous Year</i>	10.00	10.06
<b>Aggregate book value of Unquoted Investments (Others)</b>	<b>729.52</b>	
<i>Previous Year</i>	755.70	
<b>Properties</b>	<b>270.93</b>	
<i>Previous Year</i>	102.88	
	<u>5,570.06</u>	
	5,238.05	

\* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

**Note:**

Unquoted investments include ₹ Nil (Previous Year ₹ 6.08 crore) in respect of equity shares, which are subject to a lock-in period and include ₹ 40.17 crore (Previous Year ₹ 35.96 crore) in respect of equity shares, which are subject to restrictive covenant.



**Deferred Tax Asset / Liabilities:**

In compliance with the Accounting Standard 22 on 'Accounting for Taxes on Income' (AS 22), debit has been taken for ₹ 282.08 crore (Previous Year debit had been taken ₹ 41.29 crore) in the Statement of Profit and Loss for the year ended March 31, 2015 towards deferred tax asset (net) for the year, arising on account of timing differences, ₹ 578.74 crore (Previous Year ₹ Nil) has been adjusted against utilisation from the General Reserve (as per Note 5.2) and ₹ Nil (Previous Year ₹ 29.23) has been adjusted against the utilisation from Statutory Reserve u/s 29C of National Housing Bank Act, 1987 as per Note 5.3.

Major components of deferred tax assets and liabilities arising on account of timing differences are :

₹ in Crore

Particulars	Deferred Tax Liability		Deferred Tax Assets	
	Assets / (Liabilities)		Assets / (Liabilities)	
	Current Year	Previous Year	Current Year	Previous Year
(a) Depreciation	(76.25)	(17.15)	8.65	(42.86)
(b) Preliminary Expenses	-	-	0.01	0.02
(c) Special Reserve II	(924.31)	-	-	-
(c) Provision for Contingencies	748.63	-	6.77	891.88
(d) Provision for Employee Benefits	46.04	1.03	3.19	34.82
(e) Accrued Redemption Loss (net)	5.93	-	-	8.11
(f) Others (net)	(31.36)	0.30	(0.07)	(28.63)
<b>Total</b>	<b>(231.32)</b>	<b>(15.82)</b>	<b>18.55</b>	<b>863.34</b>

- 17.1 In the previous year, in respect of HDFC ERGO General Insurance Company Limited, in view of the existence of unabsorbed depreciation and carried forward business loss, the recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which is virtually certain.
- 17.2 In respect of Credila Financial Services Pvt. Ltd., the deferred tax assets are recognised only to the extent that there are timing differences and there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 17.3 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ 138.40 crore (Previous year ₹ 68.83 crore), ₹ 119.34 crore charged to the Revenue Account (Previous year ₹ 151.60 crore) and ₹ 19.07 crore charged/(credited) in the Profit and Loss Account (Previous year ₹ 82.77 crore), in accordance with the Income tax Act, 1961 and Rules and Regulations there under as applicable to the Company.



**LONG-TERM LOANS AND ADVANCES**

	As at March 31, 2015 ₹ In Crore	As at March 31, 2014 ₹ in Crore
<b>Loans:</b> [Refer Notes 18.1, 18.2 & 18.4]		
- Individuals	1,56,462.80	1,33,374.31
- Corporate Bodies	52,653.39	48,786.76
- Others	2,904.35	1,816.65
	<b>2,12,020.54</b>	<b>1,83,977.72</b>
Less: Provision for Sub-Standard and Doubtful Loans [Refer Note 18.3] (Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.)	489.45	553.77
	<b>2,11,531.09</b>	<b>1,83,423.95</b>
<b>Others:</b>		
Corporate Deposits - Unsecured; considered doubtful	2.00	2.00
Capital Advances - Unsecured; considered good	17.64	6.75
Advance against Investment in Properties	0.59	184.82
Security Deposits - Unsecured; considered good	66.18	366.56
Instalment due from Borrowers - Secured; considered doubtful	99.39	83.92
<b>Other Long Term Loans and Advances</b>		
- Staff Loan others - Secured, considered good	17.53	15.04
- Prepaid Expenses - Unsecured, considered good	241.11	158.78
- Advance Tax (Net of Provision)	2,587.88	2,231.01
- Others - Unsecured, considered good	120.65	37.91
- Others - Unsecured, considered doubtful	49.71	49.71
	<b>3,202.68</b>	<b>3,136.50</b>
Less : Provision for Doubtful Receivables	51.71	51.71
	<b>3,150.97</b>	<b>3,084.79</b>
	<b>2,14,682.06</b>	<b>1,86,508.74</b>

18.1 Out of Loans, amounts aggregating to ₹ 2,09,268.48 crore (Previous Year ₹ 1,81,512.35 crore) are secured or partly secured by:

- Equitable mortgage of property and / or
- Pledge of shares, units, other securities, fixed deposits, assignment of life insurance policies and / or
- Hypothecation of assets and / or
- Bank guarantees, company guarantees or personal guarantees and / or
- Negative lien and / or
- Assignment of hire purchase receivables and / or
- Undertaking to create a security.

18.2 Long Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ 1,568.33 crore (Previous Year ₹ 1,433.06 crore).

18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Opening Balance	553.77	481.98
Additions during the year [Refer Note 5.3]	(36.54)	117.97
Utilised during the year – towards Loans written off	(27.78)	(46.18)
Closing Balance	<b>489.45</b>	<b>553.77</b>

18.4 Loans include ₹ 198.33 crore (Previous Year ₹ 35.31 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

**19 OTHER NON-CURRENT ASSETS**

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Unamortised discount on Non Convertible Debentures	-	2.24
Receivable on Securitised Loans	353.18	331.57
Forward Receivable	104.00	104.00
Interest Accrued but not due on Loans	373.24	356.99
Interest accrued but not due on Bank Deposits	31.08	5.74
Income accrued but not due on Investments	51.62	61.84
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	1,886.40	68.23
	<b>2,799.52</b>	<b>930.61</b>

19.1 Bank deposits with maturities beyond twelve months includes earmarked balances ₹ 58.46 crore (Previous Year ₹ 62.82 crore) against foreign currency loans, ₹ 0.13 crore (previous year ₹ 0.13 crore) towards letter of credit issued by bank and ₹ 0.21 crore (Previous Year ₹ 0.20 crore) against letter of guarantee issued by the bank to one of the subsidiary company.



	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
<b>Insurance Companies [Refer Note 16.1]</b>		
Non Convertible Debentures and Bonds	821.13	905.88
Investment: Insurance Co - Preference Shares	19.67	-
Pass Through Certificates & Security Receipts	31.21	76.28
Government Securities	943.04	204.40
Investment: Insurance Co - Securities Receipts	4.23	-
Mutual Funds and Other Funds	63.10	3.32
Fixed Deposits	328.00	720.69
Commercial Papers	83.34	95.73
Certificate of Deposits	844.30	954.29
Treasury Bills	762.52	2,235.43
Repo Investments	1,777.36	1,128.02
Investment: Insurance Co - Less: Fair Value Change	(2.09)	(0.00)
	<u>5,675.81</u>	<u>6,324.04</u>
Add/(Less): Fair Value Adjustment		
Less: Provision for Diminution in Value of Investments	-	-
	<u>(A) 5,675.81</u>	<u>6,324.04</u>
Investments related to Policy Holders	1,266.10	1,937.82
Investments to cover linked liabilities	936.37	3,058.72
Investments related to Shareholders	3,473.34	1,327.50
	<u>5,675.81</u>	<u>6,324.04</u>
<b>Other than Insurance Companies</b>		
<b>Held as Current Investments</b>		
<b>(At cost or market value whichever is lower unless stated otherwise)</b>		
Equity Shares - Subsidiary Companies	131.92	108.67
Equity Shares - Unlisted Company	45.00	-
Debentures - Convertible - Subsidiary Companies	265.18	265.18
Non Convertible Debentures and Bonds	9.25	20.00
Mutual Funds	554.58	660.87
<b>Current Maturities of Long Term Investments (At cost)</b>		
Security Receipts	13.11	-
Government Securities	30.60	52.70
Venture Funds and Other Funds	44.77	86.07
Non Convertible Debentures and Bonds	130.00	19.99
	<u>1,224.41</u>	<u>1,213.48</u>
Less: Provision for Diminution in Value of Investments	(5.39)	(0.57)
	<u>(B) 1,219.02</u>	<u>1,212.91</u>
<b>Total</b>	<b>(A) + (B)</b>	
	<u>6,894.83</u>	<u>7,536.95</u>
	<b>Book Value</b>	<b>Market Value</b>
	<b>₹ in Crore</b>	<b>₹ in Crore</b>
<b>Aggregate book value of Quoted Investments</b>	<b>137.86</b>	<b>137.86</b>
Previous Year	200.00	199.85
<b>Aggregate book value of Investments listed but not quoted</b>	<b>139.32</b>	
Previous Year	62.28	
<b>Aggregate book value of Investments in Unquoted Mutual Funds</b>	<b>416.70</b>	<b>533.58</b>
Previous Year	470.87	* 496.50
<b>Aggregate book value of Unquoted Investments (Others)</b>	<b>525.14</b>	
Previous Year	479.76	
	<u>1,219.02</u>	
Previous Year	1,212.91	

\* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.



		As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
21	<b>TRADE RECEIVABLES</b>		
	Trade Receivables – Unsecured; Considered good, less than six months	456.42	369.99
	Trade Receivables – Unsecured; Considered good, more than six months	5.47	7.02
		<u>461.89</u>	<u>377.01</u>
	Less : Provision for Doubtful Receivables [ Refer Note 5.3]	4.10	0.22
		<b>457.79</b>	<b>376.79</b>
		<u><b>457.79</b></u>	<u><b>376.79</b></u>
22	<b>CASH AND BANK BALANCES</b>		
	(a) Cash and cash equivalents		
	(i) Balances with banks:		
	- In Current Accounts	527.83	2,506.77
	- In Deposit Accounts with original maturity less than 3 months	2,621.92	3,532.61
	(ii) Cash on Hand	0.39	0.57
	(iii) Cheques on Hand	397.58	357.70
	<b>Sub total</b>	<u><b>3,547.72</b></u>	<u><b>6,397.65</b></u>
	(b) Other Bank balances:		
	(i) Earmarked balances with banks		
	- Unclaimed Dividend Account	21.52	15.26
	- Against Foreign Currency Loans [Refer Note 7.3]	7.20	6.39
	- Towards Guarantees Issued by Banks	0.13	0.24
	- Others [Refer Note 22.1]	2.59	2.59
	(ii) Short - term bank deposits [Refer Note 22.2]	682.76	2,165.98
		<u><b>4,261.82</b></u>	<u><b>8,588.11</b></u>
22.1	Earmarked balances with banks - Others include an amount of ₹ 2.59 crore (Previous Year ₹ 2.59 crore) given by HDFC Asset Management Company Limited (HDFC AMC) to HDFC Trustee Company Limited and held in a designated account maintained by the latter. This is in terms of an interim order dated June 17, 2010 and letter dated July 5, 2011 received from Securities and Exchange Board of India, representing the estimated losses incurred by the schemes of HDFC Mutual Fund/clients of HDFC AMC on suspected "front running" of the orders of HDFC Mutual Fund by a dealer of HDFC AMC. The exact liability, if any, in this matter cannot be determined at this stage.		
22.2	Bank Deposits of the subsidiary companies of ₹ 1.25 crore ( Previous Year ₹ 1.25 crore) are marked as lien for overdraft facility.		
23	<b>SHORT TERM LOANS AND ADVANCES</b>		
	<b>Loans:</b> [Refer Note 23.1]		
	Current maturities of long-term loans and advances	25,173.71	18,826.84
	Corporate Bodies	<u>1,501.12</u>	<u>2,497.59</u>
		<b>26,674.83</b>	<b>21,324.43</b>
	<b>Others:</b>		
	Current maturities of Staff Loans - Others - Secured; Considered good	4.43	3.75
	Corporate Deposits [Refer Note 23.2]	947.39	1,403.01
	Instalments due from borrowers - Secured, considered good	1,295.76	1,184.38
	Prepaid Expenses - Unsecured; Considered good	99.35	209.66
	Sundry Deposits - Unsecured, considered good	16.70	17.11
	Other Advances - Unsecured, considered good	1,284.15	441.58
	Loans and Advances to Related parties	31.50	-
		<b>3,679.28</b>	<b>3,259.49</b>
		<u><b>30,354.11</b></u>	<u><b>24,583.92</b></u>



- 23.1 Out of Loans, amounts aggregating to ₹ 22,844.03 crore (Previous Year ₹ 19,812.80 crore) are secured and considered good [Refer Note 18.1].
- 23.2 Out of Corporate deposits, amounts aggregating to ₹ 299.30 crore (Previous Year ₹ 601.65 crore) are secured and considered good [Refer Note 18.1].

24	OTHER CURRENT ASSETS	As at	As at
		March 31, 2015	March 31, 2014
		₹ in Crore	₹ in Crore
	Receivables on Securitised Loans	53.30	30.11
	Interest Accrued but not due on Loans	350.83	211.64
	Interest accrued and due on Loans	0.22	5.65
	Income Accrued but not due on Investments	1,208.37	953.96
	Income Accrued and due on Investments	48.93	39.22
	Interest Accrued but not due on Corporate Deposits	25.23	63.78
	Interest accrued and due on Corporate Deposits	0.72	10.39
	Application Money - Investments	2.00	0.90
		<b>1,689.60</b>	<b>1,315.65</b>

25 **CONTINGENT LIABILITIES AND COMMITMENTS**

The Group is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

25.1 Given below are amounts in respect of claims asserted by revenue authorities and others;

- Contingent liability in respect of income-tax demands, net of amounts provided for and disputed, amounts to ₹ 1,129.72 crore (Previous Year ₹ 944.28 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ 1,119.09 crore (Previous Year ₹ 933.67 crore) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in the favour of HDFC Ltd. and the respective subsidiary companies.
- Contingent Liability in respect of disputed dues towards wealth tax, interest on lease tax and payment towards employers' contribution to ESIC not provided for by HDFC Ltd. and one of the subsidiary company amounts to ₹ 0.15 crore (Previous Year ₹ 5.05 crore).
- Contingent liability in respect of Interest tax demands, net of amount provided for and disputed in respect of one subsidiary company amounts to ₹ 0.07 crore (Previous Year ₹ 0.07 crore). The matter in dispute is under appeal. The subsidiary expects to succeed in the proceedings and hence no additional provision is considered necessary.
- The subsidiary companies have received show cause cum demand notices, amounting to ₹ 189.75 crore (Previous Year ₹ 133.21 crore), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. One of the subsidiary has filed appeals to the appellate authorities on the said show cause notices. The subsidiary has been advised by an expert that their grounds of appeal are well supported in law. As a result, the subsidiary is confident to defend the appeal against the demand and does not expect the demand to crystallise into a liability.
- During the current year, one the subsidiary company has received show cause notice in respect of a Service tax matter amounting to ₹ 21.69 Crore (Previous year ₹ Nil). Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

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

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

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**25.2** Contingent liability in respect of guarantees and undertakings comprise of the following;

- a) Guarantees ₹ 361.89 crore (Previous Year ₹ 435.35 crore).
- b) Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ 1,919.65 crore (Previous Year ₹ 1,943.05 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

**25.3** Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ 556.82 crore (Previous Year ₹ 673.34 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ 0.86 crore (Previous Year ₹ 0.39 crore).

**25.4** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 426.84 crore (Previous Year ₹ 160.51 crore).

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**REVENUE FROM OPERATIONS**

		Current Year ₹ in Crore	Previous Year ₹ in Crore
<b>Interest Income :</b>			
- Interest on Loans		25,919.84	22,797.42
- Other Interest:	[Refer Note 26.1]	1,074.89	977.49
Net Gain on foreign currency transactions and translation		0.18	1.78
Dividends	[Refer Note 26.2]	41.16	47.64
Management & Trusteeship Fees		1,181.96	961.34
Income from Leases	[Refer Note 26.4]	10.38	15.03
Surplus from deployment in Cash Management Schemes of Mutual Funds	[Refer Note 26.3]	369.48	344.01
Fees and Other Charges	[Refer Note 26.5]	477.89	438.44
		<b>29,075.78</b>	<b>25,583.15</b>

- 26.1 a) Other Interest includes interest on investments amounting to ₹ 420.04 crore (Previous Year ₹ 400.94 crore).  
b) Other Interest includes interest on investments amounting to ₹ 43.03 crore (Previous Year ₹ 9.21 crore) in respect of current investments.  
c) Other Interest includes Interest on Income Tax Refund ₹ 44.31 crore (Previous Year ₹ 34.65 crore) .

26.2 Dividend income includes ₹ 11.17 crore (Previous Year ₹ 14.16 crore) in respect of current investments.

26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ 369.48 crore (Previous Year ₹ 344.01 crore) is in respect of investments held as current investments.

26.4 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures are made in respect of Operating Leases :

Income from Leases includes ₹ 4.01 crore (Previous Year ₹ 4.71 crore) in respect of properties and certain assets leased out under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows :

Period	Current Year ₹ in Crore	Previous Year ₹ in Crore
Not later than one year	3.37	4.11
Later than one year but not later than five years	2.19	5.02

26.5 Fees and other charges is net off the amounts paid to Direct Selling Agent ₹ 362.85 crore (Previous Year ₹ 315.85 crore).

27 Profit on sale of investments includes ₹ 19.35 crore (Previous Year ₹ 18.10 crore) in respect of current investments.



28	<b>FINANCE COST</b>	Current Year ₹ in Crore	Previous Year ₹ in Crore
	<b>Interest</b>		
	- Loans	2,768.54	2,434.95
	- Deposits	6,255.58	5,353.34
	- Bonds and Debentures	7,597.80	7,541.42
	- Commercial Paper	1,967.91	1,027.39
		<b>18,589.83</b>	16,357.10
	Net Loss on foreign currency transactions and translation [Refer Note 28.1]	(20.09)	137.02
	Other Charges [Refer Note 28.2]	140.55	113.77
		<b>18,710.29</b>	16,607.89

28.1 ₹ 20.27 crore (Previous Year loss ₹ 135.24 crore) has been recognised in the Statement of Profit and Loss being net gain on transaction and translation of foreign currency monetary assets and liabilities as shown below:

Particulars	Current Year ₹ in Crore	Previous Year ₹ in Crore
Exchange (Gain) / Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings	(34.72)	(198.80)
- Cross Currency Interest Rate Swaps [Refer Note 7.6]	107.98	145.77
Net Exchange (Gain) / Loss on Translation [Refer Note 5.11]	73.26	(53.03)
Realised (Gain) / Loss	(93.35)	190.05
Net (Gain) / Loss on translation and transactions recognised in Finance cost	(20.09)	137.02
Realised (Gain) / Loss recognised in Revenue from Operations [Refer Note 26]	(0.18)	(1.78)
Net (Gain) / Loss recognised in Statement of Profit and Loss	(20.27)	135.24

28.2 Other Charges is net of Exchange gain ₹ 0.32 crore (Previous Year includes exchange loss of ₹ 0.66 crore).

29	<b>EMPLOYEE BENEFITS EXPENSES</b>	Current Year ₹ in Crore	Previous Year ₹ in Crore
	Salaries and Bonus [Refer Note 29.1 & 29.2]	612.43	529.49
	Contribution to Provident Fund and Other Funds [Refer Note 29.3]	68.02	52.27
	Gratuity Expenses	2.55	0.42
	Staff Training and Welfare Expenses	16.13	15.06
		<b>699.14</b>	597.24

29.1 Salaries and Bonus include ₹ 25.90 crore (Previous Year ₹ 15.77 crore) and other expenses pertaining to Insurance Business include ₹ 15.80 crore (Previous Year ₹ 12.96 crore) towards provision made in respect of accumulated leave salary and leave travel assistance and has been actuarially determined as per the Accounting Standard 15 on Employee Benefits (AS15).



## 29.2

**Employee Benefits**

In accordance with the Accounting Standard 15 on Employee Benefits (AS 15), the following disclosures have been made:

The following amounts are recognised in the Statement of Profit and Loss which are included as under:

₹ in crore

Particulars	Contributions to Provident Fund and Other Funds under Staff Expenses		Other expenses pertaining to Insurance Business	
	Current Year	Previous Year	Current Year	Previous Year
Provident Fund [Refer Note 29.3]	22.57	20.96	26.25	24.97
Superannuation Fund [Refer Note 29.3]	10.85	9.30	0.42	0.34
Employees' Pension Scheme-1995	2.75	1.60	-	-
Employees' State Insurance Corporation	2.04	1.84	(2.62)	17.66
Labour Welfare Fund	0.01	0.01	0.05	0.07

## 29.3

The Corporation makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises, if any, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ 245.40 crore and ₹ 2,44.59 crore respectively (Previous Year ₹ 207.38 crore and ₹ 207.04 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of 7.96% (Previous Year 9.31%) and an average expected future period of 21.75 years (Previous Year 22 years).

The Corporation recognised ₹ 12.55 crore (Previous Year ₹ 11.88 crore) for provident fund contributions and ₹ 10.17 crore (Previous Year ₹ 8.69 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

## 29.4

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

Particulars	Current Year ₹ in crore	Previous Year ₹ in crore
<b>Change in the Benefit Obligations:</b>		
Liability at the beginning of the year	190.67	165.02
Current Service Cost	13.39	12.44
Interest Cost	17.74	13.44
Benefits Paid	(13.18)	(11.25)
Actuarial loss	35.80	11.02
Liability at the end of the year *	244.42	190.67
* The Liability at the end of the year ₹ 244.42 crore (Previous Year ₹ 190.67 crore) includes ₹ 50.20 crore (Previous Year ₹ 41.43 crore) in respect of un-funded plans.		
<b>Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	141.56	110.02
Expected Return on Plan Assets	12.43	9.36
Contributions	24.55	28.41
Benefits Paid	(4.43)	(3.14)
Actuarial loss on Plan Assets	1.59	(3.09)
Fair Value of Plan Assets at the end of the year	175.70	141.56
Total Actuarial loss to be recognised	(34.21)	(14.11)
<b>Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	12.43	9.36
Actuarial loss on Plan Assets	1.59	(3.09)
Actual Return on Plan Assets	14.02	6.27



<b>Expense Recognised in the Statement of Profit and Loss :</b>		
Current Service Cost	13.39	12.44
Interest Cost	17.74	13.44
Expected Return on Plan Assets	(12.43)	(9.36)
Net Actuarial loss to be recognised	34.21	14.11
<b>Expense recognised in the Statement of Profit and Loss</b>		
included under Contribution to Provident Fund and Other Funds	41.75	23.43
included under Other expenses pertaining to Insurance Business	11.16	7.20
	52.91	30.63

Particulars	Current Year ₹ in crore	Previous Year ₹ in crore
<b>Reconciliation of the Liability Recognised in the Balance Sheet:</b>		
Opening Net Liability	49.11	55.00
Expense recognised	52.91	30.63
Contribution by the Corporation	(24.55)	(28.41)
Benefits paid in respect of unfunded plans	(8.75)	(8.11)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" and "Other Current Liabilities"	68.72	49.11

Particulars	₹ in crore				
	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Amount Recognised in the Balance Sheet:</b>					
Liability at the end of the year	244.42	190.67	185.02	133.13	114.30
Fair Value of Plan Assets at the end of the year	175.70	141.56	110.02	94.08	74.13
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	68.72	49.11	55.00	39.05	40.17
<b>Experience Adjustment :</b>					
On Plan Liabilities	26.81	22.14	21.16	10.09	7.39
On Plan Assets	1.59	(3.09)	(5.74)	(4.44)	(3.76)
Estimated Contribution for next year	28.18	19.54	22.55	13.09	9.37

**Investment Pattern:**

Particulars	% Invested Current Year	% Invested Previous Year
	Central Government securities	24.45
State Government securities / securities guaranteed by State / Central Government	1.80	9.44
Public Sector / Financial Institutional Bonds	16.23	24.23
Private Sector Bonds	0.61	12.92
Special Deposit Scheme	0.02	1.54
Certificate of Deposits	-	0.98
Deposits with Banks and Financial Institutions	2.64	2.31
Investment in Insurance Companies	*31.31	10.72
Investment in Equity Shares	5.69	16.15
Others (including bank balances)	17.25	3.90
Total	100.00	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

\* As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

**Principal Assumptions:**

Particulars	Current Year %	Previous Year %
Discount Rate	7.50 to 9.31	9.00 to 9.36
Return on Plan Assets	7.9 to 8	7 to 9.36
Salary Escalation	5 to 10	5 to 10

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



**ESTABLISHMENT EXPENSES**

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Rent [Refer Note 30.1]	101.11	107.21
Rates and Taxes	3.93	4.65
Repairs and Maintenance - Buildings	6.67	6.52
General Office Expenses	2.64	2.84
Electricity Charges	21.18	20.55
Insurance Charges	1.42	1.37
	<b>136.95</b>	<b>143.14</b>

30.1 In accordance with the Accounting Standard 19 on 'Leases' (AS 19), the following disclosures are made in respect of Operating and Finance Leases :

- (a) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to ₹ 176.76 crore (Previous Year ₹ 141.48 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ 14.09 crore (Previous Year ₹ 18.79 crore) have been netted off from rent expense.

The future lease payments in respect of the above are as follows:

Period	Current Year ₹ in Crore	Previous Year ₹ in Crore
Not later than one year	36.92	74.89
Later than one year but not later than five years	36.24	123.10

- (b) Certain motor cars have been acquired under Operating Lease by subsidiary companies. In respect of these operating leases, the lease rentals charged to the Statement of Profit and Loss are ₹ 1.08 crore (Previous Year ₹ 0.86 crore) included under Other expenses pertaining to Insurance business. The minimum future lease rentals payable for specified duration in respect of such leases amount to the following :

Period	Current Year ₹ in Crore	Previous Year ₹ in Crore
Not later than one year	0.72	1.16
Later than one year but not later than five years	0.65	1.78

- (c) Certain motor cars have been acquired under Finance Lease by a subsidiary for an aggregate fair value of ₹ 0.01 crore (Previous Year ₹ 0.06 crore). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

Period	Total MLP	Current Year ₹ in Crore	
		Interest	Principal
Not later than one year	0.01	-	0.01
Later than one year but not later than five years	-	-	-

Period	Total MLP	Previous Year ₹ in Crore	
		Interest	Principal
Not later than one year	0.05	-	0.05
Later than one year but not later than five years	0.01	-	0.01



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**OTHER EXPENSES**

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Travelling and Conveyance	28.54	27.80
Printing and Stationery	22.42	18.05
Postage, Telephone and Fax	32.45	29.07
Advertising	104.15	83.16
Repairs and Maintenance - Other than Buildings	17.94	17.40
Office Maintenance	29.03	25.40
Legal Expenses	19.14	14.01
Computer Expenses	16.52	13.38
Directors' Fees and Commission	7.25	5.27
Miscellaneous Expenses [Refer Note 5.9 and 31.1]	300.25	226.25
Auditors' Remuneration [Refer Note 32]	6.44	5.29
	<b>584.13</b>	<b>465.07</b>

- 31.1 i) Miscellaneous Expenses includes ₹ 35.23 crore (Previous Year ₹ Nil) towards Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013.
- ii) Miscellaneous Expenses exclude ₹ 10.83 crore (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve and ₹ Nil (Previous Year ₹ 0.46 crore) in respect of amounts utilised out of Corporate Social Responsibility Account during the year.

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**Auditors' Remuneration:**

	Current Year ₹ in Crore	Previous Year ₹ in Crore
Audit Fees	3.90	3.22
Tax Matters	1.48	1.19
Other Matters	2.75	2.24
Reimbursement of Expenses	0.10	0.08
Service Tax	0.63	0.56
Less: Service tax input credit availed	(0.33)	(0.30)
Less: Service tax input credit expensed	(0.30)	(0.26)
	<b>8.23</b>	<b>6.73</b>
Less: Included under commission and operating expenses pertaining to Insurance Business	1.79	1.44
	<b>6.44</b>	<b>5.29</b>

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**PROVISION FOR NON PERFORMING LOANS**

- 33.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Note 18]:

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
<b>Standard Assets</b>				
- Principal Outstanding	1,72,732.67	1,51,311.99	66,136.39	53,609.43
- Provisions	791.69	697.90	418.34	344.95
<b>Sub-Standard Assets</b>				
- Principal Outstanding	423.40	417.67	336.37	603.32
- Provisions	66.24	62.65	50.45	90.50
<b>Doubtful Assets</b>				
- Principal Outstanding	418.00	329.95	441.35	132.76
- Provisions	235.11	202.12	189.12	100.55
<b>Total</b>				
- Principal Outstanding	1,73,574.07	1,52,059.61	66,914.11	54,345.51
- Provisions	1,093.01	962.67	657.91	536.00

Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in Value of Investments amounting to ₹ 12.19 crore (Previous Year ₹ 21.51 crore).



34. As per the Accounting Standard 17 on 'Segment Reporting' (AS 17), the main segments and the relevant disclosures relating thereto are as follows:

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Segment Revenue	28,476.86	24,973.38	17,037.52	13,231.44	1,990.66	1,850.86	1,254.57	1,007.21	236.41	232.13	(639.95)	40.44	33.96	48,390.03	40,814.56	
Segment Result	8,694.04	7,491.19	923.91	794.11	140.84	224.31	754.77	572.71	6.37	43.50	(437.07)	40.36	33.76	10,116.62	8,845.35	
Income-tax (Current)													2,883.62	2,883.62	2,317.05	
Deferred tax													282.08	282.08	41.29	
Total Result	8,694.04	7,491.19	923.91	794.11	140.84	224.31	754.77	572.71	6.37	43.50	(437.07)	(2,317.98)	(3,131.94)	6,950.92	6,487.51	
Capital Employed																
Segment Assets	2,54,021.78	2,23,111.15	69,387.43	52,179.33	4,521.80	3,967.68	1,223.93	854.97	261.79	247.06	(1,276.11)	17,900.76	21,384.54	3,49,525.16	2,97,234.68	
Liabilities	2,32,742.52	2,05,473.47	66,997.34	50,391.52	3,505.58	3,083.03	368.55	254.30	49.22	23.36	(1,348.81)	90.82	319.05	3,02,633.45	2,58,236.19	
Net Assets	21,279.26	17,637.68	2,390.09	1,787.81	1,016.22	884.65	855.38	600.68	212.57	223.70	72.70	17,809.93	21,065.49	46,891.71	38,998.49	
Other Information																
Capital Expenditure	456.31	82.08	106.09	61.69	30.05	67.44	16.29	18.84	7.58	4.88	-	-	-	616.32	255.13	
Depreciation	31.85	34.76	* 42.71	* 44.93	* 41.39	* 17.09	10.55	8.80	4.23	3.29	-	-	-	130.73	108.87	
Non cash expenses other than Depreciation	322.74	115.76	30.22	29.90	6.23	5.01	0.99	0.07	8.41	2.50	-	-	-	368.59	133.24	

a) Asset Management segment includes portfolio management, mutual fund and property investment management

b) Others includes project management, investment consultancy and property related services.

c) The group does not have any material operations outside India and hence disclosure of geographic segments is not given.

\* Included in Other expenses relating to Insurance Business





As per the Accounting Standard 18 on 'Related Party Disclosures' (AS 18), the related parties of the Corporation are as follows:

- A) **Associate Companies**  
HDFC Bank Ltd.  
India Value Fund Advisors Pvt. Ltd  
RuralShores Business Services Pvt. Ltd.  
Magnum Foundations Pvt Ltd
- B) **Investing Party and its Group Companies**  
Standard Life Investments Ltd.  
Standard Life (Mauritius Holdings) 2006 Ltd.  
ERGO International AG  
Munich Re
- C) **Key Management Personnel**  
Mr. Keki M. Mistry  
Ms. Renu Sud Karnad  
Mr. V. Srinivasa Rangan
- D) **Relatives of Key Management Personnel - (Where there are transactions)**  
Ms. Arnaaz K. Mistry      Mr. Rishi R. Sud      Mr. Ketan Kamad  
Mr. Ashok Sud              Ms. Swam Sud        Mr. Bharat Kamad  
Ms. Tinaz Mistry            Ms. S. Anuradha      Ms. Abhinaya S. Rangan

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Dividend Income</b>								
- HDFC Bank Ltd.	372.10	298.77	-	-	-	-	-	-
- Others	0.16	0.27	-	-	-	-	-	-
<b>Interest Income</b>								
- HDFC Bank Ltd.	37.26	33.81	-	-	-	-	-	-
- Others	-	0.08	-	-	-	-	0.03	0.03
<b>Consultancy and Other Fees Income</b>								
- Standard Life Investments Ltd	-	-	0.51	0.32	-	-	-	-
- HDFC Bank Ltd.	0.23	0.04	-	-	-	-	-	-
<b>Rent Income</b>								
- HDFC Bank Ltd.	2.01	1.74	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	0.01
<b>Reinsurance Income</b>								
- Munich Re	-	-	1.50	0.14	-	-	-	-
<b>Support Cost Recovered</b>								
- HDFC Bank Ltd.	0.37	0.25	-	-	-	-	-	-
<b>Miscellaneous Services rendered</b>								
- HDFC Bank Ltd.	152.95	241.34	-	-	-	-	-	-
- Others	0.10	0.08	-	-	0.01	0.01	-	-
<b>Interest Expense</b>								
- HDFC Bank Ltd.	2.40	4.23	-	-	-	-	-	-
- Others	0.05	0.34	-	-	0.48	0.53	-	0.02
<b>Bank and Other Charges</b>								
- HDFC Bank Ltd.	28.21	24.65	-	-	-	-	-	-
<b>Reinsurance Expense</b>								
- Munich Re	-	-	12.09	3.51	-	-	-	-
<b>Remuneration</b>								
- Mr. Keki M. Mistry	-	-	-	-	8.43	7.87	-	-
- Ms. Renu Sud Karnad	-	-	-	-	7.62	7.23	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	5.03	4.57	-	-
<b>Dividend Payments</b>								
- Standard Life (Mauritius Holdings) 2006 Ltd	-	-	36.31	25.93	-	-	-	-
- Standard Life Investments Ltd	-	-	65.42	50.32	-	-	-	-
- ERGO International AG	-	-	10.44	6.86	-	-	-	-
<b>Other Expenses</b>								
- HDFC Bank Ltd.	756.30	601.78	-	-	-	-	-	-
- Others	0.36	0.42	-	-	-	-	0.09	0.09



Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Investments made</b>								
- HDFC Bank Ltd.	827.03	327.51	-	-	-	-	-	-
<b>Investments sold</b>								
- HDFC Bank Ltd.	-	-	-	-	-	-	-	-
- IPF Online Ltd.	-	6.31	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
<b>Securities purchased</b>								
- HDFC Bank Ltd.	337.67	374.16	-	-	-	-	-	-
<b>Investments</b>								
- HDFC Bank Ltd.	7,545.35	6,714.35	-	-	-	-	-	-
- Others	35.03	2.53	-	-	-	-	-	-
<b>Bank Deposits placed</b>								
- HDFC Bank Ltd.	1,492.69	4,088.82	-	-	-	-	-	-
<b>Bank Deposits repaid / withdrawn</b>								
- HDFC Bank Ltd.	2,969.81	2,605.26	-	-	-	-	-	-
<b>Bank Balance and Deposits</b>								
- HDFC Bank Ltd.	1,628.31	5,200.79	-	-	-	-	-	-
<b>Corporate Deposits repaid / matured</b>								
- RuralShores Business Services Pvt. Ltd.	-	3.00	-	-	-	-	-	-
<b>Loans given</b>								
- Magnum Foundations Pvt. Ltd.	31.50	-	-	-	-	-	-	-
<b>Loans repaid</b>								
- Ms. Renu Sud Karnad	-	-	-	-	0.01	0.01	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	0.01	0.01	-	-
- Ms. S. Anuradha	-	-	-	-	-	-	0.01	0.01
<b>Loans sold</b>								
- HDFC Bank Ltd.	8,249.21	5,556.07	-	-	-	-	-	-
<b>Loans</b>								
- Magnum Foundations Pvt. Ltd.	31.50	-	-	-	-	-	-	-
- Ms. Renu Sud Karnad	-	-	-	-	0.08	0.10	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	0.04	0.05	-	-
- Others	-	-	-	-	-	-	0.30	0.31
<b>Trade Receivable</b>								
- HDFC Bank Ltd.	5.07	13.11	-	-	-	-	-	-
<b>Other Advances / Receivables</b>								
- HDFC Bank Ltd.	10.74	5.88	-	-	-	-	-	-
- Others	-	-	0.17	0.05	0.02	-	0.06	0.06
<b>Deposits placed</b>								
- RuralShores Business Services Pvt. Ltd.	1.05	16.10	-	-	-	-	-	-
- Mr. Keki M. Mistry	-	-	-	-	-	1.75	-	-
- Ms. Renu Sud Karnad	-	-	-	-	2.38	0.02	-	-
- Others	-	-	-	-	-	-	0.01	-
<b>Deposits repaid / matured</b>								
- RuralShores Business Services Pvt. Ltd.	4.13	13.02	-	-	-	-	-	-
- Mr. Keki M. Mistry	-	-	-	-	1.75	2.41	-	-
- Ms. Renu Sud Karnad	-	-	-	-	2.00	0.01	-	-
- Others	-	-	-	-	-	-	0.03	0.29
<b>Deposits</b>								
- Mr. Keki M. Mistry	-	-	-	-	0.87	2.61	-	-
- Ms. Renu Sud Karnad	-	-	-	-	2.40	2.02	-	-
- RuralShores Business Services Pvt. Ltd.	-	3.08	-	-	-	-	-	-
- Others	-	-	-	-	-	-	0.09	0.12
<b>Other Liabilities / Payables</b>								
- HDFC Bank Ltd.	50.50	64.40	-	-	-	-	-	-
- Munich Re	-	-	6.21	0.16	-	-	-	-
- Others	0.01	0.04	-	-	0.33	0.48	-	0.01



In accordance with the Accounting Standard 20 on "Earning per Share" (AS 20), the following disclosures have been made:

- (i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ 8,762.62 crore (Previous Year ₹ 7,947.82 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ 10.83 crore (Previous Year ₹ 13.02 crore) and for proportionate share of utilisation out of Corporate Social Responsibility Account of ₹ Nil (Previous Year ₹ 0.46 crore) of one of the subsidiary company.

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ 8,751.79 crore (Previous Year ₹ 7,934.34 crore) and the weighted average number of shares during the year of 156.82 crore (Previous Year 155.54 crore).

- (ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Particulars	Amount in ₹	
	Current Year	Previous Year
Basic Earnings Per Share	55.81	51.01
Effect of outstanding Stock Options	(0.51)	(0.40)
Diluted Earnings Per Share	55.30	50.61

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

Particulars	Number in crore	
	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	156.82	155.54
Diluted effect of outstanding Stock Options	1.45	1.23
Weighted average number of shares for computation of Diluted Earnings Per Share	158.27	156.77

↓



Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013  
(As on/for the year ended March 31, 2015)

Sr. No.	Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit / (Loss)	
		As % of consolidated net assets	Amount (In crore)	As % of consolidated Profit or loss	Amount (In crore)
<b>Parent</b>					
1	Housing Development Finance Corporation Limited		30,969.97		5,990.14
	Less: Inter Company eliminations		(7,663.39)		(537.64)
	<b>Net of eliminations</b>	<b>49.70%</b>	<b>23,306.58</b>	<b>62.22%</b>	<b>5,452.50</b>
<b>Subsidiaries</b>					
<b>Indian</b>					
1	Gruh Finance Ltd.	1.00%	471.10	2.33%	204.24
2	HDFC Standard Life Insurance Co. Ltd.	2.14%	999.10	8.41%	737.23
3	HDFC ERGO General Insurance Co. Ltd.	1.27%	597.50	1.19%	104.00
4	HDFC Asset Management Co. Ltd.	1.50%	703.08	5.28%	462.63
5	HDFC Trustee Co. Ltd.	0.01%	5.91	0.00%	0.01
6	HDFC Investment Trust	0.42%	198.81	0.34%	29.79
7	HDFC Investment Trust - II	0.11%	50.46	0.03%	2.33
8	HDFC Venture Capital Ltd.	0.07%	34.26	0.68%	60.34
9	HDFC Ventures Trustee Co. Ltd.	0.00%	0.91	0.00%	0.13
10	HDFC Property Venture Ltd.	0.25%	115.50	-0.20%	(17.96)
11	HDFC Pension Management Co. Ltd.	0.06%	27.62	0.00%	0.02
12	HDFC Investments Ltd.	0.09%	44.21	0.04%	3.47
13	HDFC Holdings Ltd.	0.32%	147.42	0.02%	1.67
14	HDFC Developers Ltd.	0.00%	0.21	-0.08%	(6.82)
15	HDFC Sales Pvt. Ltd.	0.04%	19.06	-2.02%	(177.29)
16	HDFC Realty Ltd.	0.02%	9.68	-0.03%	(2.96)
17	Credila Financial Services Pvt. Ltd.	0.47%	214.92	0.43%	37.72
18	HDFC Education and Development Services Pvt. Ltd.	0.01%	5.13	-0.02%	(1.88)
<b>Foreign</b>					
1	Griha Investments	0.22%	101.62	0.68%	59.15
2	Griha Pte. Ltd.	0.01%	5.89	0.03%	2.60
	Share of Minorities	3.88%	1,620.08	-5.51%	(482.72)
<b>Associates (Investment as per the equity method)</b>					
<b>Indian</b>					
1	HDFC Bank Limited	38.41%	18,011.08	26.18%	2,294.37
2	India Value Fund Advisors Pvt Ltd.	0.00%	1.54	0.00%	0.05
<b>Total</b>		<b>100.00%</b>	<b>46,891.71</b>	<b>100.00%</b>	<b>8,762.62</b>

38 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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